Annual report at 31 December 2015

These financial statements were approved by the Board of Directors on 11 March 2016.

This report is available on the Internet at the address www.emak.it

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our power, your passion

Contents

our power, your passion

Group chart of Emak Group as at 31/12/2015

- EMAK S.p.A.
  - EMAK UK Ltd. (UK) 100%
  - EMAK DEUTSCHLAND GmbH (D) 100%
  - EMAK SUMINISTROS ESPAÑA SA (E) 90%
  - EMAK FRANCE SAS (F) 100%
  - VICTUS-EMAK Sp. Z.o.o. (PL) 100%
  - EPICENTER LLC (UA) 61%
  - EMAK DO BRASIL INDUSTRIA Ltda (BR) 99,9%
  - JIANGMEN EMAK OUTDOOR POWER EQUIPMENT Co. Ltd. (CHINA) 100%
  - TAILONG (ZHUHAI) MACHINERY MANUFACTURING EQUIPMENT Ltd. (CHINA) 100%
  - COMET S.p.A. (I) 100%
    - COMET USA Inc. (U.S.A.) 100%
      - VALLEY INDUSTRIES LLP (U.S.A.) 90%
    - COMET FRANCE SAS (F) 100%
    - PTC S.r.l. (I) 90%
    - S.I. AGRO MEXICO (MEX) 85%
    - COMET DO BRASIL INVESTIMENTOS Ltda (BR) 100%
      - LEMASA INDUSTRIA E COMÉRCIO DE EQUIPAMENTOS DE ALTA PRESSAO S.A. (BR) 70%
  - TECOMEC S.r.l. (I) 100%
    - SPEED FRANCE SAS (F) 100%
      - SPEED NORTH AMERICA Inc. (U.S.A.) 100%
      - SPEED LINE SOUTH AFRICA (pty) Ltd. (ZA) 51%
      - SPEED INDUSTRIE Sarl (MA) 100%
      - SPEED SOUTH AMERICA Spa (RCH) 100%
    - NINGBO TECOMEC MANUFACTURING Co. Ltd. (CHINA) 100%
    - GEOLINE ELECTRONIC S.r.l. (I) 51%
  - SABART S.r.l. (I) 100%
  - RAICO S.r.l. (I) 100%

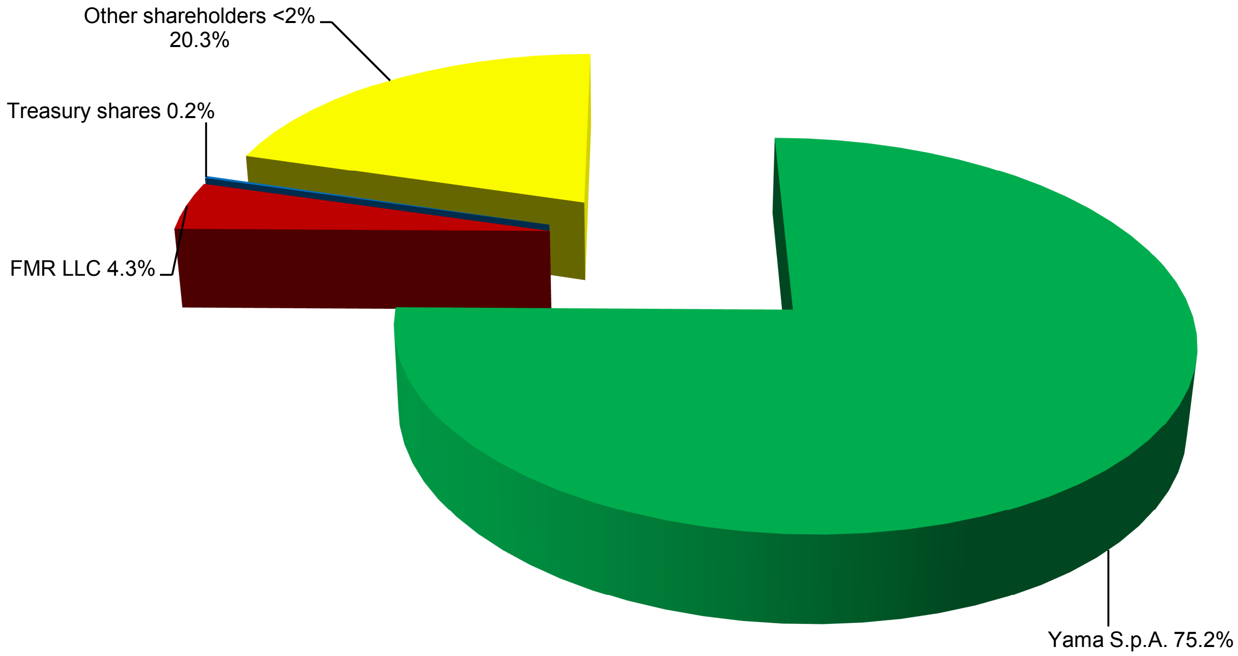
Valley Industries LLP is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the remaining 10%.
Lemasa is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the remaining 30%.
P.T.C. S.r.l. is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the remaining 10%.
Comet do Brasil Investimentos Ltda is owned for 99% by Comet S.p.A .and 1% by P.T.C. S.r.l.

Main shareholders of Emak S.p.A.

The share capital of Emak S.p.A. consists of 163.934.835 shares with a par value of 0.26 euros per share.

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

At the time of publication of this report, on the basis of notifications received pursuant to Article 120 of Legislative Decree 58/1998, the shareholder structure of the Company is as follows.



Corporate bodies

The Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A. on 23 April 2013 appointed the Board of Directors and the Board of Auditors for the financial years 2013-2015.

Board of Directors

Chairman and Chief Executive Officer	Fausto Bellamico
Deputy Chairman	Aimone Burani
Executive Directors	Stefano Slanzi
	Ivano Accorsi
Independent Directors	Alessandra Lanza
	Massimo Livatino
	Francesca Baldi
	Ariello Bartoli
	Luigi Bartoli
Directors	Paola Becchi
	Giuliano Ferrari
	Vilmo Spaggiari
	Guerrino Zambelli

Audit Committee and Remuneration Committee

Chairman	Ivano Accorsi
	Alessandra Lanza
	Massimo Livatino

Board of Statutory Auditors

Chairman	Paolo Caselli
Acting auditors	Gianluca Bartoli
	Francesca Benassi
Alternate auditors	Maria Cristina Mescoli
	Eugenio Poletti

Independent Auditors	Fidital Revisione S.r.l.
Financial Reporting Officer	Aimone Burani

Supervisory Body as per Legislative Decree 231/01

Chairman	Sara Mandelli
Acting members	Roberto Bertuzzi
	Guido Ghinazzi

Emak Group profile

The Emak Group develops, manufactures and distributes a wide range of products in three business areas complementary to each other: Outdoor Power Equipment (OPE); Pumps and High Pressure Water Jetting (PWJ); Components and Accessories (C&A).

I. **Outdoor Power Equipment**, includes the development, manufacture and marketing of products for gardening, forestry and small agricultural equipment, such as brush cutters, lawnmowers, garden tractors, chainsaws, tillers and motor cultivators. The Group distributes its products under its main brands Oleo-Mac, Efco, Bertolini and Nibbi Staub (the latter only to the French market). The Group's product range is intended for professional and high demanding private users. The Group operates mainly in the specialized dealer channel, distributing its products through its commercial subsidiaries and, where it hasn't a direct presence, through a network of 135 distributors; it is estimated to serve around the world over 22,000 specialty dealers.
The reference market of the Group (considered to be the specialized dealer channel, excluding large-scale distribution) has an estimated value of 7-8 billion Euros. In mature markets such as North America and Western Europe, demand is mainly for replacement: the main driver is represented by economic and gardening trends. Weather conditions are a factor affecting the level of demand for some product families such as brush cutters, lawnmowers and garden tractors in the spring-summer and chainsaws in the autumn-winter. In emerging markets, such as the Far East, Eastern Europe and South America, demand is mainly for "first purchase": the main driver in these areas is economic growth, the evolution of agricultural mechanization and relative support policies. Another factor that influences the demand is the price of commodities: the trend in oil prices can affect the demand for alternative energy sources, such as wood for heating and consequently the demand for chain saws; the trend in the price of agricultural commodities influences investments in agricultural equipment.

II. **Pumps and High Pressure Water Jetting**, This category brings together the development, manufacture and marketing of diaphragm pumps intended for agriculture (spraying and weeding), piston pumps for the industrial sector, of professional pressure washers and hydrodynamic units and machines for urban cleaning. The Group distributes its products under the Comet, HPP, PTC and Master Fluid brands. Group customers are: manufacturers of machines for spraying and weeding with regard to agriculture pumps; builders of hydrodynamic units and pressure washers in relation to industrial pumps; specialized dealers and contractors respectively for pressure washers and hydrodynamic units.
The market has a value globally estimated at between 2.5 and 3.4 billion Euros.
The pumps for agriculture market consists mainly of Italian operators. The demand is strongly linked to economic cycles, population growth and the resulting increase in demand for agricultural production; in developing countries demand is linked to the evolution of the mechanization of agriculture and relative support policies.
The market for high pressure water jetting is constantly evolving, given the different fields of application of pumps and systems. There are several drivers of market demand, depending on the type of product:
a) *Industrial pumps*: demand is related to market performance of

hydrodynamic units and pressure washers.

b) *Professional pressure washers*: economic trends; increase in hygiene standards (especially in developing countries).

c) *Hydrodynamic units*: demand is linked to the performance of sectors / fields of application such as: hydro demolition; hydro cleaning and ship repair; refineries; mines and quarries; oil industry; hydro cleaning underwater; iron and steel; foundries; chemical processes; energy production; paper mills; transport; municipalities; food; automotive and motor Industry.

d) *Urban cleaning:* the economic policies of local governments.

III. **Components and Accessories**, includes the development, manufacture and marketing of products the most representative of which are wire and heads for brushcutters; chainsaw accessories (eg. sharpeners); guns, valves and nozzles for pressure washers and agricultural applications; precision farming (sensors and computers); seats and technical parts for tractors. In this sector, the Group operates partly through its brands Tecomec, Geoline, Geoline Electronic, Mecline, Sabart, Raico, and partly by distributing products with third party brands. The Group's main customers are manufacturers of outdoor power equipment, machines for spraying and weeding, pressure washers and hydrodynamic units (high pressure washing systems) and specialized dealers. The demand for components and accessories is related to the economic cycle (OEM business) and the intensity of use of the machines (aftermarket). For products intended for the agricultural sector, demand is strongly linked to economic growth, population growth and the resulting increase in demand for agricultural production. The high pressure water jetting sector is tied to the economic cycle and to investments in market sectors for applications and hydrodynamic units.

Production organization

The production model is flexible, focused on high value-added phases of engineering, industrialization and assembly. The group's production facilities are oriented towards lean manufacturing, with the involvement of the supply chain on the basis of the extended factory model. With particular reference to the *Outdoor Power Equipment* segment, the engine of hand-held products (such as trimmers and chainsaws) is integrated in the machine and is entirely engineered and designed by the Group. For lawnmowers, lawn tractors, tillers and cultivators, the engine is acquired from primary manufacturers.
Production volumes can be easily modified according to fluctuations in demand through flexible management so that seasonal peaks in demand can be satisfied through overtime or additional shifts, with no need for additional investments.
Each plant has specific characteristics that vary according to the products manufactured. The group manufactures its products in 17 different facilities that have a combined surface area of around 160,000 m2.

Company	Location	Output
Emak	Bagnolo in Piano (RE) - Italy Pozzilli (IS) - Italy	Chainsaws, brushcutters, power cutters, cultivators, cutter bar mowers, transporters Lawnmowers and rotary tillers
Emak Tailong	Zhuhai - China	Cylinders for combustion engines
Emak Jiangmen	Jiangmen - China	Chainsaws and brushcutters intended for the price sensitive segment
Tecomec	Reggio Emilia - Italy	Accessories for agricultural machinery for spraying and weeding and accessories and components for pressure washers
Speed France	Arnas - France	Nylon line and heads for brushcutters
Speed North America	Wooster, Ohio - USA	Nylon line for brushcutters
Speed Line South Africa	Pietermaritzburg - South Africa	Nylon line for brushcutters
Speed Industrie	Mohammedia - Marocco	Nylon line for brushcutters
Speed South America	Santiago - Chile	Nylon line for brushcutters
Ningbo	Ningbo - China	Accessories and components for high pressure washing and chain saws and brushcutters
Geoline Electronic	Poggio Rusco (MN) - Italy	Computers, control units and electronic control systems for agricultural machines for spraying and weeding
Comet	Reggio Emilia - Italy	Pumps, motor pumps and control units for agriculture and industry and pressure washers for the cleaning sector
Valley	Paynesville, Minnesota - Usa	Components and accessories for industry and agriculture sectors
PTC	Genova - Italy Rubiera (RE) - Italy	Hydrodynamic units
Lemasa	Indaiatuba - Brazil	High pressure pumps

Strategy

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

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

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

Main risks and uncertainties

The Group believes that effective risk management is a key factor for maintaining value over time: for this reason, in the conduct of its business Emak defines its strategic and operative objectives through its governance structure and Internal Control System and monitors, as well as manages, the risks that could compromise the achievement.

The effective management of risks is a key factor in the creation of the Group's value over time, especially in the light of the difficult macro-economic situation, and is a support to management in defining the most appropriate competitive strategies.

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

In order to prevent and manage the most significant risks, the Group uses a risk classification model, dividing risks according to the business function from which they may derive or through which they can be managed. Risk assessment is carried out on the basis of an estimate of the financial impact and the probability of occurrence.

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

Internal Audit's task is to control the efficiency and effective functioning of the internal control and risk management system through risk assessment activities and the management of the results of this analysis, with particular attention to the continuous improvement of management policies.

As part of this process, different types of risk are classified on the basis of the assessment of their impact on the achievement of the strategic objectives, that is to say, on the basis of the consequences that the occurrence of the risk may have in terms of compromised operating or financial performance, or of compliance with laws and/or regulations.

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

Environment, Health and Safety
The Group is exposed to risks associated with health and safety at work and the environment, which could involve the occurrence work-related accidents and illness, environmental pollution phenomena or the failed compliance of specific legal regulations. The risks associated with such phenomena may lead to penal or administrative sanctions against the Group. The Group manages these types of risks through a system of procedures aimed at guaranteeing the implementation and the execution of control activities that ensure compliance with the reference legislation.

Weather conditions
Weather conditions may impact on the sales of certain product families. Generally, weather conditions characterized by drought can cause contractions in the sale of gardening products such as lawnmowers and garden tractors, while winters with mild climate adversely affect sales of chainsaws.

Competition and market trends
The Group operates on a global scale, in a sector characterized by a high level of competition and in which sales are concentrated mainly in mature markets with moderate or low rates of growth in demand.
Performances are closely correlated to factors such as the level of prices, product quality, trademarks and technology, which define the competitive positioning of operators on the market.

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

Raw material components
The Group's economic results are influenced by the trend in the price of raw materials and components. The main raw materials used are copper, steel, aluminium and plastic materials. Their prices can fluctuate significantly during the year since they are linked to official commodity prices on the reference markets.

Liability to customers and third parties
The Group is exposed to potential liability risks towards customers or third parties in relation to product liability due to possible design and/or manufacturing defects in the Group's products, also attributable to third parties such as suppliers and assemblers. Moreover, in the event that products are defective or do not meet technical and legal specifications, the Group, also by order of control authorities, could be obliged to withdraw such products from the market.

International expansion
International expansion strategies have increased the Group's presence in so-called "emerging" economies characterized also by greater socio-political volatility and instability compared to "mature" economies". Investments made in a number of countries, therefore, could be influenced by substantial changes in the local socio-political context, which could generate changes in the economic conditions that were present at the time of making the investment. The Group's performances are therefore more heavily influenced by this type of risk than in the past. The Group coordinates all the M&A activity profiles for the purpose of mitigating the risks. In addition, the Group has set up constant monitoring in order be able to intercept possible socio-political or economic changes in such countries so as to minimize any consequent impact.

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

Risk management process

With the aim of reducing the financial impact of any harmful event, Emak has arranged to transfer residual risks to the insurance market, when insurable.

In this sense, Emak, as part of its risk management, has taken steps to customize insurance coverage in order to significantly reduce exposure, particularly with regard to possible damages arising from the manufacturing and marketing of products.

All companies of the Emak Group are today insured against major risks considered as strategic, such as: product liability and product recall, general civil liability and property all risks. Other insurance coverage has been taken out at the local level in order to respond to regulatory requirements or specific regulations.

The analysis and insurance transfer of the risks to which the Group is exposed is carried out in collaboration with an insurance broker who, through an international network, is also able to assess the adequacy of the management of the Group's insurance programs on a global scale.

2015 Directors' report

1. Main economic and financial figures for the Group

Income statement (€/000)

	Y 2015	Y 2014
Net sales	381,579	354,757
EBITDA ADJ (1)	37,495	33,130
EBITDA (2)	35,814	31,456
EBIT	23,286	19,983
Net profit	8,992	10,185

Investment and free cash flow (€/000)

	Y 2015	Y 2014
Investment in property, plant and equipment	10,291	9,464
Investment in intangible assets	1,926	2,086
Free cash flow from operations (3)	21,520	21,658

Balance sheet (€/000)

	30.12.15	30.12.14
Net capital employed	267,871	239,142
Net debt	(99,383)	(79,043)
Total equity	168,488	160,099

Other statistics

	Y 2015	Y 2014
EBITDA / Net sales (%)	9.4%	8.9%
EBIT/ Net sales (%)	6.1%	5.6%
Net profit / Net sales (%)	2.4%	2.9%
EBIT / Net capital employed (%)	8.7%	8.4%
Debt / Equity	0.59	0.49
Number of employees at period end	1,693	1,576

Share information and prices

	30.12.15	30.12.14
Earnings per share (€)	0.054	0.064
Equity per share (€) (4)	1.02	0.97
Official price (€)	0.77	0.86
Maximum share price in period (€)	0.98	1.05
Minimum share price in period (€)	0.76	0.59
Stockmarket capitalization (€ / million)	126	141
Average number of outstanding shares	163,537,602	163,537,602
Number of shares comprising share capital	163,934,835	163,934,835
Cash flow per share: net profit + amortization/depreciation (€) (5)	0.132	0.132
Dividend per share (€)	0.025	0.025

(1) EBITDA calculated excluding the impact of charges for litigation, expenses related to M&A and restructuring charges
(2) "EBIT" plus "Amortization, depreciation and impairment losses"
(3) "Net profit" plus "Amortization, depreciation and impairment losses"
(4) "Group equity" divided by "Number of outstanding shares at period end"
(5) "Group Net Profit + Amortization/depreciation" divided by "Average number of outstanding shares"

2. Research and development

Research and development is one of the main factors for the Goup's success as it is a source of competitive advantage in international markets and often determines the success of an enterprise. For this reason, where possible, the Group protects its products with international patents.
The activity is focused on product innovation, considered not only as the development of new technologies that improve the performances of the machines – in terms of lower consumption and gas emissions, more safety, comfort and fewer vibrations – and may further expand the fields of use of the components and accessories produced by the Group. With the aim of keeping in step with the times and as far as possible anticipating future solutions, the Group has for some years entered into partnerships with the academic world in order to develop new technologies that can be applied to its products.

Below is a list of the main activities carried on by the Group subdivided by business lines.

Outdoor Power Equipment

Besides consolidating the sales of products launched in the second part of 2014 (including, in particular, a new line of 36cc professional brush-cutters and a line of premium mini-tractors), 2015 also saw the launch of a series of important products for the company. These include, in particular, a new line of 27cc and 30cc bush-cutters, designed for a demanding clientele, interested in performance and lightness, a new range of battery-powered products to meet a growing demand for silent and easily usable products, and a new line of chain rotavators for private use in small plots. 2015 was a very important year for the continuation of the development of new machines for the future, of which new professional chainsaw models and a new line of rotary cultivators are particularly significant.

Pumps and High Pressure Water Jetting

In the range of pumps for agriculture, the design of a new, totally innovative, high capacity pump with low pressure membrane protected by an industrial patent has been completed. In addition, work has continued on the completion of the range of membrane pumps for the treatment of crops in the field.
With regards to high pressure water jetting products, an important electric-powered hot water pressure washer has been developed which will lead to the renewal of the medium-low power range, to be launched on the market during 2016. In addition, a new pressure washer intended for industrial use, again using hot water and electric-powered, has been designed and put into production. Finally, important applications for piston pumps in the Comet range have been developed and two new pumps in the HPP range characterized by medium-high pressure have been introduced.

Components and Accessories

The development and implementation of cutting systems for brush-cutters has continued during the year, in particular, combinations of heads and thread aimed at reducing energy consumption, noise and vibrations. With regards to machines and accessories for chainsaw maintenance, worth noting is the development of a new range of products for the professional market.

In the precision farming accessories line, research and development on electronic products has led to the completion of experimentation on solutions for Universal and Virtual Terminals. Furthermore, a new range of ceramic and plastic nozzles for weeding and spraying machines have been developed, with the consequent preparation of a specific technical catalogue already available for the clientele. Finally, a nylon thread for use in agriculture (greenhouses, vineyards, protection for plantations) has been developed to enhance the range already available on the market.

In line with the approach of the last few years, investments in research aimed at completing and enhancing the range of professional products for high pressure and capacity uses has continued. During 2015 the first experiments began on prototypes of rotating heads and nozzles for applications in the food, chemistry and pharmaceutical industries. In addition, a project was started for the development of accessories dedicated to cleaning and sanitizing using steam.
All these projects will be further developed and expanded over the coming years.

3. Human resources

The breakdown of staff by country at 31 December 2015, with comparisons for last year, is shown in the table below:

Employees at	31.12.2015	31.12.2014
Italy	838	820
France	140	133
UK	12	12
Spain	18	19
Germany	26	23
Poland	39	40
China	330	354
Usa	91	85
Ukraine	33	37
South Africa	6	6
Brasil	109	9
Mexico	12	10
Morocco	30	26
Chile	9	-
Total	**1,693**	**1,574**

The total number of staff in the Emak Group at December 31, 2015 was 1,693, of which 394 were in the Comet group, 402 in the Tecomec group, 53 in Sabart S.r.l. and 46 in Raico S.r.l.. The increase in headcount compared to 2014 is mainly due to the acquisition of Lemasa Ltda.
In the course of 2015 the Group companies have also used on average 138 temporary workers.

In Emak S.p.A. a total of 2,011 hours of specialist and management training were organized during the year, with 88 people trained, as well as a further 3,467 hours of training on the production lines and on safety, with the involvement of 135 workers in the production and indirect structure workers.
In the context of the parent company has started an important project management development that initially involved the directors and was subsequently extended to other 18 company managers.
Tecomec organized 872 hours of specialist and management involving 53 employees, Comet 393 hours, In Sabart and Raico were carried out a total of 274 hours (of which about half related to the area of security) and were trained 74 people. At Group level, in 2015 the total training hours were over 7,000.

In 2015, in the parent company Emak S.p.A., 31,589 hours under the job security agreement were worked. The job security agreement ended on February 5, 2016.

In late November 2015 Comag S.r.l. was merged into Emak S.p.A. and all the staff was merged in the body of the latter company.

With regard to company negotiations within the Group in the year 2015 it was renewed the company agreement of Comet S.p.A. (Signed on June 29, 2015, expiring December 31, 2018).
The company agreement Emak S.p.A. expires at the end of 2017, the Tecomec S.r.l. agreements and Sabart S.r.l. They are due to expire at the end of 2016.

During the year, some Group companies have supported the staff restructuring charges totaling € 358 thousand: these costs were incurred in order to improve production efficiency and streamlining production processes.

4. Significant events in the financial year and positions or transactions as a result of atypical and unusual operations

Comet do Brasil Investimentos LTDA

On March 2, 2015 was subscribed and fully paid the share capital of 10 thousand Reais of Comet do Brasil Investimentos LTDA located in Indaiatuba (Brazil) whose equity is held 99% by the subsidiary Comet S.p.A. and 1% by the subsidiary P.T.C. S.r.l.
On March 30, 2015, with no change in equity interests, it has been subscribed and paid a capital increase amounting to 18,990 thousand Reais, for an equivalent of € 5,445 thousand, bringing the share capital of 19,000 thousand Reais. On March 30, 2015 Comet S.p.A. also granted a loan of € 9,240 thousand, equal to about 32,000 thousand Reais in order to provide the Company with the necessary financial resources for the acquisition of 70% of Lemasa.

Acquisition of Lemasa industria e comércio de equipamentos de alta pressao S.A. (hereinafter Lemasa)

On April 1, 2015, was completed the closing of the acquisition of 70% of the share capital of the Brazilian company Lemasa LTDA, a leading producer in South America of pumps and systems for high and very high pressure.

The business and technology of Lemasa LTDA are highly complementary to those of the subsidiary Comet S.p.A., a world leader in the field of pumps for agriculture and high pressure water jetting. With this acquisition Comet S.p.A. strengthen its competitive position by exploiting the synergies manufacturing and distribution that will result from the operation.

The operation was carried out by the newly established company Comet do Brasil Investimentos LTDA.

Based on the agreements, Comet do Brasil investimentos LTDA has paid, at the closing date, 45.9 million Reais of the total price of 75.6 million Reais. The remaining part of the price remains deposited in an escrow account as security for all contractual commitments and for price adjustments quantified on the basis of economic and financial parameters provided in the contract.

The financial resources used by the company Comet do Brasil LTDA for the acquisition of 70% of Lemasa LTDA were obtained in the following ways:

- for 19 million Reais through the subscription of share capital by Comet S.p.A. and P.T.C. S.r.l.;
- about 32 million Reais by granting a loan by the parent company Comet S.p.A.;
- for 25 million Reais by a bank loan signed on local currency on 1 April 2015, for a period of five years.

The acquisition agreement provides a "Put and Call Option" agreement concerning the purchase of the remaining 30% to be exercised between 1 April 2020 and 1 April 2021.
The value of the acquisition is subject to price adjustments quantified on the basis of future economic and financial parameters provided in the contract. The value of the acquired share registered in the financial statement represent the best estimates made by the management on the basis of the financial plans today conceivable.
It should be noted that compared to the situation presented in the Interim Report at September 30, 2015 the estimate of the value attributable to the acquired company has been updated and, based on these assessments, the fair values of the acquired assets and liabilities have been updated as well. Furthermore, in the light of the performance of the company and of a better knowledge of the market potential, the business plan used for the enhancement of the deferred price and the "Put and Call" option in favor of the current holders of 30% of the company has been revised.

Following these evaluations the value of 100% of the company amounted to 98.8 million Reais and refers to:
- the 70% shareholding of the company, acquired on April 1, 2015, for an amount of Reais 64.7 million;
- the residual 30% shareholding of the company subject to a “Put and Call” agreement to be exercised by the Group starting from 2020 for an amount of Reais 34.1 million.

The fair value of the assets and liabilities involved in the operation (at April 1, 2015, date of the consolidation of the company), the price paid and the financial outgo are shown below in thousands of euros, with an exchange rate conversion the transaction date amounted to 3.4 Reais per 1 Euro:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets
Non-current assets			
Property, plant and equipment	1,156	1,811	2,967
Other intangible fixed assets	35	3,157	3,192
Current assets			
Inventories	2,673	-	2,673
Trade and other receivables	1,937	-	1,937
Cash and cash equivalents	417	-	417
Non-current liabilities			
Loans and borrowings	(108)	-	(108)
Provisions	(81)	-	(81)
Tax liabilities for deferred taxes	-	(1,689)	(1,689)
Current liabilities			
Trade and other liabilities	(942)	-	(942)
Current tax liabilities	(180)	-	(180)
Provisions	(283)	-	(283)
Total net assets acquired	**4,624**	**3,279**	**7,903**
% interest held			**100%**
Net equity acquired			**7,903**
Goodwill			**21,174**
Value of equity investment registred in financial statement			**29,077**
Purchase price paid			**14,598**
Deferred price			**14,480**
Cash and cash equivalents			**417**
Net cash outflow			**14,181**

The resulting difference between the acquisition price and the fair value of assets, liabilities and contingent liabilities at the acquisition date was recorded as goodwill. The assessment of the fair value of tangible and intangible assets was carried out by an independent consultant; The fair value adjustments relate to plant and equipment for € 1,720 thousand, to other material assets for € 91 thousand, to the value of other intangible assets for 2,373 thousand euros and € 784 thousand refer to the brand with an indefinite life .

Compared to the interim report of September 30, 2015, the value of goodwill has been modified following the updating of the estimates made by management based on the financial plans today conceivable and the possibility provided by IFRS 3 that permits edit over the twelve months the allocation of the purchase price to assets and liabilities.

Increase in share capital South America S.p.A.

During the first quarter of 2015 the company Speed France SAS has fully subscribed and paid a capital increase of subsidiary Speed South America S.p.A. for € 120 thousand.

Merger of Comag S.r.l. in Emak S.p.A.

With legal effect December 1, 2015, the subsidiary Comag srl was merged into Emak S.p.A., following approval of the merger plan dated 11 September 2015.

The accounting and tax effect of the transaction is retroactive to January 1, 2015.

The merger is part of the aim of improving the efficiency of the Group through operational savings.

For the purpose, on September 16, 2015 Emak has acquired from the parent company Yama S.p.A., for the consideration of € 95,000, the remaining portion of the share capital of Comag, corresponding to 0.56% of the total, thereby obtaining the participation totalitarian of the merged company.

Share capital increase of Emak do Brasil Industria LTDA

On 15 December 2015, Emak S.p.A. and Emak do Brasil agreed the conversion of the intragroup loan into Share Capital. The outstanding loan, amounting to 2,090 thousand US Dollars, was converted in a share capital increase with the issue of new shares of a unit value of 1 Real. As a result, the share capital was increased from 200,000 to 8,518,200 Reals. The minority shareholder has not subscribed the capital increase; as a result, the share capital of Emak do Brasil is 99.98% owned by Emak S.p.A. and 0.02% by the minority shareholder, NBL Paricipaçoes Societarias Ltda.

Acquisition of Acquatecnica S.r.l.

On 25 November 2015 the subsidiary, P.T.C. S.r.l., undersigned a preliminary agreement for the acquisition of 100% of the share capital of Acquatecnica S.r.l., a company producing applications for Water Jetting, for an equivalent value of € 500 thousand, of which € 250 thousand is to be paid upon closure of the deal and the remainder before 3 November 2016. This balance of the price may change in relation to the occurrence of contingencies as established in the preliminary agreement.

Acquatecnica, with registered office in Cremosano (CR), reported a turnover in 2015 of around € 500 thousand.

The operation closed on 28 January 2016, as provided for in the preliminary agreement.
On the same date the general meeting of the shareholders of the two companies approved the project for the merger by incorporation of Acquatecnica S.r.l. into P.T.C. S.r.l.
The merger deed was undersigned on 4 March 2016, through which the accounting and tax effects of the operation come into force from 1 January 2016 and the civil effects from 1 April 2016.

Through this operation, P.T.C. may reinforces its presence in the hydrodynamic unit sector and the Group in general will extend its range in the Pumps and High Pressure Water Jetting sector.

Reinstatement of equity further to disputes

During 2015 the subsidiary Tecomec S.r.l. sustained costs as a result of disputes the assumptions for which relate to the period in which control of the company was exercised by Yama S.p.A. On the basis of agreements for the sale of this company to Emak, entered into in August 2011 as part of the so-called "Operazione Greenfield", the Group has registered the right to receive the reinstatement of such liabilities from Yama, based on equity guarantees issued at the time by Yama. This reinstatement amounts to € 1,237 thousand and is broken down as follows:

- tax disputes for € 825 thousand and
- legal disputes for € 412 thousand.

The reinstatement was accounted for by posting directly to reserves in Equity, since it relates to the equity reinstatement of the company that had to sustain the described costs.

5. Economic and financial results of Emak Group

Summary of economic results

Key figures of 2015 the consolidated income statement are summarized below:

€/000	FY 2015	%	FY 2014	%	Change %
Net sales	381,579	100	354,757	100	7.6
Ebitda Adj (*)	37,495	9.8	33,130	9.3	13.2
Ebitda	35,814	9.4	31,456	8.9	13.9
Ebit	23,286	6.1	19,983	5.6	16.5
Profit before taxes	15,092	4.0	17,163	4.8	(12.1)
Net profit	8,992	2.4	10,185	2.9	(11.7)

(*)EBITDA calculated excluding the impact of charges for litigation, expenses related to M&A and restructuring charges

Sales

Emak Group achieved a consolidated turnover of € 381,579 thousand, compared to € 354,757 thousand of last year, an increase of 7.6%, of which 3.1% for organic growth, 2.8% for the change in the scope of consolidation and 1.7% as a result currency translation effects.

The following table shows an analysis of sales reported for 2015, broken down by business and geographic area, compared with the sales of the same period of the previous year:

	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			TOTAL		
€/000	Y 2015	Y 2014	Var. %	Y 2015	Y 2014	Var. %	Y 2015	Y 2014	Var. %	Y 2015	Y 2014	Var. %
Europe	144,203	150,962	(4.5)	43,039	39,798	8.1	68,882	68,011	1.3	256,124	258,771	(1.0)
Americas	12,461	10,162	22.6	44,130	30,835	43.1	27,033	20,976	28.9	83,624	61,973	34.9
Asia, Africa and Oceania	20,126	12,857	56.5	10,820	11,295	(4.2)	10,885	9,861	10.4	41,831	34,013	23.0
Total	**176,790**	**173,981**	**1.6**	**97,989**	**81,928**	**19.6**	**106,800**	**98,848**	**8.0**	**381,579**	**354,757**	**7.6**

Outdoor Power Equipment

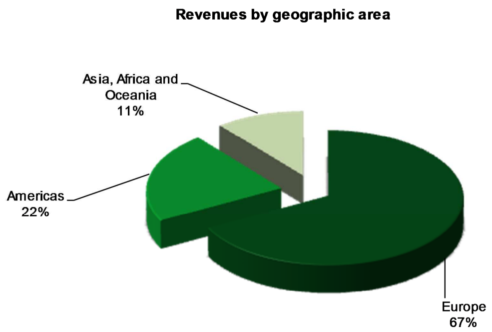
Industry sales were up slightly on the previous year. In Europe, the overall decline is due to the difficulties encountered on the Russian market from the last quarter of the previous year. However, it notes the growth recorded in the Italian market and on those of Western Europe, where the Group can exploit the presence on the territory of its commercial subsidiaries. On the markets of Eastern Europe, despite the general decline, it is to emphasize the good results obtained in countries like Poland, Hungary and Romania. In Ukraine, where the Group is present with its own companies, difficulties related to the general context of the country continued. The growth in the Americas was mainly due to the positive results achieved in some Latin American markets, particularly in Mexico and Argentina. Asia, Africa and Oceania region saw an increase in sales in important countries such as China and Turkey.

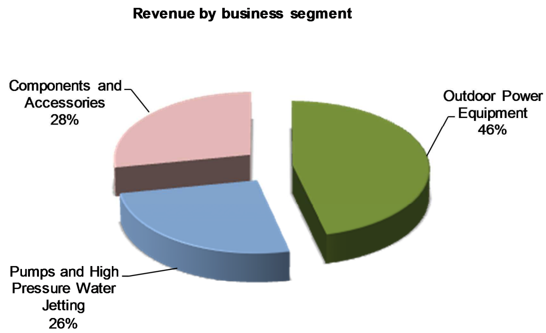
Pumps and High Pressure Water Jetting

The growth of sales on the European market is mainly due to the good results obtained in the Italian market, which also benefited from the full consolidation of Master Fluid companies (that entered the group in June 2014). The increase in the Americas, net of contributions resulted from the acquisition of Lemasa, it is mainly due to the growth registered in some countries in Latin America, particularly in Mexico. The exchange rate effect arising from the translation of sales of the US subsidiaries Comet USA and Valley was positive, while it has had a negative impact on the conversion of those of Brazilian company Lemasa. The decline in Asia, Africa and Oceania is due to the lower sales made in countries of the Far East, only partly offset by the growth achieved in Oceania.

Components and Accessories

Sales on the European market recorded a slight increase compared to last year due to the good performance achieved in the Italian market. In the other markets of the sales are generally stable proved. The growth of the Americas is due to a good performance on the North American market thanks to successful new products, especially those for gardening (nylon line and heads for trimmers) and for cleaning. The figure has partly benefited from the exchange rate effect arising from the conversion of the turnover of the US subsidiary Speed North America. The increase in sales in Asia, Africa and Oceania has been achieved mainly due to the good results achieved in the Chinese market and to a lesser extent to the growth recorded in Turkey and South Korea.





EBITDA

Ebitda for the period reached € 35,814 thousand, an incidence of 9.4% on sales, compared to € 31,456 thousand in 2014, an incidence of 8.9% on sales.

In 2015, then, Ebitda registered an increase of 13.9%.

Compared to the previous year, the figure benefited from a positive mix of revenues and changes in the scope of consolidation. The unfavorable trend of some foreign currencies was partly mitigated by price policy implemented by the Group.

The increase in personnel costs is related to the changes in the scope of consolidation, higher costs for temporary staff given the mix of companies that use it most and minor use of social welfare compared to last year. The average number of employees in the workforce, including temporary workers, increased, reaching 1,809 against 1,767 in the previous year.

Some non-recurring items had a negative impact on the Ebitda of the year for a total amount of € 1,681 thousand.
Specifically, these items include:

- Charges arising from M&A aimed at extending the scope of consolidation for € 708 thousand;
- Charges arising from the employment restructuring process of certain group companies in the amount of € 358 thousand;
- Charges related to disputes for € 615 thousand.

Ebitda normalized by adjusting the figure from the effects described above, would be € 37,495 thousand, compared to € 33,130 thousand in the previous year, with a margin of 9.8%, with an increase of 13.2% over the previous year.

At constant scope of consolidation, the normalized Ebitda showed an increase of 6.4% over the previous year.

EBIT

Ebit for 2015 amounted to € 23,286 thousand, with a margin on revenues of 6.1% (6.5% excluding non-recurring items) compared to € 19,983 thousand, with a margin on revenues of 5.6% (6.1% excluding non-recurring expenses) of 2014.

Operating income therefore increased by 16.5% during the year 2015.

Amortization and depreciation provisions amount to € 12,528 thousand against € 11,473 thousand in the previous year

The ratio of operating profit to invested capital is 8.7% (9.3% excluding the abovementioned items) compared to 8.4% (9.1% excluding non-recurring items) for 2014.

Net result

The net profit for the year is € 8,992 thousand against € 10,185 thousand for the previous financial year.

The result was penalized by the financial management which was affected by the increase in net debt compared to the prior year, primarily related to finance the purchase of Lemasa.
Financial expenses for the year 2015 include, in addition, € 1,417 thousand as implicit interest related to the discounting of the debt to the sellers of Lemasa, referring to the price with deferred payment and the debt by valorization of the Put and Call Option.

The result was also negatively affected by "Exchange gains and losses",which recorded a negative balance of € 3,650 thousand compared to a positive figure of € 357 thousand in the prior year.
Currency management is mainly affected by the strong devaluation of the Brazilian currency against the Euro and the US Dollar.
As a result of this unfavorable condition, "Gains and losses" includes:

- the evaluation at the year-end exchange rates, as well as of commercial items, also of loan granted in Euro by Comet S.p.A. to Comet do Brasil for € 9,240 thousand in principal amount for the purpose of acquiring Lemasa: the adjustment of such debt at year-end exchange rate led to the recognition of unrealized foreign exchange losses of about € 1,830 thousand. This loan was granted with the aim of ensuring the financial resources in the long term and therefore the related exchange differences, having evaluative nature, are subject to further changes based on the performance that the exchange rates will record;
- the recognition of foreign exchange losses of € 747 thousand, resulting from the conversion to Share Capital of the intercompany loan amounting to 2,090 thousand US dollars granted by Emak S.p.A. Emak Do Brasil.

The tax rate for the period was 40.4% compared to 40.7% last year.
The effective tax rate also reflects a positive effect, amounting to € 1,062 thousand, due to the so-called "ACE" facilitation that the company Emak S.p.A. has been able to account for, only from the 2015 financial year, following the favorable response to the ruling presented with reference to the tax period 2014, also applicable to subsequent tax periods. The lower taxes related to this facility are relative for € 497 thousand to the year 2014.

A positive contribution, compared to the previous year, came from the full deductibility of personnel expenses of the Italian companies for the purpose of IRAP calculation.

The year taxation suffers from the recognition of expenses from tax litigations of prior years for € 845 thousand (of which € 408 thousand recognized as a write-off of deferred tax): part of such tax charges, in the amount of € 825 thousand, have been recognized to the Group by the parent company Yama S.p.A. as a capital replenishment, by virtue of the contractual guarantees.

In addition to these effects taxation, compared to the previous year, was negatively influenced by the different distribution of taxable income among the countries where the Group operates and the non-registration, for prudential purposes, of the deferred tax assets on tax loss about € 750 thousand.

Without considering the higher tax expenses from litigation, lower reported taxes for 2014 and the non-registration of deferred tax assets, the tax rate would have been 33.1%.

Earnings per share attributable to the Group at December 31, 2015 amounted to € 0.054 compared to € 0.064 in the previous year.

Highlights from the consolidated balance sheet

	31.12.2015	31.12.2014
Net non-current assets	113,363	90,567
Net working capital	154,508	148,575
Total net capital employed	**267,871**	**239,142**
Equity attributable to the Group	166,992	158,411
Equity attributable to the minority interests	1,496	1,688
Net debt	(99,383)	(79,043)

Net non-current assets

Net non-current assets at December 31, 2015 amount to € 113,363 thousand compared to € 90,567 thousand at December 31, 2014.

During 2015 Emak Group invested € 12,217 thousand in property, plant and equipment and intangible assets, as follows:
- € 5,479 thousand for product innovation;
- € 3,798 thousand for adjustment of production capacity and for process innovation;
- € 1,707 thousand for upgrading the computer network system;
- € 768 thousand for modernization of industrial buildings;
- € 465 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:
- € 7,640 thousand in Italy;
- € 7,882 thousand in Europe;
- € 1,513 thousand in the Americas
- € 1,182 thousand in the Rest of the World.

The net fixed assets increase is also related to the changes in the scope of consolidation whose effects are explained in section 4 of the Annual Financial Report.

Net working capital

Net working capital moved from € 148,575 thousand at December 31, 2014 to € 154,508 thousand, an increase of € 5,933 thousand.

The following table reports the change in net working capital in 2015 compared with the previous year:

€/000	Y 2015	Y 2014
Net working capital at 1 January 2015	**148,575**	**142,212**
Increase/(decrease) in inventories	8,021	7,654
Increase/(decrease) in trade receivables	(592)	(4,906)
(Increase)/decrease in trade payables	(5,172)	4,963
Change in scope of consolidation (acquisition)	3,487	642
Other changes	189	(1,990)
Net working capital at 31 December 2015	**154,508**	**148,575**

The increase in net working capital was mainly due to an increase in inventories at period end for the enlargement in the scope of consolidation and the increase in the last quarter of purchases that has also affected the dynamics of trade payables.

Equity

Equity at December 31, 2015 is € 168,488 thousand against € 160,099 thousand at December 31, 2104.

Net financial position

(€/000)	31.12.2015	31.12.2014
Cash and banks	42,518	13,238
Securities and derivative financial instruments	88	241
Other financial assets	452	7
Financial liabilities	(55,936)	(40,823)
Derivative financial instruments	(501)	(859)
Short-term net debt	**(13,379)**	**(28,196)**
Other financial assets	7,836	158
Financial liabilities	(93,840)	(51,005)
Long-term net debt	**(86,004)**	**(50,847)**
Cash and banks	42,518	13,238
Securities and derivative financial instruments	88	241
Other financial assets	8,288	165
Financial liabilities	(149,776)	(91,828)
Derivative financial instruments	(501)	(859)
Total net debt	**(99,383)**	**(79,043)**

Net negative financial position is € 99,383 thousand at December 31, 2015 against € 79,043 thousand at December 31, 2014.

At December 31, 2015 the net financial position includes receivables from related parties in the amount of € 821 thousand, of which € 450 thousand in the short term, recognized under "Other financial assets", and refers to credit for the guarantees provided for in contract in favor of Emak S.p.A. under the so called "Operation Greenfield".

Other financial assets also include € 6,891 thousand deposited in an escrow account to guarantee the debt to transferors of Lemasa shares and reported under Other financial assets in the medium term.

Financial liabilities at December 31, 2015 include debt, translated at the closing exchange rates, for the purchase of the remaining minority shares in the amount of € 14,810 thousand related to the following companies:

- Valley LLP for € 1,445 thousand;
- P.T.C S.r.l for € 193 thousand;
- Lemasa for € 12,572 thousand;
- Geoline Electronic for € 600 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 debt mainly includes:
- Bank overdrafts;
- Mortgage repayments due by December 31, 2016;
- Debts to other financial institutions due by December 31, 2016.

The following table shows the movements in the net financial position of 2015:

€/000	Y 2015	Y 2014
Opening NFP	**(79,043)**	**(76,381)**
Ebitda	35,814	31,456
Financial income and expenses	(4,544)	(3,177)
Exchange gains and losses	(3,650)	357
Income taxes	(6,100)	(6,978)
Cash flow from operations, excl. changes in operating assets and liabilities	**21,520**	**21,658**
Changes in operating assets and liabilities	(3,306)	(4,359)
Cash flow from operations	**18,214**	**17,299**
Change in tangible and intangible assets	**(8,903)**	**(13,686)**
Other equity changes	**(602)**	**(1,583)**
Change in scope of consolidation	**(29,049)**	**(4,692)**
Closing NFP	**(99,383)**	**(79,043)**

The cash flow generated from operations (EBITDA) increased compared to the previous year.

The item "Income and financial charges" includes the recording of the charges for the actualization of debt to the transferor of participation Lemasa amounting to € 1,417 thousand. The trend of the currency management led to the recognition of foreign exchange losses mainly due to the adjustment of foreign currency outstanding at the end of the period, of which € 1,830 thousand for the evaluation ogf the lean granted by Comet S.p.A. to Comet do Brasil in Euro.

Investments arising from the change in consolidation area account for € 29 million.

6. <u>Results of Group companies</u>

6.1 Emak S.p.A. – Parent Company

On December 1, 2015, the merger by incorporation of Comag srl the company Emak S.p.A came into full legal effect.
The purpose of the operation is to obtain all possible administrative and management benefits from the legal unification of the two enterprises.
Further to the aforementioned merger, the balance sheet values have been affected by the different area of consolidation of the company post-merger, compared to the figures for the previous financial year.
The Parent Company achieved net revenues of € 125,774 thousand against € 128,602 thousand in 2014, a fall of 2.2%.
The drop in revenues is mainly lined to the lower sales achieved in Russia, hit by geopolitical tensions. Good performances, were achieved, on the other hand, in America and Turkey.

Ebitda in the year is € 4,642 thousand, against € 2,627 thousand in the last financial year, and has suffered from the decline in sales volumes and greater costs associated with the merger of Comag S.r.l. Efficiencies in supplies deriving from the merger have more than compensated the negative effects of currency trends to which the company is exposed.

Ebit in the year is positive for € 259 thousand, against a negative result of 1,860 thousand in 2014; this amount in 2014 was affected by the writing down of the equity interest in the Ukrainian company Epicenter LLC, for € 1,020 thousand.

Net profit stands at € 6,953 thousand, against € 6,010 thousand in 2014. The result has been influenced by lower dividends received from subsidiary companies for € 1.909 thousand and lower financial charges. Currency management has led to lower proceeds for € 667 thousand, moving from € 2,415 thousand in the previous year to € 1,748 thousand in 2015.

Tax management has benefitted for the first time in 2015 from the so-called ACE (Allowance for Corporate Equity) facility further to the favorable response to the question submitted by the company with reference to the 2014 tax year, also valid for subsequent tax periods, for an amount of € 1,062 thousand. The new calculation of IRAP (Italian regional company tax) has led to a tax saving of € 392 thousand.

The net negative financial position has moved from € 32,430 thousand at 31 December 2014 to € 25,014 thousand, mainly thanks to the increase in operating cash flow.

6.2 Subsidiaries

At 31 December 2015 the Emak Group was organised in a structure with Emak S.p.A. at the top, possessing direct and indirect controlling interests in the equity of 27 companies.

The economic figures of the subsidiary companies, drawn up in compliance with IAS/IFRS international accounting standards, are shown below:

Company	Head office	31/12/2015 Net sales	31/12/2015 Net profit	31/12/2014 Net sales	31/12/2014 Net profit	
Parent company						
Emak S.p.A.	Bagnolo in Piano (Italy)	125,774	6,953	128,602	6,011	
Fully consolidated companies						
Emak France Sas	Rixheim (France)	31,528	317	32,399	650	
Jiangmen Emak Outdoor Power Equipment Co. Ltd	Jiangmen City (China)	23,479	(627)	27,955	218	
Victus Emak Sp. Z o.o.	Poznam (Poland)	13,616	466	12,854	436	
Comag Srl	Pozzilli, Isernia (Italy)	-	-	18,244	346	
Emak Deutschland GmbH	Fellbach-Oeffingen (Germany)	13,696	(243)	12,550	(269)	
Emak Suministros Espana SA	Madrid (Spain)	6,677	287	6,078	243	
Emak U.K. LTD	Lichfield (UK)	5,916	169	4,694	150	
Emak USA Inc.	Burnsville-Minnesota (USA)	-	-	1,164	(237)	(1)
Tailong (Zhuhai) Machinery Equipment Ltd.	Zhuhai (China)	3,705	123	4,220	314	
Epicenter LLC	Kiev (Ukraine)	4,213	324	6,403	(440)	
Emak Do Brasil Industria LTDA	Curitiba (Brazil)	3,336	(2,287)	2,103	(1,341)	
Tecomec Srl	Reggio Emilia (Italy)	45,342	2,323	43,213	3,014	
Speed France Sas	Arnax (France)	19,836	1,613	19,621	1,473	
Speed North America Inc.	Wooster (Ohio - USA)	10,777	880	7,444	417	
Speed Line South Africa (Pty) Ltd.	Pietermaritzbury (South Africa)	1,136	225	1,037	92	
Ningbo Tecomec Manufacturing Co. Ltd.	Ningbo City (China)	13,019	732	9,856	182	
Geoline Electronic S.r.l.	Poggio Rusco, Mantova (Italy)	1,277	(211)	766	(289)	
Speed Industrie Sarl	Mohammedia (Marocco)	1,467	(10)	1,950	(11)	
Speed Line South America	Providencia (RCH)	386	(527)	-	-	
Comet Spa	Reggio Emilia (Italy)	57,069	2,620	55,688	3,475	
Comet France Sas	Wolfisheim (France)	4,968	268	4,842	391	
Comet USA	Burnsville Minnesota (USA)	8,689	(1,506)	5,946	(1,175)	(2)
Valley Industries LLP	Paynesville Minnesota (USA)	21,162	2,750	17,540	2,429	(2)
PTC Srl	Genova (Italy)	7,763	300	5,849	(84)	
S.I. Agro Mexico	Guadalajara (Mexico)	4,098	282	2,853	137	
Comet do Brasil	Indaiatuba (Brazil)	-	(3,207)	-	-	
Lemasa	Indaiatuba (Brazil)	8,076	1,612	-	-	
Sabart Srl	Reggio Emilia (Italy)	23,334	2,074	23,248	2,227	
Raico Srl	Reggio Emilia (Italy)	11,852	137	11,973	165	

(1) Emak Usa Inc.(the figures refer to 30 November 2014) was merged with Comet Usa Inc. with effect on 1 December 2014
(2) it should be noted that the net result of Comet Usa includes income tax calculated on the result of its subsidiary, Valley Industries LLP. The latter company is, in fact, subject to a tax regime that provides for taxation of profits to be directly imposed on the shareholders.

The following elements are disclosed with reference to some companies in the Group:

In 2015 the Chinese company, Jiangmen Emak Outdoor Power Equipment Co. Ltd., had a negative performance associated with the drop in sales in the target markets of local production and with non-recurring restructuring costs for around € 300 thousand.

Emak Deutschland achieved a higher turnover than the previous year, but the trend of operating costs prevented the company from breaking even.

The net loss of Emak do Brasil Industria Ltda is mainly attributable to the revaluation of trade receivables in foreign currency, linked to the strong fall in the local currency against all the major currencies with which the company settles its supply transactions, and to the recording of losses on exchange for € 747 thousand, emerging from the conversion to Share Capital of the intragroup loan equivalent to 2,090 thousand US Dollars paid by Emak S.p.A..

Geoline Electronic S.r.l. and Speed South America S.p.A. closed the year with losses, being companies in the start-up phase, and for which positive results are expected in future financial periods.

Comet do Brasil was incorporated as a financial holding company for the acquisition of the company, Lemasa. The loss is due to the conversion of financial payables in currencies linked to the acquisition of Lemasa and to the accounting of implicit interest payable deriving from the discounting of the amount payable for the acquisition of shareholdings.

7. Dealings with related parties

Emak S.p.A. is controlled by Yama S.p.A., which holds 75.2% of its share capital and which, as a non-operating holding company, is at the head of a larger group of companies operating mainly in the production of machinery and equipment for agriculture and gardening and of components for motors, and in real estate. The Emak Group has limited supply and industrial service dealings with such companies, as well as dealings of a financial nature deriving from the participation of a number of companies in the Emak Group in the tax consolidation headed by Yama S.p.A..
The majority of the above dealings carried out in the period by the Emak Group with related parties are of a normal and recurring nature, falling within the ordinary exercise of industrial activity. The above transactions are all regulated under current market conditions, in compliance with framework resolutions approved periodically by the Board of Directors. Reference can be made to the notes to the accounts at paragraph 38.

Outside of usual dealings as described above, during the year:
- a number of warranty claims in favor of Emak as acquiring company have been attributed to Yama with relation of liabilities arising in Tecomec, subsequent to the acquisition of its entire share capital on 22/12/2011;
- Emak S.p.A. has acquired from Yama a minority shareholding in the subsidiary Comag S.r.l., for the purpose of facilitating the incorporation procedure, which was completed with effect from 1 December 2015.

The details of these operations, regulated by the protection procedures as per art. 4, Consob Regulations no. 17221/2010, are described in the notes 7 and 38 of the consolidated financial statement and in the notes 5 and 36 of the separated financial statement.

* * * * * * *

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

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

At December 31, 2015, the Company held 397,233 treasury shares in portfolio for an equivalent value of € 2,029 thousand.

On April 23, 2015, the Shareholders' Meeting renewed the authorization to purchase and dispose of treasury shares for the purposes laid down by it. During 2015 there were no purchases or sales of own shares, leaving the balances at beginning of year unchanged.

During January and February 2016 Emak did not buy or sell treasury shares, with the result that the stock and value are unchanged compared to December 31, 2015.

9. Corporate governance and other information required by Issuers Regulations

Emak S.p.A. adopted the Code of Conduct, approved by the Committee established at the Italian Stock Exchange as reformulated in July 2015 and available on the website www.borsaitaliana.it. Details of Emak's compliance with the Code's provisions are set out in the "**Report on corporate governance and ownership structures**, provided for by arts. 123-bis of Legislative Decree 58/98, according to the "comply or explain" scheme.

As already mentioned, remuneration paid, also by subsidiary companies, to Directors and Auditors of the parent company, as well as and the amounts and movements of Emak securities held by Directors, Auditors and the Managing Director, is now set out in the "**Remuneration Report"**, drawn up in accordance with art. 123-ter, Leg. Dec. 58/98.
Both reports are available to the public at the company's registered office and on the website: www.emak.it under the section "Investor Relations > Documentazione Societaria > Corporate Governance"

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Leg. Dec. 231/2001
It should be noted that the Emak Group has adopted the Organisation, Management and Control Model, provided for by art. 6 of Legislative Decree 231/01, periodically updated, in modular form, in line with the extension of the liability of companies for ever new crimes.
The Model makes use, in the different companies of the Group, of Supervisory Committees, furnished with autonomous powers of action and control regarding its effective and efficient application.

* * * * * * *

Ethical Code
Emak has implemented and updated an Ethical Code, in which the company's chosen ethical principles are set out and which the Directors, Auditors, Employees, Consultants and Partners of the parent company, as well as of its subsidiary companies, are required to follow.
The model, as per art. 6, Leg. Dec. 231/01, and the Ethical Code are both available for consultation at the internet address http://www.emak.it, in the section "Investor Relations > Modello di Organizzazione, Gestione e Controllo (Leg. Dec. 231/2001) of Emak S.p.A.

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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.

10. Disputes

There were no disputes in progress that might lead to liabilities in the financial statements other than those already described in note 34 of the consolidated financial statements.

11. Other information

With regard to the requirements of article 36 of the Market Rules - Consob Resolution No. 16191 dated October 29, 2007, Emak reports to have currently the control of five large companies, incorporated and regulated under the law of a state outside the European Union:

- Jiangmen Emak Outdoor Power Equipment Co. Ltd. (Republic of China);
- Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd. (Republic of China);
- Comet Usa Inc. (United States of America);
- Valley industries LLP (United States of America);
- Comet do Brasil Investimentos LTDA (Brazil).

For all companies Emak S.p.A. has complied with current legislation, including the filing at the registered office, for the benefit of the public, of the financial statements of subsidiaries prepared for the purposes of preparing the consolidated financial statements.

12. Business outlook, principle risks and elements of uncertainty

2015 has been a year internationally characterized by the persistence of the crisis in Ukraine and Russia, conflict in areas of North Africa and the Middle East, which continued to have a heavy negative impact on world economic growth. To this was added to the economic and currency crisis that has severely affected Brazil, the slowdown of the Chinese economy and more generally lower global demand and investment. In this context, the Group has achieved positive results, the combination of organic growth and the contribution from acquisitions. The scenario for the near future remains uncertain and characterized by high volatility. Nevertheless, the Group is confident of being able to continue its path of growth through investments in product innovation and development of the sales network and the full consolidation of the acquisitions completed in recent years.

13. Subsequent events

As outlined in Paragraph 4, on 28 January 2016, the subsidiary P.T.C. S.r.l. has signed the closing of the transaction for the acquisition of 100% of the share capital of Acquatecnica Srl, a company active in the production of applications for water jetting, for a value of € 500 thousand.
On March 4, 2016 was signed the deed of merger, which provides for the effects for accounting and tax purposes of the transaction start from January 1, 2016 and those statutory from April 1, 2016.

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

In accordance with the Consob Communication dated July 28 2006, the following table provides a reconciliation between net income for 2014 and shareholders' equity at December 31, 2015 of the Group (Group share), with the corresponding values of the parent company Emak:

€/000	Equity at 31.12.2015	Result for the year ending 31.12.2015	Equity at 31.12.2014	Result for the year ending 31.12.2014
Equity and result of Emak S.p.A.	150,741	6,953	144,712	6,011
Equity and result of consolidated subsidiaries	175,708	8,885	153,059	12,513
Total	**326,449**	**15,838**	**297,771**	**18,524**
Effect of the elimination of the accounting value of shareholdings	(152,798)	-	(135,271)	-
Elimination of dividends	-	(6,804)	-	(8,450)
Elimination of other intergroup items and profits	(5,163)	(42)	(2,401)	111
Total consolidated amount	**168,488**	**8,992**	**160,099**	**10,185**
Minority interest	**(1,496)**	**(146)**	**(1,688)**	**282**
Equity and result attributable to the Group	**166,992**	**8,846**	**158,411**	**10,467**

15. Proposal for the allocation of profit for the financial year and dividend

Shareholders,
We submit for your approval the financial statements at December 31, 2015, which reports a profit of € 6,953,273.00. We also propose the distribution of a dividend of € 0.025 for each share outstanding.

We invite you to approve this resolution:

<< The Shareholders' Meeting of Emak S.p.A..

resolves

a) to approve the Directors' Report and the financial statements at December 31, 2015, showing a net profit of € 6,953,273.00;

b) to allocate the net profit of € 6,953,273.00, as follows:
   - € 347,663.65 to the statutory reserve;
   - to the Shareholders, in the form of dividends, the amount of € 0.025, gross of legal deductions, for each share outstanding, with the exclusion of treasury shares held by the company;
   - the entire remaining amount to retained earnings;

c) to pay the dividend (coupon no. 19) on 8 June 2016, with ex-dividend date June 6, and the *record date* June 7.>>

Bagnolo in Piano (RE), March 11, 2016

On behalf of the Board of Directors
The Chairman

Fausto Bellamico

Emak Group
Consolidated Financial Statements at 31 December 2015

Consolidated Income Statement

	Notes	Year 2015	of which related parties	Year 2014	of which related parties
Sales	**10**	**381,579**	**2,007**	**354,757**	**2,140**
Other operating incomes	10	2,451		3,045	
Change in inventories		8,004		6,144	
Raw and consumable materials and goods	11	(211,493)	(3,296)	(198,608)	(3,078)
Salaries and employee benefits	12	(70,460)		(65,035)	
Other operating costs	13	(74,267)	(2,208)	(68,847)	(2,077)
Amortization, depreciation and impairment losses	14	(12,528)		(11,473)	
Ebit		**23,286**		**19,983**	
Financial income	15	1,255	9	683	
Financial expenses	15	(5,799)		(3,860)	
Exchange gains and losses	15	(3,650)		357	
EBT		**15,092**		**17,163**	
Income taxes	16	(6,100)		(6,978)	
Net profit (A)		**8,992**		**10,185**	
(Profit)/loss attributable to minority interests		(146)		282	
Net profit attributable to the group		**8,846**		**10,467**	
Basic earnings per share	**17**	**0.054**		**0.064**	
Diluted earnings per share	**17**	**0.054**		**0.064**	

COMPREHENSIVE INCOME STATEMENT	Notes	Year 2015	Year 2014
Net profit (A)		**8,992**	**10,185**
Profits/(losses) deriving from the conversion of foreign company accounts		2,583	2,537
Profits/(losses) deriving from the transfer of treasury shares in portfolio (*)		(81)	(46)
Tax effect relating to other components (*)		25	52
Total other components to be included in the comprehensive income statement (B):		**2,527**	**2,543**
Comprehensive net profit (A)+(B)		**11,519**	**12,728**
Comprehensive net profit attributable to minority interests		66	656
Comprehensive net profit attributable to the group		11,585	13,384

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

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the consolidated income statement are shown in the scheme and are further described and discussed in note 38.

Statement of financial position

Thousand of Euro

ASSETS	Notes	31.12.2015	of which related parties	31.12.2014	of which related parties
Non-current assets					
Property, plant and equipment	18	60,236		56,836	
Intangible assets other than goodwill	19	8,118		6,170	
Goodwill	20	53,132	14,952	34,773	15,125
Equity investments	21	230		230	
Deferred tax assets	30	9,053		8,576	
Other non current financial assets	26	7,836	371	158	
Other receivables	23	69		62	
Total non-current assets		**138,674**	**15,323**	**106,805**	**15,125**
Current assets					
Inventories	24	138,359		127,665	
Trade and other receivables	23	97,006	882	95,615	990
Current tax assets	30	5,324		5,037	
Other financial assets	26	452	450	7	
Derivative financial instruments	22	88		241	
Cash and cash equivalents	25	42,518		13,238	
Total current assets		**283,747**	**1,332**	**241,803**	**990**
TOTAL ASSETS		**422,421**	**16,655**	**348,608**	**16,115**

EQUITY AND LIABILITIES	Notes	31.12.2015	of which related parties	31.12.2014	of which related parties
Equity					
Total Group	27	166,992		158,411	
Minorities interest		1,496		1,688	
Total equity		**168,488**		**160,099**	
Non-current liabilities					
Loans and borrowings	29	93,840		51,005	
Deferred tax liabilities	30	6,049		4,365	
Provisions for employee benefits	31	8,932		9,112	
Provisions	32	1,659		1,666	
Other non-current liabilities	33	835		937	
Total non-current liabilities		**111,315**		**67,085**	
Current liabilities					
Trade and other payables	28	80,848	1,244	75,049	950
Current tax liabilities	30	3,682		2,879	
Loans and borrowings	29	55,936		40,823	
Derivative financial instruments	22	501		859	
Provisions	32	1,651		1,814	
Total current liabilities		**142,618**	**1,244**	**121,424**	**950**
TOTAL EQUITY AND LIABILITIES		**422,421**	**1,244**	**348,608**	**950**

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of related party transactions on the financial position are shown in the scheme and are further described and discussed in note 38.

Statement of changes in consolidated equity for the Emak Group at 31.12.2014 and at 31.12.2015

Euro/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 31.12.2013	**40,594**	**42,454**	**1,924**	**1,138**	**1,176**	**(782)**	**27,733**	**24,478**	**10,326**	**149,041**	**1,753**	**150,794**
Profit reclassification			136					6,101	(10,326)	**(4,089)**	(119)	**(4,208)**
Other changes								75		**75**	710	**785**
Net profit for the period					2,911	6			10,467	**13,384**	(656)	**12,728**
Balance at 31.12.2014	**40,594**	**42,454**	**2,060**	**1,138**	**4,087**	**(776)**	**27,733**	**30,654**	**10,467**	**158,411**	**1,688**	**160,099**
Profit reclassification			301					6,078	(10,467)	**(4,088)**	(17)	**(4,105)**
Other changes							3,167	(2,083)		**1,084**	(109)	**975**
Net profit for the period					2,795	(56)			8,846	**11,585**	(66)	**11,519**
Balance at 31.12.2015	**40,594**	**42,454**	**2,361**	**1,138**	**6,882**	**(832)**	**30,900**	**34,649**	**8,846**	**166,992**	**1,496**	**168,488**

The share capital is show n net of treasury shares of a value of € 2,029 thousand

Consolidated Cash Flow Statement

(€/000)	Notes	31.12.2015	31.12.2014
Cash flow from operations			
Net profit for the period		**8,992**	**10,185**
Amortization, depreciation and impairment losses	**14**	12,528	11,473
Capital (gains)/losses on disposal of property, plant and equipment		(61)	(73)
Decreases/(increases) in trade and other receivables		(224)	5,520
Decreases/(increases) in inventories		(8,021)	(7,654)
(Decreases)/increases in trade and other payables		5,372	(1,783)
Change in provision for employee benefits		(179)	(562)
(Decreases)/increases in provisions for liabilities		(251)	120
Change in derivative financial instruments		(205)	(129)
Net cash generated by operations		**17,951**	**17,097**
Cash flow from investment activities			
Increases in property, plant and equipment and intangible assets		(8,903)	(13,705)
(Increases) and decreases in financial assets		(8,123)	1,535
Proceeds from disposal of property, plant and equipment		61	73
Change in scope of consolidation		(14,181)	(2,717)
Net cash absorbed by investment activities		**(31,146)**	**(14,814)**
Cash flow from financial activities			
Change in equity		919	89
Change in short and long-term loans and borrowings		42,040	(3,044)
Change in finance leases		(199)	16
Dividends paid		(4,105)	(4,208)
Change in translation reserve		2,583	2,537
Net cash absorbed by financial activities		**41,238**	**(4,610)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**28,043**	**(2,327)**
OPENING CASH AND CASH EQUIVALENTS		**6,971**	**9,298**
CLOSING CASH AND CASH EQUIVALENTS		**35,014**	**6,971**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

(€/000)		31.12.2015	31.12.2014
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Opening cash and cash equivalents, detailed as follows:	**25**	**6,971**	**9,298**
Cash and cash equivalents		13,238	15,122
Overdrafts		(6,267)	(5,824)
Closing cash and cash equivalents, detailed as follows:	**25**	**35,014**	**6,971**
Cash and cash equivalents		42,518	13,238
Overdrafts		(7,504)	(6,267)
Other information:			
Income taxes paid		(4,325)	(3,988)
Financial interest income		514	303
Financial expenses paid		(3,223)	(2,932)
Change in trade and other receivables - related parties		108	(381)
Change in trade and other payables - related parties		294	23
Change in trade and other receivables related to tax assets		(764)	(920)
Change in trade payables and other liabilities related to tax liabilities		617	(97)
Change in related party financial assets		(821)	-
Change in related party financial liabilities		-	-

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of related party transactions on the financial statements are identified in the section Other information.

Explanatory notes to the consolidated financial statements of Emak Group

Contents

1. General Information

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

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

The Board of Directors of Emak S.p.A. on March 11, 2015 approved the Financial Report to December 31, 2015, and ordered his immediate notification under Art. 154-ter, paragraph 1-ter TUF, to the Board of Auditors and to the Auditing firm in order for them to carry out their relative duties. In connection with this communication, the company has issued an appropriate press release with the key figures of the financial statements and the dividend proposal made to the General Meeting of Shareholders.

The financial statements and consolidated financial statements are subject to statutory audit by Fidital Revisione S.r.l.

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

2. Summary of principal accounting policies

The main accounting policies used in the preparation of these consolidated financial statements are explained below and, unless otherwise indicated, have been uniformly adopted for all periods presented.

2.1 General methods of preparation

The consolidated financial statements of the Emak Group (hereinafter “the Group”) have been prepared in accordance with the IFRS standards 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.

On the basis of information available and of the current and foreseeable income and financial situation, the directors have drawn up the financial statements according to the going concern assumption.
On the basis of factors known to us, that is, the current situation and future forecasts of key economic, balance sheet and financial figures for the Group, and of an analysis of the Group’s risks, there are no significant uncertainties that may compromise the Group’s status as a going concern.

In accordance with the provisions of IAS 1, the consolidated balance sheet is constituted by the following reports and documents:

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

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.

With reference to Consob Resolution no. 15519 of 27 July 2006 regarding the presentation of financial statements, it should be noted that the income statement and the balance sheet show dealings with related parties.

2.2 Methods of consolidation

Subsidiaries
The consolidated financial statements of the Emak Group include the financial statements of Emak S.p.A. and the Italian and foreign companies over which Emak exercises direct or indirect control by governing their financial and operating policies and receiving the related benefits, according to the criteria established by IFRS 10.

The acquisition of subsidiaries is accounted for using the purchase method ("*Acquisition method*"), except for those acquired in 2011 from Yama Group. The cost of acquisition initially corresponds to the fair value of the assets acquired, the financial instruments issued and the liabilities at the date of acquisition, 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 (note 2.7). The financial statements of subsidiaries are included in the consolidated accounts starting from the date of taking control to when such control ceases to exist. Minority interests and the amount of profit or loss for the period attributable to minorities are shown separately in the consolidated balance sheet and income statement.

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

It is noted that:

- The subsidiary Valley LLP, owned by Comet Usa Inc with a share of 90%, is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10% held by the current Managing Director of the company;
- The subsidiary Lemasa, owned by Comet do Brasil LTDA with a share of 70%, is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 30%;
- The subsidiary P.T.C. S.r.l., owned by Comet S.p.A. with a share of 90%, is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10%.

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

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

Emak
our power, your passion

Scope of consolidation

The scope of consolidation at December 31, 2015 following the acquisitions already mentioned above includes the following companies:

Name	Head office	Share capitale	Currency	% consolidated	Held by	% of participation
Emak S.p.A.	Bagnolo in Piano - RE (I)	42,623,057	€			
Emak Suministros Espana SA	Getafe - Madrid (E)	270,459	€	90.000	Emak S.p.A.	90.000
Emak U.K. Ltd	Lichfield (UK)	342,090	GBP	100.000	Emak S.p.A.	100.000
Emak Deutschland Gmbh	Fellbach - Oeffingen (D)	553,218	€	100.000	Emak S.p.A.	100.000
Emak France SAS	Rixheim (F)	2,000,000	€	100.000	Emak S.p.A.	100.000
Jiangmen Emak Outdoor Power Equipment Co.Ltd (4)	Jiangmen (RPC)	25,532,493	RMB	100.000	Emak S.p.A.	100.000
Victus-Emak Sp. Z o.o.	Poznan (PL)	10,168,000	PLN	100.000	Emak S.p.A.	100.000
Tai Long (Zhuhai) Machinery Manufacturing Ltd	Zhuhai (RPC)	16,353,001	RMB	100.000	Emak S.p.A.	100.000
Epicenter LLC	Kiev (UA)	19,026,200	UAH	61.000	Emak S.p.A.	61.000
Raico S.r.l.	Reggio Emilia (I)	20,000	€	100.000	Emak S.p.A.	100.000
Sabart S.r.l.	Reggio Emilia (I)	1,900,000	€	100.000	Emak S.p.A.	100.000
Tecomec S.r.l.	Reggio Emilia (I)	1,580,000	€	100.000	Emak S.p.A.	100.000
Speed France SAS	Arnax (F)	300,000	€	100.000	Tecomec S.r.l.	100.000
Speed North America Inc.	Wooster - Ohio (USA)	10	USD	100.000	Speed France SAS	100.000
Speed Line South Africa Ltd	Pietermaritzbury (ZA)	100	ZAR	51.000	Speed France SAS	51.000
Ningbo Tecomec Manufacturing Co. Ltd	Ningbo City (RPC)	8,029,494	RMB	100.000	Tecomec S.r.l.	100.000
Comet S.p.A.	Reggio Emilia (I)	2,600,000	€	100.000	Emak S.p.A.	100.000
Comet France SAS	Wolfisheim (F)	320,000	€	100.000	Comet S.p.A.	100.000
Comet Usa Inc	Burnsville - Minnesota (USA)	231,090	USD	100.000	Comet S.p.A.	100.000
PTC S.r.l. (3)	Genova (I)	55,556	€	100.000	Comet S.p.A.	90.000
Valley Industries LLP (1)	Paynesville - Minnesota (USA)	0	USD	100.000	Comet Usa Inc	90.000
Emak do Brasil Industria LTDA	Curitiba (BR)	8,518,200	BRL	99.980	Emak S.p.A.	99.980
S.I. Agro Mexico	Guadalajara (MEX)	1,000,000	MXM	85.000	Comet S.p.A.	85.000
Geoline Electronic S.r.l.	Poggio Rusco - MN (I)	100,000	€	51.000	Tecomec S.r.l.	51.000
Speed Industrie Sarl	Mohammedia (MA)	1,445,000	MAD	100.000	Speed France SAS	100.000
Speed South America S.p.A.	Providencia (RCH)	87,825,360	CLP	100.000	Speed France SAS	100.000
Comet do Brasil Investimentos LTDA	Indaiatuba (BR)	19,000,000	BRL	99.000	Comet S.p.A.	100.000
				1.000	PTC S.r.l.	
Lemasa industria e comércio de equipamentos de alta pressao S.A. (2)	Indaiatuba (BR)	14,040,000	BRL	100.000	Comet do Brasil LTD	70.000

(1) Valley Industries LLP is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10%.
(2) Lemasa is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 30%.
(3) P.T.C. S.r.l. is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10%.
(4) Under the contract in December 2004 and subsequent amendments, the 49% shareholding stake in Jiangmen Emak Outdoor Power Equipment Co.Ltd, previously owned by Simest S.p.A. properties, was subject to repurchase perfected by Emak S.p.A. during the month of July 2014.

2.3 Segmental reporting criteria

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

An operating segment is a component of a company:

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

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

On the basis of the criteria for the definition of the operating segments introduced by IFRS 8, the Group has identified, following the "management approach", a single segment of activity, which includes all activities referable to the different business areas managed by the Group.

2.4 Translation differences

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

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

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

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

Amount of foreign for 1 Euro	Average 2015	31.12.2015	Average 2014	31.12.2014
GB Pounds (UK)	0.73	0.73	0.81	0.78
Renminbi (Cina)	6.97	7.06	8.19	7.54
Dollar (Usa)	1.11	1.09	1.33	1.21
Zloty (Poland)	4.18	4.26	4.18	4.27
Zar (South Africa)	14.17	16.95	14.40	14.04
Uah (Ukraine)	24.28	26.16	15.86	19.21
Real (Brazil)	3.70	4.31	3.12	3.22
Dirham (Morocco)	10.81	10.79	11.16	10.98
Peso Mexican (Mexico)	17.62	18.91	17.66	17.86
Peso Chilean (Chile)	726.41	772.71	-	-

2.5 Property, plant and equipment

Land and buildings largely comprise production facilities, warehouses and offices; they are stated at historical cost, plus any legal revaluations carried out in years prior to the first-time adoption of IAS/IFRS, less the accumulated depreciation of the buildings. Other assets are recorded at historical cost, less accumulated depreciation and impairment.
Historical cost includes all the directly attributable costs of purchasing the assets.

Subsequent expenditure is added to the carrying amount of the asset only when it is probable that this expenditure will generate future economic benefits and these costs can be measured reliably. Expenditure on other repairs and maintenance is expensed to income in the period incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis over their estimated useful lives as follows:

- buildings, 10-33 years;
- plant and machinery, 7-10 years;
- other, 4-8 years.

If the carrying amount of any asset is higher than the estimated recoverable amount, it is immediately reduced to realizable value.

Leases for which the group has substantially all the risks plus the right of redemption are classified as finance leases. The related assets are recognized under property, plant and equipment at the value of the future lease payments.
The principal element of repayments to be made is recorded as financial liabilities. The interest element is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases for which the lessor retains a significant portion of the risks and rewards incident to ownership are classified as operating leases, whose payments are recognized as an expense in the income statement over the lease term on a straight-line basis.

Government grants obtained for investments in buildings and machinery are treated as deferred income, which is recognized in the income statement over the period required to match these grants with the related costs.

2.6 Intangible assets

(a) Development costs
These are intangible assets with a finite life.
The development costs of new products are capitalized only if the following conditions are met:

- the costs can be measured reliably;
- the product's technical feasibility and expected price and market indicate that the costs incurred for development will generate future economic benefits.

Development costs include only that expenditure which can be attributed directly to the development process and do not include costs for internal resources.
Development costs are amortized on the base of an estimate of the period in which it is expected that such activities generate cash flows and for any period not exceeding 5 years from commencement of production of the developed products.
All other development costs are charged to the income statement as incurred.

(b) Concessions, licences and trademarks
Trademarks and licences are valued at historical cost. Trademarks and licences have a finite useful life and are stated after deducting accumulated amortization. Amortization is calculated on a straight-line basis so as to spread the asset's cost over its estimated useful life and in any case for a period not exceeding 10 years.

(c) Other intangible assets
Other intangible assets are recorded as prescribed by IAS 38 – Intangible assets, when it is identifiable, it is probable that it will generate future economic benefits and its cost can be measured reliably.
Intangible assets are recognized at purchase cost and amortized on a systematic basis over their estimated useful lives, which cannot exceed 10 years.

2.7 Goodwill

The goodwill deriving from the purchase of subsidiaries, classified under non-current assets, is initially recorded at cost value the excess of the consideration paid and the amount recorded for minority interests,

recognized as of the acquisition date, compared to the net assets identifiable acquired and liabilities assumed. If the consideration is less than the fair value of net assets of the subsidiary acquired, the difference is recognized in the income statement.
Goodwill is considered by the Emak Group an asset with an indefinite useful life. Consequently, this asset is not amortized but is subject to regular checks to detect any impairment.
Goodwill is allocated to the business units that generate separately identifiable cash flows and monitored in order to allow the verification of impairment.

2.8 Impairment of assets

Assets with an indefinite life are not amortized or depreciated but are reviewed annually for any impairment. Assets subject to amortization or depreciation are reviewed for impairment every time that events or changes in circumstances indicate that their carrying value might not be recoverable. The impairment loss recognized is the amount by which the carrying amount of an asset exceeds its recoverable amount, corresponding to the higher of the asset's net selling price and its value in use. For the purposes of measuring impairment, assets are classified together into the smallest identifiable groups that generate cash inflows (cash-generating units) as required by IAS 36.
The aforementioned impairment test necessarily requires making subjective valuations based on information available within the Group, on reference market prospects and on historical trends. In addition, if there appears to be a potential reduction in value, the Group makes a calculation of the value using what it considers to be suitable valuation techniques. The same value checks and the same valuation techniques are applied to intangible and tangible fixed assets with a defined useful life when there are indicators that predict difficulties in recovering the relative net book value through use.
The correct identification of indicators of the existence of a potential reduction in value, as well as estimates for establishing values, mainly depend on factors and conditions that may vary over time, also to a significant degree, thereby influencing the valuations and estimates made by the directors.

2.9 Investment property

Property held for long-term capital appreciation and buildings held to earn rentals are measured at cost, less depreciation and any impairment losses.

2.10 Financial assets and investments

The Group classifies financial assets and investments into the following categories: financial assets at fair value (with changes reported through the income statement), loans and receivables, held-to-maturity investments and financial assets held for sale. The classification depends on the purpose for which the investment has been made. The classification is made upon the asset's initial recognition and is reviewed at every balance sheet date.

(a) Marketable financial assets at fair value (with the value of fluctuations posted in the income statement)

This category includes securities that have been acquired principally for the purpose of generating a profit from short-term fluctuations in price (or for temporarily investing surplus cash balances), this category is classified in current assets on the basis of the period-end price, with gains and losses recognized directly in the income statement. Unless they qualify for hedge accounting, derivatives are also classified as held for trading.

(b) Other financial assets

This balance includes loans given, securities held to maturity and other receivables deriving from financial activities that the Group has the intention and ability to hold to maturity. They are classified as non-current assets except those falling due within 12 months which are reclassified to current assets.
These financial assets are characterized by determinable payments with fixed maturities.
These assets are valued using the amortized cost method, with gains recognized directly in the income statement using the effective yield method.

(c) Equity investments

Investments in associates are accounted for using the equity method in accordance with IAS 28.
The item also includes minority interests in corporations, valued at amortized cost, adjusted for any impairment losses.

(d) Financial assets available-for-sale

Financial assets available-for-sale is a residual category relating to those assets not belonging to the previous three categories. They are reported as non-current assets unless management intends to sell them within 12 months of the balance sheet date.
Purchases and sales of these assets are recognized on the transaction date, which is the date on which the group commits to purchase or sell the asset.
Unrealized gains and losses arising on changes in the fair value of non-monetary securities classified as available for sale are recorded in the comprehensive income statement. When these instruments are sold or written down, the cumulative fair value adjustments are recorded in the income statement as gains or losses on investments in securities.
Investments in all financial assets not recorded at fair value through the income statement are recognized initially at fair value plus the related transaction costs. An investment is eliminated from the accounting records when the right to its cash flows is extinguished or when the Group has transferred substantially all the risks and rewards of its ownership to third parties.

The fair value of listed investments is determined with reference to the market price reported at the close of trading on the balance sheet date. In the absence of an active market for a financial asset or if the securities have been suspended from listing, the Group establishes fair value using valuation techniques. These techniques include the use of recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, bearing in mind the issuer's specific characteristics.

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists for the available-for-sale assets, the amount of the loss – measured as the difference between the asset's acquisition cost and current fair value less any impairment loss previously recognized in net profit or loss – is removed from equity and posted to the income statement. Impairment losses recognized in the income statement for equity instruments are not recovered through subsequent credits to the income statement.

2.11 Non-current assets held for sale

Assets held for sale are classified in this category when:
- the asset is available for immediate sale;
- the sale is highly probable within one year;
- management is committed to a plan to sell;
- a reasonable sales price is available;
- the plan for disposal is unlikely to change;
- a buyer is being actively sought.

These assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets reclassified to this category cease to be amortized.

2.12 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished products and work in progress includes raw material costs, direct labour costs, general manufacturing costs and other direct and indirect costs incurred in bringing the inventories to their present location and condition. Net realizable value is determined using prevailing selling prices less estimated costs of completion and sale.
Obsolete or slow-moving stocks are devalued on the basis of the presumed possibility of their use or of their future realisable value, by creating an appropriate provision that has the effect of reducing the inventories value.

2.13 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at depreciated cost, using the effective interest method. They are recorded net of a bad debt provision, deducted directly from accounts receivable to bring the evaluation at their estimated realizable value.
A provision for the impairment of trade receivables is recognized when there is objective evidence that the group will be unable to collect all the amounts according to the original terms and conditions. The amount of the provision for such loss is charged to the income statement.

2.14 Trade payables

Trade and other payables, due under normal commercial terms, are not discounted but are recognized at cost (identified by their face value), representing the expenditure required for their settlement.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term financial investment with original maturities of three months or less highly liquid, net of overdrafts. Bank overdrafts are classified in the balance sheet under short-term loans and borrowings under current liabilities.

In the consolidated cash flow cash and cash equivalents have been shown net of bank overdrafts at the closing date.

2.16 Share capital

Ordinary shares are classified under equity.

If a company of the Group purchases shares in the parent company, the consideration paid, including any attributable transaction costs less the related tax, is deducted as treasury shares from the total equity pertaining to the Group until such time as these shares are cancelled or sold. Any proceeds from their sale, less directly attributable transaction costs and the related tax, are recognized in equity pertaining to the Group.

In accordance with the requirements of International accounting standard IAS 32, costs sustained for the increase in share capital (that is, registration costs or other charges due to regulation authorities, amounts paid to legal advisors, auditors or other professionals, printing costs, registration costs and stamp duty), are accounted for as a reduction in equity, net of any connected tax benefit, to the extent to which they are marginal costs directly attributable to the share capital operation (and would have been avoided otherwise).

2.17 Financial liabilities

Loans and borrowings are recognized initially at fair value, less the related transaction costs. They are subsequently measured at amortized cost; the difference between the amount received, less transaction costs, and the amount repayable is recognized in the income statement over the term of the loan, using the effective interest method.

Loans and borrowings are classified as current liabilities if the group does not have an unconditional right to defer the extinguishment of the liability to at least 12 months after the balance sheet date.

2.18 Taxes

Current taxes are the taxes accrued in accordance with the rules in force at the date of the financial statement in the various countries in which the Group operates; also include adjustments to prior years' taxes.

Deferred tax assets and liabilities are recorded to reflect all temporary differences at the reporting date between the carrying amount of an asset / liabilities for tax purposes and allocated according to the accounting principles applied.
Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
Deferred tax assets are recognized on all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.
The same principle applies to the recognition of deferred tax assets on utilizable tax losses.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and possibly reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of the deferred tax asset to be utilized. These assets are restored if the reasons for them no longer apply.
As a general rule, apart from specific exceptions, deferred tax liabilities must always be recognized.
Income taxes (current and deferred) relating to items recognized directly in equity are also recognized directly in equity.
Current tax assets and liabilities are offset only if the company has a legally enforceable right to set off the recognized amounts and if it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities may be offset only if the company is able to offset current tax assets against current tax liabilities and if the deferred taxes refer to income taxes levied by the same taxation authority.

2.19 Provision for employee termination indemnities

The employee termination indemnity comes within the sphere of defined benefit plans, subject to actuarial evaluations (deaths, the probability of terminations, etc.) and expresses the current value of the benefit, payable at the termination of employment, which employees have accrued up to the balance sheet date.
The costs relating to the increase in the current value of the liability, arising as the time of payment approaches, are included among financial charges. All other costs included in the provision are posted to the income statement as a staff cost. Actuarial gains and losses are accounted for in the statement of changes in comprehensive income in the year in which they occur.

2.20 Provisions for liabilities and charges

Provisions for liabilities and charges are recognized when the Group has legal or constructive obligation arising from past events, is likely to be asked to pay the balance of the obligation and a reliable estimate can be made of the related amount

2.21 Revenues

Revenues are recognized in the income statement on an accruals and temporal basis and are recognized to the extent that it is probable that the economic benefits associated with the sale of goods or the provision of services will flow to the Company and their amount can be reliably measured.
Revenues are accounted net of returns, discounts, rebates and taxes directly associated with the sale of goods or the provision of the service.

Sales are recognized at the fair value of the consideration received for the sale of products and services, when there are the following conditions:

- are substantially transferred the risks and rewards of ownership of the property;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred can be measured reliably and respect the principle of correlation with revenues.

2.22 Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grants will be received and all the conditions attaching to them have been satisfied.
Government grants related to costs (eg. operating grants) are recognized as revenue on a systematic basis over a number of years so as to match the costs that the grant is intended to offset.
Government grants related to assets (eg. facility grants) are recorded in non-current liabilities and gradually released to the income statement on a systematic basis over the useful life of the asset concerned.

2.23 Financial income and expenses

Financial income and expenses are recognized on an accrual basis using the effective interest rate and include exchange gains and losses and gains and losses on derivatives charged to the income statement.

2.24 Payment of dividends

Dividends on the Parent company's ordinary shares are reported as liabilities in the financial statements in the year in which the shareholders approve their distribution.

2.25 Earnings per share

Basic earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares outstanding during the period, excluding treasury shares.
Emak S.p.A. does not have any potential ordinary shares.

2.26 Cash flow statement

The cash flow statement has been prepared using the indirect method.
Cash and cash equivalents included in the cash flow statement comprise the cash-related balances at the reporting date. Cash flows in foreign currency have been translated at the average rate for the period. Interest income and expense, dividends received and income taxes are included in cash flow generated by operations.

2.27 Changes in accounting standards and new accounting standards

Valuation and measurement criteria are based on IFRS standards in force at 31 December 2015 and approved by the European Union.

New standards and interpretations that are effective for periods beginning on 1 January 2015

Annual Improvements to IFRSs - 2011-2013 Cycle
Approved provisions have brought changes to IFRS 3 Business Combinations, to IFRS 13 Fair Value measurement and to IAS 40 Investment property, and apply from financial periods that began after 1 January 2015. The application of the changes has had no significant effect on the Grpup’s financial statements.

IFRIC 21 – Levies
The Interpretation clarifies that, in accordance with the relevant legislation, an entity recognizes a liability only when the event that triggers the payment of the levy occurs. For payments that are due only upon the exceeding of a determined minimum threshold, the obligation is recorded only upon reaching this threshold. The requirements of IFRIC 21 are applied on a retrospective basis. This interpretation has not had any impact on the Group’s consolidated financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet mandatorily applicable and not adopted in advance by the Group at 31 December 2015

Amendments to IAS 19 Employee benefits – Defined benefit plans
The amendment to IAS 19 clarifies that if the contribution of employees to defined beneifit plans is independent of the number of years of service, the enterprise may recognize these contributions as a reduction in the service cost in the period in which it is rendered, rather that allocate the contributions over the periods of service. The new provisions apply starting from financial periods that start after 1 February 2015. Application of the amendments is not expected to have significant impacts on the Group's consolidated financial statements.

Amendments to IFRS 11 *Joint Arrangements*
The amendment requires enterprises to adopt the contents of IFRS 3 in showing the accounting effects of the acquisition of a joint operation that constitutes a "business". This principle is applied both for the acquisition of an initial interest and for subsequent further interests. However, an interest previously held is not revalued when the acquisition of a further interest has the effect of maintaining joint control (that is, the further acquisition does not imply obtaining control of over the operation). The amendments apply starting from 1 January 2016 but anticipated application is permitted. Application of the amendments is not expected to have significant impacts on the Group's consolidated financial statements.

Amendments to IAS 16 Property Plant and Equipment and IAS 38 Intangible assets
The amendment made to both the standards establishes that it is not correct to determine the depreciation rate of an asset on the basis of the revenues generated by it in a certain period. According to the IASB the revenues generated by an asset reflect different factors from the consumption of economic benefits deriving from the asset. The amendments apply starting from 1 January 2016 but anticipated application is permitted. Application of the amendments is not expected to have significant impacts on the Group's consolidated financial statements.

Amendments to IAS 27 *Equity method in separated Financial Statements*
The amendment allows entities to use the equity method in their separated financial statements for the valuation of investments in subsidiaries, joint ventures and associates. The amendments apply starting from 1 January 2016 but anticipated application is permitted. Application of the amendments is not expected to have significant impacts on the Group's consolidated financial statements.

Amendments to IAS 1 Presentation of financial statements
The objective of the amendments was to provide clarifications regarding elements that could be perceived as an impediment to preparing clear financial statements. The amendments refer to materiality, the aggregation of items, showing sub-totals, the structure of the schedules and the disclosure of accounting policies. The amendments, moreover, specify the additional information for the "other components of comprehensive income" section. Now IAS 1 explicitly requires indication of the entity's share of Other Comprehensive Income of equity-accounted associates and joint ventures, also indicating for these amounts which of them would be subsequently reclassified in the result for the year. The amendments apply starting from 1 January 2016 but anticipated application is permitted. Application of the amendments is not expected to have significant impacts on the Group's consolidated financial statements.

Annual Improvements to IFRSs* – 2012-2014 *Cycle
The amendments, applicable starting from financial periods beginning from 1 January 2016, refer to the following standards: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial instruments: disclosures, IAS 19 Employee benefits and IAS 34 Interim Financial Reporting. Applications of the amendments are not expected to have significant impacts on the Group's consolidated financial statements.

***Annual Improvements to IFRSs* – 2010-2012 Cycle**
The new provisions, applicable starting from financial periods beginning from 1 February 2015 have led to changes to IFRS 2 Share-based payment, to IFRS 3 Business combinations, to IFRS 8 Operating segments, to IAS 16 Property, plant and equipment, to IAS 38 Intangible assets and to IAS 24 Related Party Disclosures. Applications of the amendments are not expected to have significant impacts on the Group's consolidated financial statements.

Amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture
The amendments to these standards, valid from financial statements issued after 1 January 2016, are not applicable to the Group.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

Below are the amendments to existing accounting standards and interpretations not yet approved at the date of preparation of these financial statements:

Description	Effective date of the Standard
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IFRS 10, IFRS 12 e IAS 28: Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IAS 7: Disclosure Initiative	1 January 2017
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 16 Leases	1 January 2019

3. Capital management

The Group's objectives for managing capital are:

- to safeguard the ability to continue operating as a going concern;
- 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, and between net financial position and Ebitda.
The Group's strategy is to maintain the relationship NFP / Equity ratio to a value not greater than 1 and a value in the long term, not exceeding 3 for the ratio NFP / EBITDA, in order to ensure access to finance at a limited cost while maintaining a high credit rating. This debt target could be revised in case of changes in the macroeconomic situation or breached for a short period in case of “Mergers & Acquisitions” operations. Considering the seasonality of the business, this ratio is subject to change during the year.
The NFP / Equity and NFP / EBITDA ratios at 31 December 2015 and 31 December 2014 are as follows.

	31 Dec. 15 €/000	**31 Dec. 14 €/000**
Net financial position (NPF) (note 9)	99,383	79,043
Total Equity)	168,488	160,099
EBITDA(1)	37,495	33,130
Nfp/Equity	**0.59**	**0.49**
Nfp/Ebitda	**2.65**	**2.39**

(1) EBITDA has been calculated excluding costs for disputes, M&A operations and restructuring, as detailed in Note 5 of the Directors' Report

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 currency risk, fair value risk and price risk), credit risk, liquidity risk and interest rate 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
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 December 31 2015, financings with banking institutions and financial leasing companies are at variable rates and, consequently, the Group has set up hedging operations aimed at limiting the effects of interest rate fluctuations.

(ii) Foreign exchange risk
The Group conducts its business internationally and is exposed to exchange risk arising from currency used, mainly U.S. dollars, Japanese yen, British pound, Chinese renminbi, Polish zloty, South African rand, the Ukrainian hryvnia and Brazilian reais. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and the net investments in foreign companies.

The Group's policy is based on the research of natural hedging receivables and payables and is limited to partially covering the net positions in foreign currencies mainly using forward contracts.

(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 raw materials of greatest use refer to aluminum, steel, brass, metal alloys, 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. Historically, the Group did not suffer significant losses on receivables.

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient financial availability of cash and marketable securities, funding through an adequate amount of bank credit.
Consequently, the treasury of the Group carries out the following activities:
- verification of financial requirements in order to take necessary actions;
- obtaining adequate lines of credit;
- optimization of liquidity, where feasible, through structures of centralized management of cash flows of the Group;
- maintaining a balanced composition of net financial debt to investments;
- achievement of a proper balance between short-term, medium and long term debt;
- limited credit exposure to individual financial institutions;
- monitoring of compliance with the parameters set by covenants relating to medium-long term loans.

Counterparties to derivative contracts and operations performed on liquid funds are restricted to primary financial institutions.

The Group has maintained its high level of creditworthiness on the part of credit institutes and analysts. As a result, there are no significant variations in available credit lines which already abundantly exceed requirements.

4.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are used exclusively for hedging purposes with the intent of reducing the risks of foreign currency and interest rate fluctuation. In line with its risk management policy, infact, the Group does not carry out derivative operations for speculative purposes.
When such operations are not accounted for as hedging operations they are recorded as trading operations.
As established by IAS 39, derivative financial instruments may qualify for special hedge accounting only if at the inception of the hedge the hedging relationship is formally designated and documented, the hedge is expected to be highly effective and 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.

On the basis of the above, and of contracts entered into, the accounting methods adopted are as follows:
1. Fair value hedge: the fair value variations of the hedging instrument are posted to the Income Statement together with variations in the fair value of the hedged transactions.
2. Cash flow hedge: the variations in fair value which are intended and proved to be effective for hedging future cash flows are posted to the Comprehensive Income Statement, while the ineffective portion is posted immediately to the Income Statement. If contractual commitments or planned hedging operations lead to the creation of an asset or liability, when this occurs the profits or losses on the derivative which have been posted directly to the Comprehensive Income Statement adjust the opening cost of acquisition or holding value of the asset or liability. For financial cash flow hedging that do not lead to the creation of an asset or liability, the amounts which have been posted directly to the Comprehensive Income Statement are transferred to the Income Statement in the same period in which the contractual commitment or planned hedging operation are posted to the Income Statement.
3. Derived financial instruments not defined as hedging instruments: the variations in fair value are posted to the Income Statement.

The accounting method adopted for a hedge is applied until it expires, is sold, terminates, is exercised or is no longer defined as a hedge. Accumulated profits or losses from the hedging instrument recorded directly in the Statement of Comprehensive Income are maintained until the related operation effectively occurs. If the operation to which the hedge relates is no longer expected to occur, the accumulated profits or losses recorded directly in the Statement of Comprehensive Income are transferred to the Income Statement for the relevant 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 consolidated 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 contingent assets and liabilities at the balance sheet date. Actual results could differ from these estimates. Estimates are used for recording provisions for doubtful accounts receivable and inventory obsolescence, amortization and depreciation, write-downs to assets, post-employment benefits, taxes and other provisions. Estimates and assumptions are reviewed periodically and the effects of any change are immediately reflected in the income statement.

In this context, it should be noted that the situation caused by the persistent difficulties of the economic and financial scenario has implied the need to make assumptions regarding the future outlook which is characterized by uncertainty. As a result, it cannot be excluded that the actual results obtained will be different from the forecasts, and therefore adjustments, even of significant amounts, which obviously cannot today be estimated or foreseeable, to the book value of the relative items may be necessary.

6. Segment information

On the basis of the criteria introduced by IFRS 8 for the definition of operating segments, as described in note 2.3, the Group has identified a unique operating sector according to the “management approach”.

7. Significant non-recurring events and transactions

Comet do Brasil Investimentos LTDA

On March 2, 2015 was subscribed and fully paid the share capital of 10 thousand Reais for the setting up of Comet do Brasil Investimentos LTDA based in Induiatuba (Brazil) whose capital is held 99% by the subsidiary Comet S.p.A. and 1% by the subsidiary P.T.C. S.r.l.
On March 30, 2015, with no change in equity interests, it has been subscribed and paid a capital increase amounting to 18,990 thousand Reais, for an equivalent of 5,445 thousand Euros, bringing the share capital of 19,000 thousand Reais. It was also granted on March 30, 2015 a loan from Comet S.p.A. of 9,240 thousand Euros, equal to about 32,000 thousand Reais to provide the Company with the necessary financial resources to the completion of the acquisition of 70% of Lemasa LTDA.

Acquisizione Lemasa industria e comércio de equipamentos de alta pressao S.A. (below Lemasa)

On April 1, 2015 it was completed the closing of the acquisition of 70% of the share capital of the Brazilian company Lemasa LTDA, a leading producer in South America of pumps and systems for high and very high pressure.
Lemasa’s assets and technology are substantially complementary to those of the subsidiary, Comet S.p.A., one of the world leaders in the pumps for agriculture and High Pressure Water Jetting sector. With this acquisition Comet S.p.A. has strengthened its competitive position, exploiting the industrial and distributive synergies deriving from the operation.

The operation was carried out by the newly established company Comet do Brasil Investimentos LTDA.

Based on the agreements, Comet do Brasil LTDA has paid the first installment 45.9 million Reais of the total amount originally agreed upon 75.6 million Reais. The remaining part the balance due were filed in an escrow account as security for all contractual commitments and for price adjustments quantified on the basis of economic and financial parameters to be periodically measured as provided in the contract.

The financial resources used by Comet do Brasil Investimentos LTDA for the acquisition of 70% of Lemasa were obtained as follows:

- 19 million Reais through the subscription of share capital on the part of the parent company, Comet S.p.A., and of P.T.C. S.r.l.;
- around 32 million Reais through the granting of a loan by the parent company, Comet S.p.A.;
- 25 million Reais through the taking-out of a bank loan in local currency on 1 April 2015, for a term of 5 years.

The purchase contract provides for a “Put and Call Option” agreement that regulates the acquisition of the remaining 30% to be exercised between 1 April 2020 and 1 April 2021.

The value of the acquisition is subject to a price adjustment quantifiable on the basis of economic and financial parameters set out in the contract. The value of the stake acquired recorded in the financial statements is the best estimate made by management on the basis of the economic and financial plans drawn up by the company.

It should be noted that, compared to the situation disclosed in the interim report at 30 September 2015, the estimate of the value attributable to the acquired stake has been updated and, on the basis of the valuations made, the fair value of the acquired assets and liabilities have been updated. In addition, in the light of the company's business trend and of the greater awareness of market opportunities, the business plan used to assess the deferred price and the put option in favour of the current holders of 30% of the company, has been revised.

Further to these valuations, the value of 100% of the company is 98.8 million Reais and refers to:
- the 70% stake of the company, acquired on 1 April 2015 and quantified at 64.7 million Reais;
- the residual 30% stake of the company in question, the subject of a "Put and Call Option" contract exercisable by the Group from the 2020 financial year, quantified at 34.1 million Reais.

The *fair value* of the assets and liabilities involved in the combination (at 1 April 2015, date of entry of the company into the consolidation area), the price paid and the financial outlay are shown below in thousands of Euros, with an exchange rate at the date of operation of 3.4 Reais to 1 Euro:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets
Non-current assets			
Property, plant and equipment	1,156	1,811	2,967
Other intangible fixed assets	35	3,157	3,192
Current assets			
Inventories	2,673	-	2,673
Trade and other receivables	1,937	-	1,937
Cash and cash equivalents	417	-	417
Non-current liabilities			
Loans and borrowings	(108)	-	(108)
Provisions	(81)	-	(81)
Tax liabilities for deferred taxes	-	(1,689)	(1,689)
Current liabilities			
Trade and other liabilities	(942)	-	(942)
Current tax liabilities	(180)	-	(180)
Provisions	(283)	-	(283)
Total net assets acquired	**4,624**	**3,279**	**7,903**
% interest held			**100%**
Net equity acquired			**7,903**
Goodwill			**21,174**
Value of equity investment registred in financial statement			**29,077**
Purchase price paid			**14,598**
Deferred price			**14,480**
Cash and cash equivalents			**417**
Net cash outflow			**14,181**

The difference between the acquisition price and the fair value of the assets, liabilities and potential liabilities at the acquisition date has been recognized as goodwill. The valuation of the fair value of tangible and intangible fixed assets was carried out by an independent professional; fair value adjustments refer for € 1,720 thousand to plant and machinery, for € 91 thousand to other tangible assets, for € 2,373 thousand to other intangible fixed assets while € 784 thousand refer to the brand with an indefinite life.

Compared to the interim report of 30 September 2015, the goodwill value has been revised further to the updating of the estimates made by management on the basis of presently conceivable economic and financial forecasts and of the possibility provided for by IFRS 3 of modifying the allocation of the acquisition price to balance sheet headings over a period of twelve months.

Capital increase South America Speed S.p.A.

During the first months of 2015 the company Speed France SAS has fully subscribed and paid a capital increase of subsidiary South America Speed S.p.A. for € 120 thousand.

Merger of Comag S.r.l. into Emak S.p.A.

With legal effect from 1 December 2015, the subsidiary, Comag S.r.l., was merged by incorporation into Emak S.p.A. further to approval of the merger project on 11 September 2015.

The accounting and tax effect is retroactive from 1 January 2015.

The merger operation has been carried out with the aim of improving the efficiency of the Group through operating cost savings.

For the purpose of the operation, on 16 September 2015 Emak acquired from the parent company, Yama S.p.A., the residual stake of the share capital of Comaq, corresponding to 0.56% of the total, for € 95,000, thereby obtaining the entire stake of the merged company.

Share capital increase of Emak do Brasil Industria LTDA

On 15 December 2015, Emak S.p.A. and Emak do Brasil agreed the conversion of the intragroup loan into Share Capital. The outstanding loan, amounting to 2,090 thousand U.S. Dollars, was converted in a share capital increase with the issue of new shares of a unit value of 1 Real. As a result, the share capital was increased from 200,000 to 8,518,200 Reals. The minority shareholder has not subscribed the capital increase; as a result, the share capital of Emak do Brasil is 99.98% owned by Emak S.p.A. and 0.02% by the minority shareholder NBL Paricipaçoes Societarias Ltda.

Acquisition of Acquatecnica S.r.l.

On 25 November 2015 the subsidiary P.T.C. S.r.l. signed a preliminary agreement for the acquisition of 100% of the share capital of Acquatecnica S.r.l., a company producing applications for Water Jetting, for an equivalent value of € 500 thousand, of which € 250 thousand is to be paid upon closure of the deal and the remaining amount before 3 November 2016. This balance of the price may change in relation to the occurrence of contingencies as established in the preliminary agreement.

Acquatecnica, with registered office in Cremosano (CR), reported a turnover in 2015 of around € 500 thousand.

The operation closed on 28 January 2016, as provided for in the preliminary agreement.
On the same date the general meeting of the shareholders of the two companies approved the project for the merger by incorporation of Acquatecnica S.r.l. into P.T.C. S.r.l.
The merger deed was undersigned on 4 March 2016, and through which the accounting and tax effects of the operation come into force from 1 January 2016 and the civil effects from 1 April 2016.

Through this operation, P.T.C. can reinforce its presence in the hydrodynamic unit sector and in general the Group will extend its range in the Pumps and High Pressure Water Jetting sector.

Reinstatement of equity further to disputes

During 2015 the subsidiary Tecomec S.r.l. sustained costs as a result of disputes the assumptions for which relate to the period in which control of the company was exercised by Yama S.p.A. On the basis of agreements for the sale of this company to Emak, entered into in August 2011 as part of the so-called “Operazione Greenfield”, the Group has registered the right to receive the reinstatement of such liabilities from Yama, based on equity guarantees issued at the time by Yama. This reinstatement amounts to € 1,237 thousand and is broken down as follows:

- tax disputes for € 825 thousand and
- legal disputes for € 412 thousand.

The reinstatement was accounted for by posting directly to reserves in Equity, since it relates to the equity reinstatement of the company that had to sustain the described costs.

During the year Yama S.p.A. arranged for a first instalment of the reimbursement for a value of € 417 thousand; the residual credit for equity reinstatement is recorded under other financial assets: € 371 under non-current assets and € 450 thousand under current assets.

8. Positions or transactions deriving from atypical and unusual operations

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

9. Net financial positions

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

Net financial debt	31/12/2015	31/12/2014
A. Cash and banks	42,518	13,238
B. Other cash	-	-
C. Assets for trading	-	-
D. Liquidity (A+B+C)	**42,518**	**13,238**
E. Current financial receivables	**540**	**248**
F. Current bank loans	(17,073)	(15,491)
G. Current portion of current loans	(37,876)	(24,396)
H. Other financial debts	(1,488)	(1,795)
I. Current financial debts (F+G+H)	**(56,437)**	**(41,682)**
J. Net current financial debts (I+E+D)	**(13,379)**	**(28,196)**
Z. Non current financial receivables	7,836	158
K. Non current bank loans	(78,696)	(48,228)
L. Bonds issued	-	-
M. Other non current financial debts	(15,144)	(2,777)
N. Non current financial debts (K+L+M+Z)	**(86,004)**	**(50,847)**
O. Net current financial debts (J+N)	**(99,383)**	**(79,043)**

Financial debts at 31 December 2015 include € 14,810 thousand, of which € 600 thousand are short-term, payables arising with relation to acquisition operations for the control of a number of companies in the Group (Note 29). To guarantee current and future liabilities for the acquisition of equity interests, € 6,891 thousand have been deposited in Escrow Account, registered in the accounts under the heading "Other medium-long-term financial assets".

At 31 December 2015 net financial debts include amounts receivable from related parties for the amount of € 821 thousand, of which € 371 thousand are short-term, attributable to the receivable from Yama S.p.A. for the guarantees included in the contract in favour of Emak S.p.A. as part of the so-called "Operazione Greenfield".

10. Sales and other operating income

The Group's revenues amount to € 381,579 thousand, compared to € 354,757 thousand of last year, and are recorded net of returns for € 2,525 thousand, against € 3,146 thousand of last year.

The breakdown of revenues is as follows:

€/000	FY 2015	FY 2014
Net sales revenues (net of discounts and rebates)	379,830	354,645
Revenues from recharged transport costs	4,274	3,258
Returns	(2,525)	(3,146)
Total	**381,579**	**354,757**

Other operating income is analyzed as follows:

€/000	FY 2015	FY 2014
Capital gains on property, plant and equipment	118	207
Recovery of warrants costs	102	95
Insurance refunds	269	68
Advertising reimbursement	296	289
Government grants	387	1,198
Recovery of administrative costs	178	255
Recovery of costs canteen	96	99
Other operative income	1,005	834
Total	**2,451**	**3,045**

The change compared to previous year is mainly due to government grants received in the year 2014 by the company Comet S.p.A. against investments sustained in research and development for product innovation.

11. Cost of raw and consumable materials and goods

The cost of raw and consumable materials and goods is analyzed as follows:

€/000	FY 2015	FY 2014
Raw materials, semi-finished products and goods	206,901	194,907
Other purchases	4,592	3,701
Total	**211,493**	**198,608**

12. Salaries and employee benefits

Details of these costs are as follows:

€/000	FY 2015	FY 2014
Wage and salaries	47,572	44,930
Social security charges	13,908	13,235
Employee termination indemnities	2,312	2,184
Other costs	2,052	1,950
Directors' emoluments	1,466	1,077
Temporary staff	3,150	1,659
Total	**70,460**	**65,035**

The details of staff by country is shown in heading 3 of the Directors' Report. The increase in staff costs is mainly attributable to the extension of the scope of consolidation and to the greater production volumes recorded in a number of companies in the Group. The costs for the year include non-recurring costs relating to the restructuring of the workforce in a number of Group companies for the amount of € 358 thousand.

13. Other operating costs

Details of these costs are as follows.

€/000	FY 2015	FY 2014
Subcontract work	12,410	12,533
Maintenance	3,647	3,017
Trasportation	16,507	14,010
Advertising and promotion	3,228	3,530
Commissions	5,647	5,282
Travel	2,887	2,329
Postals and telecomunications	917	891
Consulting fees	4,283	4,272
Driving force	2,307	1,929
Various utilities	1,377	1,322
Services and bank fees	1,034	827
Costs of after sales warranty	1,129	921
Insurances	1,353	1,313
Other services	5,561	5,337
Services	**62,287**	**57,513**
Rents, rentals and the enjoyment of third party assets	**7,273**	**7,615**
Increases in provvisions	**164**	**484**
Credit losses	372	129
Increases in provision for doubtful accounts (note 23)	927	664
Capital losses on property, plant and equipment	55	134
Other taxes (not on income)	1,095	1,046
Grants	252	289
Other operating costs	1,842	973
Other costs	**4,543**	**3,235**
Total	**74,267**	**68,847**

During the period the Parent Company has finalized an operation of internal logistics process restructuring which resulted in a saving of costs for Rent, rentals and enjoyment of the third party assets.
The increase of transport costs is mainly due to the change in the contractual conditions concluded by the Parent Company and is in line with the increase in revenues for the same charges.

The "Consulting fees" includes € 708 thousand as costs M&A aimed at extending the scope of consolidation.

Other operating costs increased, compared to the previous year, due to provisions for ongoing ligations for the amount of € 615 thousand.

14. Amortization and depreciation

Details of these amounts are as follows:

€/000	FY 2015	FY 2014
Amortization of intangible assets (note 19)	2,568	2,003
Depreciaton of property, plant and equipment (note 18)	9,960	9,391
Impairment losses	-	79
Total	**12,528**	**11,473**

The “Impairment losses”, in the year 2014, heading refers to the reversal of goodwill (net of the effect of exchange differences) recorded upon the acquisition of Epicenter LLC.

15. Finance income and expenses

“Financial income” is analyzed as follows:

€/000	FY 2015	FY 2014
Interest of trade receivables	310	294
Interest on bank and postal current accounts	140	89
Income from adjustment to fair value of derived instruments for hedging interest rate risk	150	279
Other financial income	655	21
Financial income	**1,255**	**683**

"Other financial income" refers to € 602 thousand to interest accrued on the escrow account with the escrow account agreement as part of the acquisition agreement of company Lemasa, in which has been referred to in the preceding paragraphs.

“Financial expenses” are analyzed as follows:

€/000	FY 2015	FY 2014
Interest on medium-term bank loans and borrowings	3,072	2,381
Interest on short-term bank loans and borrowings	370	430
Financial charges from valuing employee terminations indemr	154	201
Proceeds from adjustment to fair value derived instruments for hedging interest rate risk	405	512
Financial expenses from discounting debts	1,482	49
Other financial costs	316	287
Financial expense	**5,799**	**3,860**

Interest payable to banks have increased, overall, compared to the previous financial year, mainly due to the growth in the average negative net financial position.

Financial expenses from discounting debts refer to charges due to the discounting on liabilities for the acquisition of equity investments.

Reference should be made to Note 22 for more details on derived instruments for hedging interest rate risk.

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

€/000	FY 2015	FY 2014
Profit / (Loss) on exchange differences on trade transactions	(1,838)	4
Profit / (Loss) on exchange differences on financial assets	(1,812)	353
Exchange gains and losses	**(3,650)**	**357**

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

Foreign exchange losses on financial balances include the recording of valuation losses for an amount of around € 1,830 thousand deriving from the adjustment to the exchange rate at the end of the year of the loan granted in Euros by Comet S.p.A. to Comet do Brasil for the principal amount of € 9,240 thousand. The heading also includes exchange losses for € 747 thousand, emerging from the conversion to Share Capital of the intragroup loan of 2,090 thousand US Dollars granted by Emak S.p.A. to Emak Do Brasil.

16. Income taxes

The estimated tax charge in 2015 for current and deferred tax amounts to € 6,100 thousand (€ 6,978 thousand in the previous year).

This amount is made up as follows:

€/000	FY 2015	FY 2014
Current income taxes	6,040	7,323
taxes from prior years	461	(2)
Deffered tax assets (note 30)	(649)	(750)
Deffered tax liabilities (note 30)	248	407
Total	**6,100**	**6,978**

Current income taxes include the cost of IRAP (regional company tax) to € 645 thousand, compared to € 1,615 thousand in 2014: the decrease compared to the previous year, is due to the full deductibility of costs incurred for staff employed for an unlimited period starting from the current year.

Tax calculated on the gross income differs from the theoretical amount that would be determined using the rate of the country where the headquarters of the Parent company are, for the following reasons:

€/000	FY 2015	% Rate	FY 2014	% Rate
Profit before taxes	**15,092**		**17,163**	
Theoretical tax charges	**4,739**	**31.4**	**5,389**	**31.4**
Effect of IRAP differences calculated on different tax base	(15)	(0.1)	649	3.8
Non-taxable income	(160)	(1.1)	(123)	(0.7)
Non-deductible costs	455	3.0	428	2.5
Differences in rates with other countries	(466)	(3.1)	(18)	(0.1)
Previous period tax	461	3.1	(26)	(0.2)
Taxes on financial charges concerning the discounting of payables for for investments	407	2.7	-	-
Other differences	679	4.5	679	4.0
Effective tax charge	**6,100**	**40.4**	**6,978**	**40.7**

The effective tax rate is 40.4%, an increase from 40.7% at 31 December 2014.

Tax in the year has been impacted by the recording of liabilities relating to tax disputes regarding past years for € 845 thousand (of which € 408 thousand have been accounted for as an elimination of deferred tax assets): part of these tax liabilities, for € 825 thousand, have been recognized by the parent company, Yama S.p.A., as a reinstatement of equity, by virtue of the contractual guarantees given upon the sale of affiliated companies as previously referred to.

Taxation has been positively affected, on the other hand, for an amount of € 1,062 thousand, due to the so-called "ACE" (Allowance for Corporate Equity) facilitation that the company Emak S.p.A. has been able to account for only from the 2015 financial year, following the favorable response to the question submitted with reference to the tax period 2014, also applicable to subsequent tax periods. The lower taxes connected with this facility relate for € 497 thousand to the year 2014.

Besides these elements, taxation has been adversely affected, compared to the previous year, by the different spread of taxation among the countries in which the Group operates and by the non-recording, for reasons of prudence, of deferred tax assets for around € 750 thousand.

Excluding the greater tax burden from litigation, the lower taxes relating to 2014 and the non-recording of deferred tax assets, the tax rate would have been 33.1%.

17. 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 (note 37). The Parent company has only ordinary shares outstanding.

	FY 2015	FY 2014
Net profit attributable to ordinary shareholders in the parent company (€/1.000)	8,846	10,467
Weighted average number of ordinary shares outstanding	163,537,602	163,537,602
Basic earnings per share(€)	**0.054**	**0.064**

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

18. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	31.12.2013	Change in scope of consolidation	Increases	Decreases	Exchange differences	Reclass.	Other movements	31.12.2014
Lands and buildings	42,989	-	495	(24)	1,006	-	-	44,466
Accumulated depreciation	(13,282)	-	(1,193)	19	(187)	-	-	(14,643)
Lands and buildings	**29,707**	-	(698)	**(5)**	**819**	**-**	**-**	**29,823**
Plant and machinery	68,681	109	3,641	(1,575)	1,181	1,004	20	73,061
Accumulated depreciation	(53,269)	(89)	(4,163)	1,368	(887)	13	(2)	(57,029)
Plant and machinery	**15,412**	**20**	(522)	**(207)**	**294**	**1,017**	**18**	**16,032**
Other assets	84,417	253	3,392	(747)	836	(28)	163	88,286
Accumulated depreciation	(74,571)	(177)	(4,035)	631	(695)	67	26	(78,754)
Other assets	**9,846**	**76**	**(643)**	**(116)**	**141**	**39**	**189**	**9,532**
Advances and fixed assets in progress	**1,114**	**-**	**1,936**	**(286)**	**25**	**(1,056)**	**(284)**	**1,449**
Cost	**197,201**	**362**	**9,464**	**(2,632)**	**3,048**	**(80)**	**(101)**	**207,262**
Accumulated depreciation (note 14)	**(141,122)**	**(266)**	**(9,391)**	**2,018**	**(1,769)**	**80**	**24**	**(150,426)**
Net book value	**56,079**	**96**	**73**	**(614)**	**1,279**	**-**	**(77)**	**56,836**

€/000	FY 31.12.2014	Change in scope of consolidation	Increases	Decreases	Exchange differences	Reclass.	Other movements	FY 31.12.2015
Lands and buildings	44,466	-	227	(79)	655	-	-	45,269
Accumulated depreciation	(14,643)	-	(1,241)	79	(121)	-	-	(15,926)
Lands and buildings	**29,823**	-	**(1,014)**	**-**	**534**	**-**	**-**	**29,343**
Plant and machinery	73,061	2,195	3,455	(1,025)	477	1,319	13	79,495
Accumulated depreciation	(57,029)	(1,235)	(4,270)	905	(388)	-	6	(62,011)
Plant and machinery	**16,032**	**960**	**(815)**	**(120)**	**89**	**1,319**	**19**	**17,484**
Other assets	88,286	2,274	4,033	(1,305)	102	85	182	93,657
Accumulated depreciation	(78,754)	(268)	(4,449)	1,264	(392)	14	21	(82,564)
Other assets	**9,532**	**2,006**	**(416)**	**(41)**	**(290)**	**99**	**203**	**11,093**
Advances and fixed assets in progress	**1,449**	**1**	**2,576**	**(121)**	**37**	**(1,418)**	**(208)**	**2,316**
Cost	**207,262**	**4,470**	**10,291**	**(2,530)**	**1,271**	**(14)**	**(13)**	**220,737**
Accumulated depreciation (note 14)	**(150,426)**	**(1,503)**	**(9,960)**	**2,248**	**(901)**	**14**	**27**	**(160,501)**
Net book value	**56,836**	**2,967**	**331**	**(282)**	**370**	**-**	**14**	**60,236**

Increases refer mainly to investments:

- in equipment for the development of new products;
- in the upgrading and modernization of production lines;
- in the upgrading of production systems and infrastructures;
- in the cyclical renewal of production and industrial equipment.

The decreases relate mainly to the sale of equipment and obsolete production facilities.

There were no indicators of impairment of fixed assets.

Details of the value of land and buildings under finance leases are as follows:

€/000	31.12.2015	31.12.2014
Gross value	602	768
Accumulated depreciation	(528)	(578)
Net book value	**74**	**190**

The finance lease in force relates to manufacturing plants to be used in the production process of Tecomec S.r.l.

There were no assets subject to restrictions as a result of collateral provided.

Over the years, the Group has benefited from a number of capital grants provided in accordance with Law 488/92 to the subsidiary Comag Srl (from 1 January 2015 merged into the company Emak S.p.A.). The grants received are credited to income over its remaining useful life of the assets to which they relate and are shown in the balance sheet as deferred income.

Contributions disbursed in previous years were as follows:

- € 1,615 thousand in 1998 for investments worth € 4,532 thousand;
- € 636 thousand in 2002 for investments made in 2001 and 2002 worth around € 4,250;
- € 2,401 thousand in 2014 for investments made in the period 2004-2008 worth around € 9,538.

The remaining credit at 31 December 2015 therefore amounts to € 730 thousand (note 22) referred to the last tranche of contributions partially paid in 2014, it should be noted that the total grant is subject to a partial revision according to the investments definitively made. As a result, as disclosed in note 30, has accounted to the fund for € 545 thousand. The net value of the credit therefore amounts to € 185 thousand, presumably collectable within the end of year.

19. Intangible assets

Intangible assets report the following changes:

€/000	31.12.2013	Change in scope of consolidation	Increases	Decreases	Exchange differences	Reclass.	Other movements	31.12.2014
Development costs	2,402	60	337	-	-	40	-	2,839
Accumulated amortization	(1,647)	(29)	(417)	-	-	-	-	(2,093)
Development costs	**755**	**31**	**(80)**	**-**	**-**	**40**	**-**	**746**
Patents and intellectual property rights	12,847	18	1,065	(2)	74	52	28	14,082
Accumulated amortization	(10,989)	(11)	(1,035)	2	(63)	-	-	(12,096)
Patents	**1,858**	**7**	**30**	**-**	**11**	**52**	**28**	**1,986**
Concessions, licences and trademarks	1,746	2	37	(1)	(16)	-	42	1,810
Accumulated amortization	(1,566)	(1)	(130)	1	17	-	-	(1,679)
Concessions, licences and trademarks	**180**	**1**	**(93)**	**-**	**1**	**-**	**42**	**131**
Other intangible assets	3,114	1,309	174	-	158	-	-	4,755
Accumulated amortization	(1,903)	(6)	(421)	-	(73)	-	-	(2,403)
Other intangible assets	**1,211**	**1,303**	**(247)**	**-**	**85**	**-**	**-**	**2,352**
Advanced payments and fixed assets in progress	**551**	**-**	**473**	**-**	**-**	**(92)**	**23**	**955**
Cost	**20,660**	**1,389**	**2,086**	**(3)**	**216**	**-**	**93**	**24,441**
Accumulated depreciation (note 14)	**(16,105)**	**(47)**	**(2,003)**	**3**	**(119)**	**-**	**-**	**(18,271)**
Net book value	**4,555**	**1,342**	**83**	**-**	**97**	**-**	**93**	**6,170**

€/000	31.12.2014	Change in scope of consolidation	Increases	Decreases	Exchange differences	Reclass.	Other movements	31.12.2015
Development costs	2,839	-	226	-	-	500	-	3,565
Accumulated amortization	(2,093)	-	(576)	-	-	-	-	(2,669)
Development costs	**746**	**-**	**(350)**	**-**	**-**	**500**	**-**	**896**
Patents and intellectual property rights	14,082	97	1,284	-	53	136	(47)	15,605
Accumulated amortization	(12,096)	(62)	(1,166)	-	(32)	-	(12)	(13,368)
Patents	**1,986**	**35**	**118**	**-**	**21**	**136**	**(59)**	**2,237**
Concessions, licences and trademarks	1,810	784	67	-	(160)	-	(10)	2,491
Accumulated amortization	(1,679)	-	(56)	-	(2)	-	9	(1,728)
Concessions, licences and trademarks	**131**	**784**	**11**	**-**	**(162)**	**-**	**(1)**	**763**
Other intangible assets	4,755	2,373	107	-	(397)	-	-	6,838
Accumulated amortization	(2,403)	-	(770)	-	1	-	5	(3,167)
Other intangible assets	**2,352**	**2,373**	**(663)**	**-**	**(396)**	**-**	**5**	**3,671**
Advanced payments and fixed assets in progress	**955**	**-**	**242**	**(10)**	**-**	**(636)**	**-**	**551**
Cost	**24,441**	**3,254**	**1,926**	**(10)**	**(504)**	**-**	**(57)**	**29,050**
Accumulated depreciation (note 14)	**(18,271)**	**(62)**	**(2,568)**	**-**	**(33)**	**-**	**2**	**(20,932)**
Net book value	**6,170**	**3,192**	**(642)**	**(10)**	**(537)**	**-**	**(55)**	**8,118**

Research and development costs directly recorded in the Group's income statement amount to € 7,017 thousand.

All intangible fixed assets have a defined residual life and are amortized at constant rates on the basis of their remaining useful life.

20. Goodwill

The goodwill of € 53,132 thousand reported at December 31, 2015 is detailed below:

€/000	31.12.2014	Ch. In scope of consolidation	Impairment losses	Exchange differences	31.12.2015
Goodwill from the acquisition of Victus-Emak Sp. z o.o.	872	-	-	2	874
Goodwill from the acquisition of company branch Victus IT	4,823	-	-	11	4,834
Goodwill from the merger of Bertolini S.p.A.	2,074	-	-	-	2,074
Goodwill from the acquisition of Tailong Machinery Ltd.	2,777	-	-	187	2,964
Goodwill from the acquisition of Gruppo Tecomec	2,807	-	-	-	2,807
Goodwill from the acquisition of Gruppo Comet	2,279	-	-	-	2,279
Goodwill from the acquisition of Speed France	2,854	-	-	-	2,854
Goodwill from the merger of HPP	1,974	-	-	-	1,974
Goodwill from transfer of the business PTC	360	-	-	-	360
Goodwill from the acquisition of Master Fluid	523	-	-	-	523
Goodwill from the acquisition of Valley LLP	10,708	-	-	1,233	11,941
Goodwill from the acquisition of Geoline Electronic Srl	2,088	-	-	-	2,088
Goodwill from the acquisition of S.I.Agro Mexico	634	-	-	-	634
Goodwill from the acquisition of Lemasa LTDA	-	21,174	-	(4,248)	16,926
Total	**34,773**	**21,174**	**-**	**(2,815)**	**53,132**

- Goodwill on the purchase of Victus-Emak Sp. Z.o.o. for € 874 thousand relates to the difference between the acquisition price for 100% of the company regulated by Polish law, Victus-Emak Sp. Z.o.o., and its equity at the date of acquisition, while an amount of € 4,834 thousand relates to the acquisition of the company branch of Victus International Trading SA. Both acquisitions were finalized in 2005.

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

- The amount of € 2,964 thousand refers to the greater value emerging from the acquisition, from the Yama Group, of 100% of the company regulated by Chinese law, Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd., made in 2008.

- Goodwill relating to the acquisition of the Tecomec Group, the Comet Group and of the Speed France Group on the part of Tecomec S.r.l respectively for € 2,807 thousand, € 2,279 thousand and € 2,854 thousand arise from the Greenfield Operation (for details on the operation, reference should be made to the prospectus published on November 18, 2011); in compliance with the requirements of the reference accounting standards, the acquisition operations carried out between parties subject to common control are not regulated by IFRS 3, but are accounted for taking account of the requirements of IAS 8, that is, the concept of a reliable and faithful representation of the operation, and of the provisions of OPI 1 (Assirevi, Association of Italian Auditors, Preliminary Guidelines regarding IFRS), relating to the “accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements”. As more fully specified in the aforementioned accounting standards, the choice of the accounting standard for the operations in question must make reference to the above-described elements, which imply the application of the criterion of the continuity of the values of the net assets transferred. The principle of the continuity of values gives rise to the recognition in the financial statements of the acquiring company of values equal to those that would have been shown if the net assets subject to aggregation had always been aggregated. The net assets must therefore be recognized at the book values shown in the accounts of the acquired companies before the operation or, if available, at the values shown in the consolidated accounts of the common controlling company.
- Specifically, the company has chosen to account for the difference arising from the greater price paid for the acquisition of the stakes of the Tecomec Group and of the Comet Group only at the values already recognized in the consolidated accounts of the controlling company Yama at the time of the respective acquisitions.
- Since the acquisition values of the shareholdings in the Greenfield Operation are greater than the equity values of the acquired companies at 31 December 2011, the excess of € 33,618 thousand has been eliminated by adjusting down equity in the consolidated financial statements.

- The amount of € 1,974 thousand relates to the positive difference emerged following the acquisition and subsequent merger by incorporation of the company HPP in Comet S.p.A., finalized in 2010.

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

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

- The amount of € 11,941 thousand relates to the acquisition of Valley Industries LLP by Comet USA Inc. in February 2012, resulting from the difference arising between the acquisition price and its net assets.

- The goodwill recorded for € 2,088 thousand refers to the acquisition of the company, Geoline Electronic Srl, by Tecomec S.r.l. in January 2014, deriving from the difference between the price for the acquisition of 51% of the company and its equity.

- The goodwill recorded for € 634 thousand refers to the acquisition of the company, S.I.Agro Mexico, by Comet Spa in January 2014, deriving from the difference between the acquisition price for 55% of the company and its equity.

- The amount of € 16,926 thousand refers to the positive difference arising further to the acquisition of the company, Lemasa. The goodwill is the difference between the estimation of the current value of the acquisition price for 100% of the company, to be recognized in subsequent financial periods on the basis of its economic and financial results, and the fair value of its Equity at the date of acquisition.

The Group checks the recoverability of goodwill at least once a year and more frequently if there are indicators of loss in value. This check is carried out by calculating the recoverable value of the relevant *Cash Generating Unit* (CGU), using the "*Discounted cash flow*" method.

All the impairment tests relating to goodwill recorded at 31 December 2015 have been approved by the Board of Directors taking account of the opinion of the Risk Control Committee.

In the basic assumption, the discount rate used to discount the expected cash flows has been established by single market area. This rate (WACC) reflects the current market assessments of the time value of money over the period considered and the specific risks of Emak Group companies.

The discount rates used correspond to an estimate net of taxation calculated on the basis of the following main assumptions:

• risk-free rate equal to the average yield on reference ten-year government bonds;
• indebtedness in relation to the Group's financial structure.

For the purpose of carrying out the impairment test on goodwill values, the Discounted cash flow has been calculated in the basis of the following assumptions:

- The basic data used has been extracted from the Groups plans that represent management's best estimate of the future operating performance of single entities forming part of the Group in the period in question;
- Expected future cash flows refer to reference units in their current state and exclude any operation of an extraordinary nature. With regards to the goodwill arising from the merger of Bertolini S.p.A into Emak S.p.A., planned figures of the CGU, Emak S.p.A., have been considered since they represent the minimum level at which goodwill is monitored by management for internal purposes.
- With regards to companies operating in the Euro area, the *WACC* used to discount expected future cash flows for the CGU ranges from a minimum of 4.37% to a maximum of 6.28%.

- The WACC used to discount cash flows of the CGU located in Poland is 6.51%, for the CGU located in China 7.23%, for the CGU located in Mexico 9.95%, for the CGU located in the USA 5.02%, while for the CGU located in Brazil a WACC of 15.64% has been used.
- The future expected cash flows have been forecast in the currencies in which they are generated.
- The future expected cash flows refer to a period of 3/5 years and include a normalized terminal value used to express a synthetic estimate of future results beyond the timeframe explicitly considered.
- The terminal value has been established on the basis of a prudent long-term growth rate (g) of 2%, representing long-term forecasts for the relevant industrial sector. For the start-ups of the CGUs located in Brazil a growth rate of 7.6% has been used, being representative of the long-term inflation and of the growth rate of the country's manufacturing sector.

The impairment test procedure, in compliance with the provisions of IAS 36 and applying criteria issued by the Board of Directors, has not led to losses in value. As a result, no write-downs have been made in the consolidated figures at 31 December 2015.

In addition, also on the basis of the indications contained in the joint document issued by the Bank of Italy, *Consob* and *Isvap* (supervisory body for private insurance) no. 4 of 3 March 2010, the Group has drawn up sensitivity analyses on the results of the test with respect to variations in the underlying assumptions effecting the use value of the CGU. Also in the event of a positive or negative variation of the WACC of 10% and of the long-term growth rate (g) of 100 bps, the analyses would nevertheless indicate no losses in value.

21. Equity investments

The amount of the balance of "other investments" is € 230 thousand.
Investments are not subject to impairment losses; risks and benefits associated with the possession of the 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.
The percentage of participation of Emak S.p.A. in Netribe S.r.l. is 15.41%.

22. Derivative financial instruments

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

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

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

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

Accounting for the underexposed instruments is at fair value. According to the IFRS principles these effects were accounted in the income statement of the current year.

The current value of these contracts at December 31, 2015 is shown as follows:

€/000	31.12.2015	31.12.2014
Positive *fair value* assesment exchange rate hedge	57	230
Positive fair value assesment exchange rate options	31	-
Positive *fair value* assesment IRS and interest rate options	-	11
Total derivative financial instrument	**88**	**241**
Negative *fair value* assesment exchange rate hedge	141	458
Negative *fair value* assesment IRS and interest rate options	360	401
Total derivative financial instrument liabilities	**501**	**859**

At December 31, 2015 appear outstanding purchases / sales of foreign currencies with forward contracts for:

	Company		Nominal value (€/000)	Exchange rate	Due to
Forward contracts for foreign currencies purchases					
Cnh/Euro	Emak Spa	Cnh	44,000	7.12	11/07/2016
Cnh/Usd	Emak Spa	Cnh	463	6.55	04/01/2016
Euro/Pln	Victus	€	500	4.29	07/03/2016
Usd/Pln	Victus	Usd	355	3.98	30/03/2016
Euro/Gbp	Emak UK Ltd.	€	1,974	0.72	30/11/2016
Usd/Gbp	Emak UK Ltd.	Usd	50	0.66	29/02/2016
Usd/Euro	Emak France	Usd	200	1.12	31/03/2016
Usd/Euro	Sabart S.r.l.	Usd	2,000	1.09	30/06/2016
Usd/Euro	Comet Spa	Usd	200	1.12	31/03/2016
Euro/Usd	Comet U.S.A. Inc.	€	2,000	1.10	23/09/2016
Options for foreign currencies purchases					
Cnh/Euro	Emak Spa	Cnh	4,500	7.59	08/06/2016

Finally, on December 31, 2015 IRS contracts and options on interest rates are also in force, with the aim of covering the risk of variability of interest rates on loans.

The total notional amount of the contracts signed amounts to € 49,954 thousand, and the maturity of the instruments is analyzed as follows:

Bank	Company	Notional Euro (€/000)	Date of the operation	Due to
Banca Popolare di Verona	Emak S.p.A.	1,890	28/03/2013	30/09/2017
Carisbo	Emak S.p.A.	400	19/07/2011	15/06/2016
Carisbo	Emak S.p.A.	2,500	24/09/2015	12/06/2020
Banca Popolare dell'Emilia Romagna	Emak S.p.A.	333	20/01/2010	31/12/2016
Banca Nazionale del Lavoro	Emak S.p.A.	625	03/05/2012	20/04/2016
Banca Nazionale del Lavoro	Emak S.p.A.	625	27/06/2012	20/04/2016
UniCredit	Emak S.p.A.	2,250	22/05/2013	31/03/2018
Mediobanca	Emak S.p.A.	5,000	24/09/2015	31/12/2020
Banca Popolare Comm. Industria	Emak S.p.A.	4,000	30/06/2015	31/12/2019
Banca Monte dei Paschi di Siena	Emak S.p.A.	3,000	24/09/2015	31/12/2020
Banca Popolare Comm. Industria	Comet S.p.A.	2,000	10/10/2011	12/10/2016
Banca Popolare Comm. Industria	Comet S.p.A.	2,000	09/05/2012	28/04/2017
UniCredit	Comet S.p.A.	2,700	22/05/2013	29/03/2018
UniCredit	Comet S.p.A.	6,800	06/08/2015	20/03/2020
Banca Nazionale del Lavoro	Comet S.p.A.	3,200	06/08/2015	20/03/2020
Carisbo	Comet S.p.A.	2,500	24/09/2015	12/06/2020
UniCredit	Tecomec S.r.l.	955	11/04/2012	31/07/2017
Carisbo	Tecomec S.r.l.	2,500	24/09/2015	12/06/2020
MPS	Tecomec S.r.l.	2,000	24/09/2015	31/12/2020
Intesa San Paolo	Comet Usa Inc.	4,676	27/02/2013	19/02/2019
Total		**49,954**		

The average interest rate resulting from the instruments is equal to 0.61%.

All contracts, although having the purpose and characteristics of a hedging strategy, do not respect the rules to be formally recognized as such, so all changes in fair value are expensed in the income statement of the period.

The value of all these contracts (relating to interest and exchange rates) at December 31, 2015 is an overall negative fair value of € 413 thousand.

23. Trade and other receivables

Details of these amounts are as follows:

€/000	31.12.2015	31.12.2014
Trade receivables	95,853	94,152
Provision for doubtful accounts	(3,963)	(3,686)
Net trade receivables	**91,890**	**90,466**
Trade receivables from related parties (note 38)	882	1,002
Prepaid expenses and accrued income	971	1,048
Other receivables	3,263	3,099
Total current portion	**97,006**	**95,615**
Other non current receivables	69	62
Total non current portion	**69**	**62**

The item "Other short-term receivables" includes:

- € 730 thousand referring to amounts receivable in relation to the grant as per Law 488/92 (note 18). A relative bad debt provision has been set up totaling € 545 thousand (note 32);
- an amount of € 493 thousand for receivables of certain Group companies towards the controlling company Yama S.p.A., emerging from the relationships that govern the tax consolidation in which they participate, of which € 456 thousand referring to the instance of reimbursement submitted in 2012 by the consolidating company in order to obtain the tax benefit associated with the deductibility of IRAP relating to personnel costs, for employees and other workers, from taxable IRES, as per Article 2, paragraph 1-c of the Decree-law no. 201/2011;
- An amount of approximately € 1,170 thousand as advances to suppliers for the supply of goods.

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

The movement in the provision for bad debts is as follows:

€/000	31.12.2015	31.12.2014
Opening balance	**3,686**	**3,297**
Change in scope of consolidation	145	27
Provisions (note 13)	927	664
Decreases	(763)	(294)
Exchange differences	(32)	(8)
Closing balance	**3,963**	**3,686**

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

24. Inventories

Inventories are detailed as follows:

€/000	31.12.2015	31.12.2014
Raw, ancillary and consumable materials	39,096	35,739
Work in progress and semi-finished products	20,693	17,610
Finished products and goods	78,570	74,316
Total	**138,359**	**127,665**

Inventories at December 31, 2015 are stated net of provisions amounting to € 5,806 thousand (€ 5,489 thousand at December 31, 2014) intended to align the obsolete and slow moving items to their estimated realizable value.

The inventories provision is an estimate of the loss in value expected by the Group, calculated on the basis of past experience, historic trends and market expectations.

Details of changes in the provision for inventories are as follows.

€/000	FY 2015	FY 2014
Opening balance	5,489	4,838
Change in scope of consolidation	136	200
Provisions	543	511
Effect of exchange differences	(18)	17
Uses	(344)	(77)
Closing balance	**5,806**	**5,489**

The decreases in the provision refer to obsolete material disposed of during the year.

25. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

€/000	31.12.2015	31.12.2014
Bank and post office deposits	42,464	13,067
Cash	54	171
Total	**42,518**	**13,238**

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

€/000	31.12.2015	31.12.2014
Cash and cash equivalents	42,518	13,238
Overdrafts (note 29)	(7,504)	(6,267)
Total	**35,014**	**6,971**

26. Other financial assets

The item “Other non-current financial assets” amount to € 7,836 thousand, € 158 thousand at 31 December 2014.
The value shown at 31 December 2015 includes:

- an amount for € 6,891 thousand, being the sum paid by Comet do Brasil LTDA, through an escrow account contract as part of the operation for the acquisition of shares of the company, Lemasa, to guarantee the deferred acquisition price to be paid in the 2018 financial year.
- an amount of € 393 thousand, being interest receivable accrued at 31 December 2015 on the aforementioned escrow account and relating to the Group;
- an amount of € 371 thousand, being the medium-long-term portion of the receivable due from the parent company, Yama S.p.A., by way of the reinstatement of equity recognized by Yama to the Group in relation to costs sustained by a number of companies and relating to the period in which Yama S.p.A. exercised control over them. The right emerges from agreements and guarantees issued upon the transfer of the affiliated companies and led to the recognition of an overall equity reinstatement of € 1,237 thousand, of which € 417 thousand have already be settled.

"Other current financial assets", amounting to € 452 thousand, includes € 450 thousand as short-term portion of the loan owed by Yama S.p.A. as shown in the previous paragraph.

27. Equity

Share capital
Share capital is fully paid up at 31 December 2015 and amounts to € 42,623 thousand, remaining unchanged during the year under examination. It consists of 163,934,835 ordinary shares of par value € 0.26 each.

Treasury shares
The adjustment of share capital for purchase of treasury shares, equal to € 2,029 thousand, is the overall exchange value paid by Emak S.p.A. for the acquisition on the market of treasury shares held at December 31, 2015 (note 37).
The nominal value of these treasury shares is € 104 thousand.

As for the sale and purchase of shares made during the period, please refer to the appropriate section of the Directors’ Report.

Share premium reserve
At December 31, 2015 the share premium reserve is € 42,454 thousand, unchanged from the previous year is consists of the premiums on newly issued shares. The reserve is shown net of charges related to the capital increase amounted to € 1,598 thousand and adjusted for the related tax effect of € 501 thousand.

Legal reserve
The legal reserve at December 31, 2015 of € 2,361 thousand (€ 2,060 thousand at December 31, 2014).

Revaluation reserve
At 31 December 2015 the revaluation reserve includes the reserves deriving from the revaluation as per Law 72/83 for € 371 thousand and as per Law 413/91 for € 767 thousand. No changes occurred during the year.

Reserve for conversion differences
At 31 December 2015 the reserve for conversion differences for a positive amount of € 6,882 thousand is entirely attributable to the differences generated from the translation of balances into the Group's reporting currency

Reserve IAS 19
At 31 December 2015 the IAS 19 reserve is equal a negative amount of € 832 thousand, for the actuarial valuation difference of post-employment benefits to employees

Other reserves
At 31 December 2015 Other reserves include:
- the extraordinary reserve, amounts to € 27,088 thousand, inclusive of all allocations of earnings in prior years;
- the reserves qualifying for tax relief refer to tax provisions for grants and donations for € 129 thousand;
- the reserves for merger surpluses for € 3,561 thousand;
- the reserves from capital grants deriving from the merger of Bertolini S.p.A. for € 122 thousand.

"Retained Earnings" in the consolidated accounts is subject to a non-distributable restriction amounting to € 4,445 thousand.
As illustrated in paragraph 4 of the Directors' Report, during the year the Group posted directly to reserves in equity an amount of € 1,237 thousand, equal to the equity reinstatement recognized by the parent company, Yama S.p.A., in relation to costs sustained by a number of Group companies and relating to the period in which Yama S.p.A. exercised control over them. The right emerges from agreements and guarantees issued upon the transfer of the affiliated companies and has been recognized with relation to costs sustained by the Group during the financial period for the closure of a number of tax disputes for € 825 thousand and a number of legal disputes for € 412 thousand.

Details of the restrictions and distributability of reserves are contained in the specific table in the notes to the financial statements of the Parent company Emak S.p.A..

28. Trade and other payables

Details of trade and other payables are set out below:

€/000	31.12.2015	31.12.2014
Trade payables	62,090	56,667
Payables due to related parties (note 38)	1,244	950
Payables due to staff and social security institution	9,763	10,635
Accrued expense and deffered income (note 33)	615	419
Advances from customers	2,634	2,193
Other payables	4,502	4,185
Total	**80,848**	**75,049**

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

The heading. “Other payables” includes € 1,554 thousand, against € 2,109 thousand at 31 December 2014 for current IRES (Italian corporate income tax) payable accounted for a number of Group companies to the parent company, Yama S.p.A., and arising from the relationships that govern the tax consolidation as per art. 116 and following of Presidential Decree no. 917/1986, in which they participate.

29. Financial liabilities

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

€/000	31.12.2015	31.12.2014
Overdrafts (note 25)	7,504	6,267
Bank loans	46,943	33,534
Finance leases	26	72
Liabilities for purchase of equity investments	600	801
Financial accrued expense and deffered income	503	87
Other loans	360	62
Total current	**55,936**	**40,823**

The carrying amount of short-term loans and lease finance approximates their current value.
The item “Liabilities for purchase of equity investments” refers to € 600 thousand to the residual debt for the purchase of the equity investment if Geoline Electronic S.r.l.
The figure "Other financial liabilities" includes € 206 thousand to the debt as a loan made by the minority shareholders in relation to the company Geoline Electronic S.r.l.

With regard to liabilities for loans obtained for the purchase of leased assets the following information is provided:

€/000	31.12.2015	31.12.2014
Future minimum payments of less than year	27	78
Future minimum payments between 1 and 5 years	-	178
Total minimum payments	**27**	**256**
Due to future financial charge	**(1)**	**(31)**
Present value	**26**	**225**
Average interest rate	**3.0%**	**5.8%**

Long-term loans and borrowings are repayable as follows:

€/000	31.12.2015	31.12.2014
Bank loans	78,696	48,228
Finance leases	-	153
Liabilities for purchase of equity investments	14,210	1,873
Other loans	934	751
Total non current portion	**93,840**	**51,005**

"Liabilities for purchase of equity investments" refers to debts outstanding at the end of the year for the purchase of minority equity investments. This item includes:

- € 3,881 thousand, corresponding to approximately 16,734 thousand Reais, related to the deferred price discounted to the purchase of 70% of the company Lemasa payable to the selling shareholder of Lemasa and maturing in 2018. This debt is the best estimate of future disbursement deferred price that can be modified based on the performance of certain economic and financial parameters provided in the purchase agreement;

- € 8,691 thousand, corresponding to approximately 37,474 thousand Reais on the remaining debt actualized to the selling shareholder of company Lemasa following the "Put and Call Option Agreement" for purchase the remaining 30% of the company to be exercised by 2020. Even this debt is subject to changes based on certain economic and financial parameters provided in the contract of "Put and Call Option";
- € 1,445 thousand relating to the residual debt actualized to the shareholder of the transferor company Valley Industries LLP following the agreement of "Put and Call Option Agreement" to purchase the remaining 10% of the company to be exercised in 2017;
- € 193 thousand relating to the residual debt actualized to the selling shareholder of the company PTC S.r.l. following the agreement of "Put and Call Option Agreement" to purchase the remaining 10% of the company to be exercised in 2019.

The item “Other loans” refers to:

- € 751 thousand, refers to the granting of a subsidized loan on the part of Simest S.p.A. in accordance with Law 133/08, through which, the Italian companies, are accompanied in their internationalization process by loans at preferential interest rates;
- € 151 thousand relating to the portion of interest earned on the amounts deposited by contract in an escrow account and the responsibility of the previous shareholder equity investments of Lemasa.

A number of medium-long-term loans are subject to finance covenants assessed on the basis of consolidated Nfp/Ebitda and Nfp/Equity ratios. At 31 December 2015 the Group complied with all required benchmarks.

The medium and long term loans are reimbursed under the following repayment plans:

€/000	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Total due within 5 years	Due beyond 5 years
Bank loans	29,052	21,788	18,634	8,970	**78,444**	**252**
Liabilities for purchase of equity investments	1,445	3,881	193	8,691	**14,210**	**-**
Other loan	183	300	150	150	**783**	**151**
Total	**30,680**	**25,969**	**18,977**	**17,811**	**93,437**	**403**

The interest rates applied on short and medium-long term are as follows:

- on bank loans in Euro, Euribor plus a fixed spread is applied;
- on bank loans in British pounds, the "base rate" Bank of England plus a fixed spread is applied;
- on bank loans in U.S. dollars, LIBOR plus a fixed spread is applied;
- on bank loans in Brazilian Reais, applies the CDI plus a fixed spread;
- on finance leases is applied, according to the area, a spread on "base rate" reference.

The book value of items in the financial statements does not differ from its fair value.

30. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	31.12.2014	Increases	Decreases	Other movements	Exchange differences	31.12.2015
Deffered tax on impairment of assets	986	-	(512)	-	1	475
Reversal of unrealized intercompany gains	2,104	93	-	-	-	2,197
Provision for inventory obsolescence	1,253	349	(341)	9	2	1,272
Losses in past financial periods	1,398	437	(562)	3	107	1,383
Provisions for bad debts	241	107	(64)	-	-	284
Deferred tax asset on exchange loss	12	545	(7)	-	-	550
Other deferred tax assets	2,582	1,225	(621)	(293)	(1)	2,892
Total (note 16)	**8,576**	**2,756**	**(2,107)**	**(281)**	**109**	**9,053**

The portion of taxes which are expected to reverse within the following 12 months is estimated to be in line with the decrease registered in 2015.
The recognition of deferred tax assets depends on the existence of conditions for their future recovery on the basis of updated strategic plans.
The exploitation of past tax losses is of limited duration except for losses that can be used by Comet USA, and referred to the merged company Emak USA Inc., for which it will start to lose the benefits of the tax credit starting in 2026.
Deferred tax assets on impairment of assets have been written off for € 408 thousand for the closure of a tax dispute in the subsidiary Tecomec S.r.l.. The dropping of these activities is subject to reinstatement capital by parent company Yama S.p.A., as shown in the previous paragraphs.
The heading "Other deferred tax assets" include € 565 thousand, being a tax benefit useable from the next financial year and relating to the so-called "ACE" facilitation that the company Emak S.p.A. has accounted for in the 2015 financial year, following the favorable response to the question submitted by the company with reference to the tax period 2014, also applicable to subsequent tax periods, subject to the application of the same facilitation assumptions.

Deferred tax liabilities are detailed below:

€/000	31.12.2014	Ch. In scope of consolidation	Increases	Decreases	Other movements	Exchange differences	31.12.2015
Deferred tax on property IAS 17	1,406	-	-	(184)	-	-	1,222
Deferred tax on fair value gains	465	1,689	267	(154)	(4)	(335)	1,928
Valutation of provision for employee termination indemnities under IAS 19	15	-	-	(12)	-	-	3
Taxation on capital gains	16	-	2	(39)	34	-	13
Other deferred tax liabilities	2,463	-	853	(485)	(30)	82	2,883
Total (note 16)	**4,365**	**1,689**	**1,122**	**(874)**	**-**	**(253)**	**6,049**

"Other deferred tax liabilities" refers mainly to revenues that will be fiscally recognized in future financial periods.
The portion of taxes which are expected to reverse within the following 12 months is estimated to be in line with the decrease registered in 2015.
Deferred tax liabilities arising from the change in the area of consolidation refer to deferred tax liabilities on assets stated at fair value deriving from the acquisition of the company, Lemasa.

Hypothetical tax liabilities, which could arise if dividends are paid from the reserves of retained earnings of subsidiaries, and which currently and in the near future is not expected distribution, amounts at December 31, 2015 to € 3,014 thousand, against € 2,795 thousand in 2014.

It should be noted, moreover, that deferred taxes relating to the revaluation reserves, which are reserves in partial tax suspension, have not been allocated since it is unlikely that there will be any operations carried out giving rise to taxation.

Tax assets and liabilities relating to deferred tax assets and liabilities that will presumably be used after more than one year have been adjusted on the basis of the lower IRES (Italian corporate income tax) rate applicable from the 2017 financial year.

The tax credits amount at December 31, 2015 to € 5,324 thousand, against € 5,037 thousand at December 31, 2014, and refer to VAT credits, surplus payments on account of direct tax and other tax credits.

Current tax liabilities amount to € 3,682 thousand at December 31, 2015 compared with € 2,879 thousand a year earlier. They refer to payables for direct tax for the period, VAT and withholding taxes.
A number of Group companies participate in the tax consolidation submitted by the parent company, Yama S.p.A., as per arts. 16 and following of Presidential Decree no. 917/1986: current IRES taxes payable by these companies are accounted for in the heading "Other payables" (Note 28).

31. Long-term post-employment benefits

At December 31, 2015 such benefits refer principally to the discounted liability for employment termination indemnity payable at the end of an employee's working life, amounting to € 8,478 thousand against € 8,702 thousand at December 31, 2014. The valuation of the indemnity leaving fund (TFR) at the closing date, carried out according to the nominal debt method in force would be € 8,328 thousand against € 8,740 at December 31, 2014.

Movements in this liability are as follows:

€/000	FY 2015	FY 2014
Opening balance	**9,112**	**9,490**
Current service cost and other provision	197	127
Actuarial (gains)/losses	81	46
Interest cost on obligation (note 15)	154	201
Change from area of consolidation	-	184
Disbursements	(612)	(936)
Closing balance	**8,932**	**9,112**

The principal economic and financial assumptions used, in accordance with IAS 19, are as follows:

	FY 2015	FY 2014
Annual inflation rate	0.6%	1.0%
Rising discount rate	1.3%	1.9%
Rate of dismissal	1.0%	1.0%

Demographic assumptions refer to the most recent statistics published by ISTAT.
In the 2016 financial year, payments are expected to be in line with 2015.

32. Provisions for liabilities and charges

Movements in these provisions are detailed below:

€/000	31.12.2014	Change in scope of consolidation	Increase	Decrease	Exchange differences	31.12.2015
Provisions for agents' termination indemnity	1,643	-	133	(200)	-	1,576
Other provisions	23	81	6	(11)	(16)	83
Total non current portion	**1,666**	**81**	**139**	**(211)**	**(16)**	**1,659**
Provisions for products warranties	454	-	6	(25)	-	435
Other provisions	1,360	-	19	(161)	(2)	1,216
Total current	**1,814**	**-**	**25**	**(186)**	**(2)**	**1,651**

The provision for agents' termination indemnity is calculated on the basis of agency relationships in force at the close of the financial year. It refers to the probable indemnity which will have to be paid to the agents.

Other non-current provisions, equal to € 83 thousand, have been allocated for:

- € 25 thousand in legal costs accrued in respect of the conduct of tax disputes on the part of Tecomec S.r.l. and Bertolini S.p.A. (Incorporated into Emak S.p.A.) for which the Group, following the opinion expressed by its defenders, does not expect to mobilize additional funds to contingent liabilities;
- € 58 thousand against possible liabilities impending on society Lemasa.

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

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

- allocations for € 404 thousand (including legal defense costs € 33 thousand), relating to an assessment, carried out by the Tax Authorities of Bologna, section large contributors, against Emak S.p.A. during the year 2013, concerning the annual 2008-2009-2010.
  On the basis of the minutes, the Agency has determined, by way of adjustment of prices of certain cross-border intra-group transactions, for all three years concerned by the audit, taxes and interest for a total of € 835 thousand (the amounts assessed penalties do not match art. 1, paragraph 2-ter of Legislative Decree 471/97).
  In the face of all the investigations, initiated a unsuccessfully attempt to membership, they have been proposed remedies; all the judgments that have ensued are currently suspended, in favor of an attempt to court to settlement still in progress. Emak, convinced of the correctness of his actions and of the validity of their reasons, also on the basis of the assessments of their defenders, confirms the prudential provisions already set out above, quantified in € 404 thousand, inclusive of defense costs, corresponding to the maximum sacrifice considered acceptable only on the basis of economy and opportunities, in the conciliation and for all annuity involved;
- adjustment, stationed in the current year and in previous years, to € 545 thousand, the original value of the credit for capital grants Law 488/92 (note 18);
- some objections concerning various disputes for about € 169 thousand. The decrease in the provision previously allocated was mainly due to € 121 thousand at the close of a dispute concerning labor law by the subsidiary Speed France SAS. This amount is part of the matches subject to reinstatement asset recognized to the Group by the parent company Yama S.p.A., as shown in the preceding paragraphs;
- charges related to administrative penalties that may be charged to the Group for about € 81 thousand;
- reimbursement of deductibles on claims for product liability for € 17 thousand.

33. Other non-current liabilities

The entire amount of € 835 thousand, € 937 thousand at 31 December 2014, refers to the deferred income relating to capital grants received pursuant to Law 488/92 by Comag S.r.l., now merged into Emak S.p.A., and allocated to subsequent financial periods. The part of the grant receivable within a year is recorded in current liabilities under accrued expenses and deferred income (note 28) and amounts to € 102 thousand, unchanged from the previous year.

34. Contingent liabilities

Below are further disputes that the Group has outstanding. The liability that may arise relate to a time when control of the various companies was exercised by Yama S.p.A., the transferor to Emak of its participations. By virtue of the contractual guarantees any liability which it may have to be defined in relation to the various positions described below will be subject to full recast to the Group by the same Yama S.p.A.
In this context are pending:

- Various tax litigation open against Tecomec S.r.l. and Bertolini S.p.A. (whose legal expenses has been indicated in Note 32) for the years 1999-2006, which corresponds to a potential charge of realization not probably, amounting to € 811 thousand, including taxes, interest and penalties. The disputes arising from assessments all similar to each other and are pending before the Regional Tax Commission of Emilia Romagna, in part in their normal procedural course, in part a result of referral by the Supreme Court. All pronunciations of merit so far obtained from the competent tax commissions have been favorable to the Group and is expected, in the light of the views expressed by the Group Defence College, that the outcome of the proceedings will be ultimately positive;
- Against Comet, following an audit of the Revenue Agency ended October 12, 2012, was issued a formal notice of assessment in respect of the tax year 2010. The pads currently pending in litigation concerning the IRES and IRAP for about € 70 thousand, plus interest. Following the unfavorable outcome of the company in the first instance, during the year have been paid € 20 thousand as provisional positions entry, pending a decision on appeal.

35. Information on financial risks

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

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

As described in the section “Management of financial risk”, the Emak Group constantly monitors the financial risks to which it is exposed, so as to minimize potential negative effects on financial results.
Qualitative and quantitative information is given below regarding the nature of such risks for the Emak Group.
The quantitative figures shown below have no value for forecasting purposes. Specifically, the sensitivity analysis on market risks are unable to reflect the complexity and associated reactions of the market as a result of each change hypothesized.

Credit risk
The maximum theoretical exposure to credit risk for the Group at 31 December 2015 is the accounting value of financial assets shown in the financial statements.

It should be pointed out that the credit granted to clients involves specific assessments of solvency and generally the Group obtains guarantees, both financial and otherwise, against credits granted for the supply of products. Certain categories of credits to foreign customers are also covered by insurance with primary companies.

Credit positions are subject to constant analysis and possible individual devaluation in the case of singularly significant positions that are in a condition of partial or total insolvency.

The total devaluation is estimated on the basis of recoverable flows, from relative collection data, from the costs and expenses of future recovery, as well as possible guarantees in force. For those credits that are not subject to individual devaluation, bad debt provisions are allocated on an overall basis, taking account of historical experience and statistical data.

At December 31, 2015 there were no significant positions of insolvency subject to individual devaluation.
At December 31, 2015 "Trade receivables and Other receivables", equal to € 97,006 thousand (€ 96,615 thousand at 31 December 2014), include € 14,857 thousand (€ 14,808 thousand at 31 December 2014) outstanding by more than 3 months. This value has been rescheduled according to repayment plans agreed with the clients.

The value of amounts receivable covered by insurance or by other guarantees at December 31, 2015 is € 14,086 thousand (€ 37,455 thousand at December 31 2014).

At December 31 2015 the first 10 customers account for 19,6% of total trade receivables (21,4% at December 31 2015), while the top customer represents 4,9% of the total (6,7% at December 31, 2014).

Liquidity risk
Liquidity risk can occur as a result of the inability to obtain financial resources necessary for the Group's operations at acceptable conditions.
The main factors determining the Group's liquidity situation are, on the one hand, the resources generated or absorbed in its operating and activities and by investment, and on the other hand, by the expiry or renewal of debt or by the liquidity of financial commitments and market conditions.
Consequently, the Group's treasury sets up the following activities:

- the monitoring of expected financial requirements in order to then take suitable action;
- the obtaining of suitable lines of credit;
- the optimization of liquidity, where feasible, through the centralized management of the Group's cash flows;
- the maintenance of a balanced composition of net financial borrowing with respect to investments made;
- the pursuit of a correct balance between short-term and medium-long-term debt;
- limited credit exposure to a single financial institute;
- the monitoring of compliance with the parameters provided for by covenants associated with medium-long-term loans.

The characteristics and nature of the expiry of debts and of the Group's financial activities are set out in Notes 25 and 29 relating respectively to Cash and Cash Equivalents and Financial Liabilities.

The management considers that currently unused funds and credit lines, amounting to € 142 million, as well as those which will be generated from operating and financial activities, will allow the Group to meet its requirements deriving from investment activities, the management of working capital and the repayment of debts at their natural maturity dates.

Exchange risk
The Group is exposed to risks deriving from fluctuations in exchange rates, which may affect the economic result and value of equity.
The net balances at December 31 2015 for which the Group is exposed to exchange rate risk as a result of the use of a currency different from Group companies' local reporting currency are as follows:

Credit position in US Dollars	18,928,366
Debt position in Yen	34,602,729
Debt position in Swiss Francs	54,359
Debt position in Taiwanese dollars	509,820
Debt position in Renminbi	56,686,150
Debt position in Euro	16,193,742

Specifically:

- in cases in which the companies in the Group incur costs expressed in different currencies from those of their respective revenues, the fluctuation of exchange rates may affect the operating result of such companies.
  In the 2015 financial period, the overall amount of revenues directly exposed to exchange risk represented around 9.2% of the Group's aggregate turnover (8.8% in the 2014 financial period), while the amount of costs exposed to exchange risk is equal to 20.2% of aggregate Group turnover (20% in the 2014 financial period)
  The main currency exchanges to which the Group is exposed are the following:
  - EUR/USD, relating to sales in dollars made in the North American market and in other markets in which the dollar is the reference currency for commercial exchanges, and to production/purchases in the Euro zone;
  - EUR/GBP, essentially in relation to sales in the UK market;
  - EUR/RMB, in relation to Chinese production activities and to relative import/export flows;
  - EUR/YEN, relating to purchases in the Japanese market and to sales in other markets;
  - EUR/PLN, relating to sales in the Polish market;
  - EUR/UAH, in respect of sales on the Ukrainian market;
  - EUR/REAIS, in respect of sales on the Brazilian market;
  - EUR/ZAR, relating to purchases in the South African market;

- EUR/MXR, relating of sales in the Mexican market;
- EUR/MAD, relating to purchases in the Moroccan market.

There are no significant commercial flows with regards to other currencies.

The Group's policy is to cover net currency flows, typically through the use of forward contracts, evaluating the amounts and expiry dates according to market conditions and net future exposure, with the objective of minimizing the impact of possible variations in future exchange rates.

- With regards to commercial activities, the companies in the Group are able to hold commercial credits and debits expressed in currencies which are different from the currency in which they keep their accounts and the variation in exchange rates may result in the realisation or ascertainment of exchange risks.
  The Group's policy is to partly cover, after appropriate evaluation of exchange rate trends, exposed positions resulting from credits and debits expressed in a currency different from that in which the company keeps its accounts.

- A number of subsidiary companies in the Group are located in countries which are not members of the European Monetary Union, in particular, the United States, the United Kingdom, Poland, China, Ukraine, South Africa, Morocco, Mexico and Brazil. Since the reference currency for the Group is the Euro, the income statements for these companies are converted into Euro at the average exchange rate for the period and variations in exchange rates may affect the equivalent value of revenues, costs and results in Euro.

- Assets and liabilities of subsidiary companies in the Group, whose accounting currency is different from the Euro, may have different equivalent values in Euro depending on the trend in exchange rates. As provided for by the accounting principles adopted, the effects of such variations are recorded directly in equity, under the heading "reserve for conversion differences" (Note 27).
  At the balance sheet date there was no hedging in force with regards to these exposures for conversion exchange risk.

Sensitivity analysis
The potential loss of fair value of the net balance of financial assets/liabilities subject to the risk of variation in exchange rates held by the Group at December 31, 2015, as a result of a hypothetical unfavourable and immediate variation of 10% in all relevant single exchange rates, would amount to around € 2,522 thousand (€ 1,234 thousand at December 31, 2014).

Interest rate risk
The companies in the Group utilize external financial resources in the form of debt and invest liquid funds in monetary and financial market instruments. Variations in market interest rates influence the cost and return of the various forms of financing and utilization, affecting the level of the Group's financial expenditure and income.

The Group uses derivative financial instruments to cover interest rate risk

Although these transactions are made for hedging purposes, the accounting standards will not allow hedge accounting treatment. Therefore, fluctuations in their values may affect the Company's financial results.

Sensitivity analysis
The possible effects of variations in interest rates are analyzed for their potential impact in terms of cash flows, since almost all the Group's financial assets and liabilities accrue variable interest.

A hypothetical, instantaneous and unfavourable negative variation of one base point in annual interest rates in force at December 31, 2015 applicable to financial liabilities at a variable interest rate would result in a greater net cost, on an annual basis, of around € 853 thousand (€ 659 thousand at December 31, 2014). The above calculation takes into consideration the total amounts of financial liabilities net of the total amount of IRS operations carried out for hedging purposes and liabilities for the purchase of minority shares of equity investments.

Other risks on derivative financial instruments
As described in Note 22, the Group holds a number of derivative financial instruments whose value is linked to the trend in exchange rates (forward currency purchase operations) and the trend in interest rates.

Although these operations have been entered into for hedging purposes, accounting principles do not permit their treatment using hedge accounting. As a result, changes in underlying values may affect the economic results of the Group.

Sensitivity analysis
The potential loss of fair value of derivative financial instruments held by the Group at December 31, 2015 as a result of a hypothetical unfavourable and immediate variation of 10% in underlying values would amount to around € 435 thousand (€1,860 thousand at December 31, 2014).

36. Commitments

Fixed asset purchases
The Group has commitments for purchases of fixed assets not accounted in the financial statements at December 31, 2015 for an amount of € 1,188 thousand (€ 1,317 thousand at December 31, 2014). These commitments relate to the purchase of equipment, plant and machinery.

Guarantees granted
The group has € 3,261 thousand in guarantees granted to third parties at December 31, 2015, relating to guarantee policies for customs rights and bank guarantees.
The shares representing the capital of the company Comet do Brasil Investimentos LTDA and Lemasa are pledged in favor of lenders that provided the financing of the purchase of Lemasa.

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

- a Put and Call option is contained in the contract for the acquisition of the subsidiary, Valley Industries LLP, for the remaining 10% of the share capital, to be exercised before 2017;
- as part of the contract for the acquisition of the Mexican company, S.I.Agro Mexico, the subsidiary, Comet S.p.A., has entered into a supplementary agreement that provides for a call option in favour of Comet for the acquisition of the remaining 15% of the share capital, to be exercised in 2019;
- In the contract to acquire the subsidiary Lemasa LTDA, owned by Comet do Brasil with a share of 70%, there is an agreement of "Put and Call Option" that regulates the purchase of the remaining 30% to be exercised between April 1, 2020 and April 1, 2021;
- The subsidiary Comet S.p.A. has in place an agreement providing for a put and call option to purchase the remaining 10% of PTC S.r.l. to be exercised in 2020.

37. Ordinary shares, treasury shares and dividends

Share capital is fully paid up at December 31, 2015 and amounts to € 42,623 thousand. It consists of 163.934.835 ordinary shares of par value € 0.26 each.

	31.12.2015	31.12.2014
Number of ordinary shares	163,934,835	163,934,835
Treasury shares	(397,233)	(397,233)
Total outstanding shares	**163,537,602**	**163,537,602**

The dividends for 2015 approved by the shareholders on April 23, 2015, totaling € 4,088 thousand, were paid during 2015.

At December 31, 2014 the company held in portfolio 397,233 treasury shares for a value of € 2,029 thousand.

During 2015 no treasury shares were purchased or sold by Emak S.p.A..
Therefore, at December 31, 2015 the company held 397,233 treasury shares in portfolio for a value of € 2,029 thousand

In January and February 2016 no treasury shares were acquired or sold by Emak S.p.A.. As a result, the holding and value of treasury shares is unchanged with respect to December 31, 2015.

38. Related party transactions

Transactions with related parties that are not usual, or recurring, or part of the ordinary scope of business

During the year, the most significant transaction with related parties that is not of a usual or recurring nature, related to the refunding, on the part of Yama S.p.A., (Emak's parent company), of tax costs payable by Tecomec, referring to the time in which the latter was held by Yama S.p.A., as illustrated in paragraph 7 above (titled: "**Reinstatement of equity further to disputes**"). As therein specified, the agreement for the acquisition of the entire shareholding of Tecomec S.r.l., entered into with Emak S.p.A., on 5 August 2011, provided for Yama S.p.A's undertaking to cover litigation expenses, which was settled during the year in the due measure of € 1,237 thousand. The refund related to tax disputes for € 825 thousand and legal disputes for € 412 thousand. The settlement of these dealings was assessed and approved in compliance with the protection procedures established by Emak S.p.A. in accordance with art. 4 of *Consob* Regulation no. 17221 del 12/3/2010.

Another significant transaction between related parties, albeit of limited entity, was the acquisition from Yama S.p.A. of the minority shareholding in Comag S.r.l. by Emak S.p.A. to obtain the entire shareholding of the latter and thereby to simplify the merger by incorporation procedure.
The terms of the operation, described in Paragraph 7 above (titles: "**Merger of Comag S.r.l. into Emak S.p.A.**"), although under the minimum threshold of materiality established by Emak in its protection procedures, have been the subject of a favorable and thorough assessment by the Independent Directors and subsequently resolved by the full Board.

Transactions with related parties that are of a usual and recurrent nature

The transactions entered into with related parties by the Emak Group in the year 2015 mainly relate to two different types of usual nature relations, within the ordinary course of business, adjusted to market conditions and with the parent Yama S.p.A. and certain subsidiary companies.

It is in first place for the exchange of goods and provision of services. Among the companies under the direct control of Yama, some have provided during the period 2015 to the Emak Group components, materials and production, as well as the leasing of industrial surfaces. On the other hand, certain companies of Yama Group bought from Emak Group products for the completion of their respective range of commercial offer. The conduct of these operations is responding to a compelling logic and industrial and commercial purposes.

Secondly, relations of a financial nature attain the participation of the companies Comet S.p.A., Tecomec S.r.l., Sabart S.r.l. and Raico S.r.l. to the tax consolidation under Articles. 117 et seq., Tax Code, which involves Yama and certain other subsidiaries of the latter. The criteria and procedures for the settlement of such transactions are established and formalized in agreements of consolidation, based on the principle of equal treatment between participants.

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

Sale of goods and services, receivables and financial asset:

€/000	Net sales	Receivables	Financial revenues	Current financial asset	Non current financial asset
Agro D.o.o.	379	38	-	-	-
Cofima S.r.l	-	1	-	-	-
Euro Reflex D.o.o.	668	427	2	-	-
Garmec S.r.l.	305	80	-	-	-
Mac Sardegna S.r.l.	652	328	-	-	-
Yama Immobiliare S.r.l.	2	1	-		
Selettra S.r.l.	1	-	-	-	-
Yama S.p.A.	-	7	7	450	371
Total (note 23)	**2,007**	**882**	**9**	**450**	**371**

Purchase of goods and services and trade payables:

€/000	Purchases of raw and finished products	Other costs	Commercial and other payables
Agro D.o.o.	56	-	18
Cofima S.r.l.	1,080	449	610
Euro Reflex D.o.o.	1,654	4	446
Garmec S.r.l.	24	-	19
Mac Sardegna S.r.l.	-	6	3
Selettra S.r.l.	482	-	148
Yama Immobiliare S.r.l.	-	1,749	-
Total (note 23)	**3,296**	**2,208**	**1,244**

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The remunerations of the Directors and Auditors of the Parent company for the financial year 2015, the different components of the total remuneration, the remuneration policy adopted, the procedures followed for their calculation and the shareholdings in the group owned by the above officers, are set out in the "Remuneration report", drawn up pursuant to art. 123-ter, Leg. Dec. 58/98 and available on the company website http://www.emak.it, in the section "Investor Relations > Documentazione Societaria > Corporate Governance".

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During the year there are no other significant intercompany transactions with related parties outside the Group, other than those described in these notes.

39. Subsequent events

For the description of subsequent events please refer to the note 13 of the Directors' report.

Emak S.p.A.
Standalone financial statements at 31 December 2015

Income statement Emak S.p.A.

€	Notes	Year 2015	of which to related parties	Year 2014	of which to related parties
Sales	**8**	**125,773,619**	**33,077,189**	**128,601,627**	**37,107,480**
Other operating income	8	331,102		381,809	164,056
Change in inventories		690,469		966,661	
Raw and consumable materials and goods	9	(78,073,057)	(26,762,532)	(88,040,393)	(49,753,952)
Salaries and employee benefits	10	(23,119,073)		(20,218,459)	
Other operating costs	11	(20,960,767)	(624,599)	(19,064,496)	(1,015,859)
Amortization, depreciation and impairment losses	12	(4,383,605)		(4,487,079)	
EBIT		**258,688**		**(1,860,330)**	
Financial revenues	13	5,710,724	5,483,337	7,743,205	7,439,293
Financial costs	13	(1,303,084)	(14,305)	(1,662,976)	(35,184)
Exchange gains and losses	13	1,748,297		2,415,106	
EBT		**6,414,625**		**6,635,005**	
Income taxes	14	538,648		(624,461)	
Net profit		**6,953,273**		**6,010,544**	
Basic earnings per share	**15**	**0.043**		**0.037**	
Diluted earnings per share	**15**	**0.043**		**0.037**	

Comprehensive income statement

€	Notes	Year 2015	Year 2014
Net profit (A)		**6,953,273**	**6,010,544**
Profits/(losses) deriving from defined benefit plans (*)	**29**	**(5,000)**	**(25,000)**
Tax effect relating to other components (*)		**2,000**	**27,000**
Total other components to be included in the comprehensive income statement (B):		**(3,000)**	**2,000**
Comprehensive net profit (A)+(B)		**6,950,273**	**6,012,544**

* Items can not be classified in the Income Statement

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

Statement of financial position

ASSETS

€	Notes	31.12.2015	of which to related parties	31.12.2014	of which to related parties
Non-current assets					
Property, plant and equipment	16	27,215,391		19,073,999	
Intangible assets other than goodwill	17	991,714		1,190,472	
Goodwill	18	2,074,305	2,074,305	2,074,305	2,074,305
Equity investments	19	96,152,288		102,658,469	
Deferred tax assets	28	2,406,321		1,771,214	
Other non current financial assets	21	5,353,882	5,353,882	6,544,199	6,529,199
Other receivables	22	1,887		4,394	
Total		**134,195,788**	**7,428,187**	**133,317,052**	**8,603,504**
Current assets					
Inventories	23	42,478,126		37,652,181	
Trade and other receivables	22	47,759,384	13,773,598	50,420,425	11,869,695
Current tax assets	28	2,237,878		1,660,756	
Other financial assets	21	2,561,959	2,561,959	1,894,407	1,894,407
Derivative financial instruments	20	31,488		129,051	
Cash and cash equivalents	24	26,374,821		2,282,652	
Total		**121,443,656**	**16,335,557**	**94,039,472**	**13,764,102**
TOTAL ASSETS		**255,639,444**	**23,763,744**	**227,356,524**	**22,367,606**

EQUITY AND LIABILITIES

€	Notes	31.12.2015	of which to related parties	31.12.2014	of which to related parties
Capital and reserves					
Issued capital		40,594,388		40,594,388	
Share premium		42,454,420		42,454,420	
Other reserves		34,029,951		30,564,576	
Retained earnings		33,662,656		31,098,349	
Total equity	**25**	**150,741,415**		**144,711,733**	
Non-current liabilities					
Loans and borrowings	27	36,343,887	371,060	24,336,952	
Deferred tax liabilities	28	1,888,470		1,877,723	
Provisions for employee benefits	29	3,852,224		3,809,716	
Provisions	30	403,005		364,426	
Other non-current liabilities	31	834,670		-	
Total		**43,322,256**	**371,060**	**30,388,817**	
Current liabilities					
Trade and other payables	26	36,287,641	7,279,544	31,598,866	10,739,837
Current tax liabilities	28	899,165		827,812	
Loans and borrowings	27	22,747,209	3,156,522	18,817,091	3,007,175
Derivative financial instruments	20	244,810		126,641	
Provisions	30	1,396,948		885,564	
Total		**61,575,773**	**10,436,066**	**52,255,974**	**13,747,012**
TOTAL EQUITY AND LIABILITIES		**255,639,444**	**10,807,126**	**227,356,524**	**13,747,012**

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

Statement of changes in equity at 31.12.2014 and at 31.12.2015

€/000	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES				RETAINED EARNINGS		TOTAL
			Legal reserve	Revaluation reserve	Reserve IAS 19	Other reserves	Retained earnings	Net profit for the period	
Total at 31.12.2013	**40,594**	**42,454**	**1,924**	**1,138**	**(368)**	**27,733**	**26,595**	**2,718**	**142,788**
Change in treasury shares									-
Payment of dividends							(1,506)	(2,582)	**(4,088)**
Reclassification of 2013 net profit			136					(136)	-
Other changes									-
Net profit for 2014					2			6,010	**6,012**
Total at 31.12.2014	**40,594**	**42,454**	**2,060**	**1,138**	**(366)**	**27,733**	**25,089**	**6,010**	**144,712**
Change in treasury shares									-
Payments of dividends								(4,088)	**(4,088)**
Reclassification of 2014 net profit			301				1,621	(1,922)	-
Others						3,167			**3,167**
Net profit for 2014					(3)			6,953	**6,950**
Total at 31.12.2015	**40,594**	**42,454**	**2,361**	**1,138**	**(369)**	**30,900**	**26,710**	**6,953**	**150,741**

The share capital at 31.12.2015 of € 42,623 is shown net of treasury shares of a value of € 2,029

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Cash Flow Statement Emak S.p.A.

€/000	Notes	2015	2014
Cash flow from operations			
Net profit for period		**6,953**	**6,010**
Amortization, depreciation and impairment losses	12	4,384	4,487
Capital (gains)/losses on disposal of property, plant and equipment		(11)	(180)
Dividends income		(5,141)	(7,050)
Decreases/(increases) in trade and other receivables		1,451	(619)
Decreases/(increases) in inventories		(4,826)	(966)
(Decreases)/increases in trade and other payables		5,606	3,673
Change in provisions for employee benefits	29	42	(604)
(Decreases)/increases in provision for liabilities	30	550	(171)
Change in derivate financial instruments		216	(247)
Net cash generated by operations		**9,224**	**4,333**
Cash flow from investment activities			
Dividend income		5,141	7,050
Increases in property, plant and equipment and intangible assets		(12,326)	(4,204)
(Increases) and decreases in financial assets		7,028	3,045
Gainsfrom disposal of property, plant and equipment		11	180
Net cash absorbed by investment activities		**(146)**	**6,071**
Cash flow from financial activities			
Dividends paid		(4,088)	(4,088)
Change in short and long-term loans and borrowings		18,334	(7,950)
Change in equity		3,164	2
Net cash absorbed by financial activities		**17,410**	**(12,036)**
Net increase/(decrease) in cash and cash equivalents		**26,488**	**(1,632)**
Opening cash and cash equivalents		**(216)**	**1,417**
Closing cash and cash equivalents		**26,273**	**(216)**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

€/000		2015	2014
Reconciliation of cash and cash equivalents			
Opening cash and cash equivalents, detailed as follows:	24	**(216)**	**1,417**
Cash and cash equivalents		2,283	3,121
Overdrafts		(2,499)	(1,704)
Closing cash and cash equivalents, detailed as follows:	24	**26,273**	**(216)**
Cash and cash equivalents		26,375	2,283
Overdrafts		(102)	(2,499)
Other information:			
Tax paid		-	(622)
Interest paid		(1,116)	(1,478)
Interest on financings to subsidiary companies		334	389
Interest on financings to parent company		7	-
Interest on financings from subsidiary companies		(14)	(35)
Interest receiveable on bank account		39	4
Interest receiveable on trade receivables		104	228
Effects of exchange rate changes		251	227
Change in related party financial assets transactions		508	1,605
Change in trade receivables and others toward related parties		1,904	2,327
Change in trade payables and others toward related parties		(3,460)	3,198
Change in trade receivables and others for fiscal assets		(1,212)	(177)
Change in payables and others for fiscal liabilities		81	241

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

Explanatory notes to the financial statements of Emak S.p.A.

Contents

1. General information

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

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

The Board of Directors of Emak S.p.A. on March 11, 2016 approved the Financial Statements for the year to December 31, 2015, and ordered immediate notification under Art. 154-ter, paragraph 1-ter TUF, to the Board of Auditors and to the Auditing firm in order for them to carry out their relative duties. In connection with this communication, the company issued an appropriate press release with the key figures of the financial statements and the dividend proposal made to the General Meeting of Shareholders.

The financial statements for the financial year will be submitted for approval by the General Meeting of Shareholders called for 22 April 2016.

Emak S.p.A., as the parent company, has also prepared the consolidated financial statements of the Emak Group at 31 December 2015, also approved by the Board of Directors of Emak S.p.A. in the meeting of 11 March 2016; both sets of financial statements are subject to statutory audit by Fidital Revisione S.r.l..

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

2. Summary of principal accounting policies

The main accounting standards used for the preparation of these financial statements are set out below and, unless otherwise indicated, have been uniformly adopted for all periods presented.

2.1 General methods of preparation

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

On the basis of information available and of the current and foreseeable income and financial situation, the directors have drawn up the financial statements according to the going concern assumption.
On the basis of factors known to us, that is, the current situation and future forecasts of key economic, balance sheet and financial figures for Emak and for the Group, and of an analysis of the Group’s risks, there are no significant uncertainties that may compromise the Group’s status as a going concern.

The company 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 and Comprehensive Income Statement: based on a classification of items according to their nature;
- Cash flow Statement: based on a presentation of cash flows using the indirect method;
- Statement of Changes in Equity;
- The notes to the separate financial statements.

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 financial statements are discussed in note 4.

With reference to Consob Resolution n. 15519 of July 27 2006 on the financial statements, it should be noted that the income statement and balance sheet show dealings with related parties.

2.2 Presentation currency

(a) The financial statements are presented in Euros, which is the functional currency of the company. The notes to the accounts show thousands of Euros unless where otherwise indicated.

(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 the income statement. Gains and losses realized on cash flow hedges whose hedged items are still unrealized are posted to the comprehensive income statement.

2.3 Tangible fixed assets

Land and buildings largely comprise production facilities, warehouses and offices. They are stated at historical cost, plus any legal revaluations in years prior to the first-time adoption of IAS/IFRS, less the accumulated depreciation of the buildings. Other assets are recorded at historical cost, less accumulated depreciation and impairment.
Historical cost includes all the directly attributable costs of purchasing the assets.

Subsequent expenditure is added to the carrying amount of the asset or is accounted for as a separate asset only when it is probable that this expenditure will generate future economic benefits and these costs can be measured reliably. Expenditure on other repairs and maintenance are charged to the income statement in the period incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis over their estimated useful lives as follows:

- buildings, 10-33 years;
- plant and machinery, 7-10 years;
- other, 4-8 years.

The residual value and the useful life of assets are reviewed and modified, if necessary, at the end of each year

If the carrying amount of any asset is higher than the estimated recoverable amount, it is immediately reduced to realizable value.

Leases for which the company has substantially all the risks plus the right of redemption are classified as finance leases. The related assets are recognized under property, plant and equipment at the value of the future lease payments.
The principal element of repayments to be made is recorded as financial liabilities. The interest element is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases for which the lessor retains a significant portion of the risks and rewards incident to ownership are classified as operating leases, whose payments are recognized as an expense in the income statement over the lease term on a straight-line basis.

Government grants for investments in buildings and plant are recognised in the income statement over the period necessary to match them with relative costs and are treated as deferred income.

2.4 Intangible assets

(a) Development costs
These are intangible assets with a finite life.
The development costs of new products are capitalized only if the following conditions are met:

- the costs can be measured reliably;
- the product's technical feasibility and expected price and market indicate that the costs incurred for development will generate future economic benefits.

Development costs include only that expenditure which can be attributed directly to the development process. Costs for internal requirements are not capitalised.
Capitalized development costs are amortized over 5 years, commencing from the start of production of the products developed.
All other development costs are charged to the income statement.

(b) Concessions, licences and trademarks
Trademarks and licences have a definite useful life and they are valued at historical cost and shown net of accumulated depreciation. Amortization is calculated on a straight-line basis so as to spread the asset's cost over its estimated useful life, which for this category is 10 financial years.

(c) Other intangible assets
Other intangible assets are recognized in accordance with IAS 38 - Intangible assets, when the asset is identifiable, it is probable that future economic benefits and its costs can be measured reliably. Intangible assets are recorded at cost and amortized over the period of estimated useful life and in any case for a period not exceeding 10 years.

2.5 Goodwill

Goodwill deriving from the acquisition of subsidiaries, classified among non-current assets, is initially recognised at cost, represented by the difference between the consideration paid and the amount recorded for minority interests at the acquisition date, and the identifiable net assets acquired and liabilities taken on. If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the income statement.
Goodwill is considered as an asset with an indefinite useful life. As a result, this asset is not amortised, but is subject periodically to checks to identify any impairment.
Goodwill is allocated to the operating units that generate separately identifiable financial flows and which are monitored in order to allow for verification of any impairment.

2.6 Impairment of assets

Assets with an indefinite life are not amortized or depreciated but are reviewed annually for any impairment. Assets subject to depreciation or amortization are reviewed for impairment every time that events or changes in circumstances indicate that their carrying value might not be recoverable. The impairment loss recognized is the amount by which the carrying amount of an asset exceeds its recoverable amount, corresponding to the higher of the asset's net selling price and its value in use. For the purposes of measuring impairment, assets are classified together into the smallest identifiable groups that generate cash inflows (cash-generating units).
The aforementioned impairment test necessarily requires the making subjective valuations based on information available within the Group, on reference market prospects and historical trends. In addition, if there appears to be a potential reduction in value, the Group makes a calculation of the value using what it considers to be suitable valuation techniques. The same value checks and the same valuation techniques are applied to intangible and tangible fixed assets with a defined useful life when there are indicators that predict difficulties in recovering the relative net book value through use.
The correct identification of indicators of the existence of a potential reduction in value, as well as estimates for establishing values mainly depend on factors and conditions that may vary over time, also to a significant degree, thereby influencing the valuations and estimates made by the directors.

2.7 Investment property

Property held for long-term capital appreciation and buildings held to earn rentals are measured at cost, less depreciation and any impairment losses.

2.8 Financial assets and investments

The company classifies financial assets and investments into the following categories: financial assets at fair value (with changes reported through the income statement), loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investment has been made. The classification is made upon the asset's initial recognition and is reviewed at every balance sheet date.

(a) Marketable financial assets at fair value (with the value of fluctuations posted in the income statement)

This category includes securities that have been acquired principally for the purpose of generating a profit from short-term fluctuations in price (or for temporarily investing surplus cash balances). This category is classified in current assets on the basis of the period-end price, with gains and losses recognized directly in the income statement.
Unless they qualify for hedge accounting, derivatives are also classified as held for trading.

(b) Other financial assets

This balance includes loans given, and other receivables deriving from financial activities. They are classified as non-current assets except those falling due within 12 months which are reclassified to current assets.
These financial assets feature determinable payments with fixed maturities, and the fact that the company has the intent and ability to hold them to maturity.
These assets are valued using the amortized cost method, with gains recognized directly in the income statement using the effective yield method.

(c) Equity investments

This item includes shares in subsidiaries and interests in joint-stock companies accounted for using the cost method as adjusted for any impairment losses.

(d) Available-for-sale financial assets

Available-for-sale financial assets is a residual category relating to those assets not belonging to the previous three categories. They are reported as non-current assets unless management intends selling them within 12 months of the balance sheet date.
Purchases and sales of these assets are recognized on the transaction date, which is the date on which the company commits to purchase or sell the asset.
Unrealized gains and losses arising on changes in the fair value of non-monetary securities classified as available for sale are recorded in the comprehensive income statement. When these instruments are sold or written down, the cumulative fair value adjustments are recorded in the income statement as gains or losses on investments in securities.
Investments in all financial assets not recorded at fair value through the income statement are recognized initially at fair value plus the related transaction costs. An investment is eliminated from the accounting records when the right to its cash flows is extinguished or when the group has transferred substantially all the risks and rewards of its ownership to third parties.

The fair value of listed investments is determined with reference to the market price reported at the close of trading on the balance sheet date. In the absence of an active market for a financial asset or if the securities have been suspended from listing, the company establishes fair value using valuation techniques. These techniques include the use of recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, bearing in mind the issuer's specific characteristics.

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists for the available-for-sale assets, the amount of the loss – measured as the difference between the asset's acquisition cost and current fair value less any impairment loss previously recognized in net profit or loss – is removed from equity and posted to the income statement. Impairment losses recognized in the income statement for equity instruments are not recovered through subsequent credits to the income statement.

2.9 Non-current assets and liabilities held for sale

Assets held for sale are classified in this category when:

- the asset is available for immediate sale;
- the sale is highly probable within one year;
- management is committed to a plan to sell;
- a reasonable sales price is available;
- the plan for disposal is unlikely to change;
- a buyer is being actively sought.

These assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets reclassified to this category cease to be depreciated.

2.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished products and work in progress includes raw material costs, direct labour costs, general manufacturing costs and other direct and indirect costs incurred in bringing the inventories to their present location and condition. Net realizable value is determined using prevailing selling prices less estimated costs of completion and sale.
Obsolete or slow-moving stocks are devalued on the basis of the presumed possibility of their use or of their future realisable value, by creating an appropriate provision that has the effect of reducing the inventories value.

2.11 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method. They are recorded net of a bad debt provision, deducted directly from accounts receivable to bring the evaluation at their estimated realizable value.
A provision for the impairment of trade receivables is recognized when there is objective evidence that the company will be unable to collect all the amounts according to the original terms and conditions. The amount of the provision for such loss is charged to the income statement

2.12 Trade payables

Trade and other payables, due under normal commercial terms, are not discounted but are recognized at cost (identified by their face value), representing the expenditure required for their settlement.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term financial investments that are highly liquid and originally mature in three months or under, less bank overdrafts. Bank overdrafts are classified in the balance sheet under short-term loans and borrowings under current liabilities.

In the consolidated cash flow cash and cash equivalents have been shown net of bank overdrafts at the closing date.

2.14 Share capital

Ordinary shares are classified under equity.

Any proceeds from their sale, less directly attributable transaction costs and the related tax, are recognized in equity pertaining to the Society.

In accordance with the requirements of International accounting standard IAS 32, costs sustained for the increase in share capital (that is, registration costs or other charges due to regulation authorities, amounts paid to legal advisors, auditors or other professionals, printing costs, registration costs and stamp duty), are accounted for as a reduction in equity, net of any connected tax benefit, to the extent to which they are marginal costs directly attributable to the share capital operation (and would have been avoided otherwise).

2.15 Financial liabilities

Loans and borrowings are recognized initially at fair value, less the related transaction costs. They are subsequently measured at amortized cost; the difference between the amount received, less transaction costs, and the amount repayable is recognized in the income statement over the term of the loan, using the effective interest method.

Loans and borrowings are classified as current liabilities if the company does not have an unconditional right to defer the extinguishment of the liability to at least 12 months after the balance sheet date

2.16 Taxes

Current taxes are accrued in accordance with the rules in force at the date of the financial statement and include adjustments to prior years' taxes.
Deferred tax assets and liabilities are recorded to reflect all temporary differences at the reporting date between the carrying amount of an asset / liabilities for tax purposes and allocated according to the accounting principles applied.
Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
Deferred tax assets are recognized on all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.
The same principle applies to the recognition of deferred tax assets on utilizable tax losses.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and possibly reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of that deferred tax asset to be utilized. Any such reductions are reversed if the reasons for them no longer apply. As a general rule, apart from specific exceptions, deferred tax liabilities must always be recognized.
Income taxes (current and deferred) relating to items recognized directly in equity are also recognized directly in equity.
Current tax assets and liabilities are offset only if the company has a legally enforceable right to set off the recognized amounts and if it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities may be offset only if the company is able to offset current tax assets against current tax liabilities and if the deferred taxes refer to income taxes levied by the same taxation authority

2.17 Provision for employee termination indemnities

Employee termination indemnities fall into the category of defined benefit plans for valuation on an actuarial basis (death rates, expected changes in remuneration etc.) and reflect the present value of the benefit, payable at the end of employment, which employees have matured at the balance sheet date.
The costs relating to the increase in the obligation's present value, arising as the time of payment approaches, are recorded as financial expenses. All other costs relating to the provision are reported as payroll costs in the income statement. All actuarial gains and losses are recognized in the period in which they occur.

2.18 Provisions for liabilities and charges

Provisions for liabilities and charges are recognized when (i) the company has a legal or constructive obligation as a result of past events, (ii) it is probable that a payment will be required to settle the obligation and (iii) a reliable estimate can be made of the related amount.

2.19 Revenues

Revenues are recognized in the Income Statement on an accruals and temporal basis and are recognized to the extent that it is probable that the economic benefits y associated with the sale of goods or the provision of services will flow to the Company and their amount can be reliably measured.
Revenues are accounted net of returns, discounts, rebates and taxes directly associated with the sale of goods or the provision of the service.
sales are recognized at the fair value of the consideration received for the sale of products and services, when there are the following conditions:

- are substantially transferred the risks and rewards of ownership of the property;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred can be measured reliably and respect the principle of correlation with revenues.

2.20 Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grants will be received and all the conditions attaching to them have been satisfied.
Government grants related to costs (e.g. operating grants) are recognized as revenue on a systematic basis over a number of years so as to match the costs that the grant is intended to offset.
Government grants related to assets (e.g. facility grants) are recorded in non-current liabilities and gradually released to the income statement on a systematic basis over the useful life of the asset concerned.

2.21 Financial income and expenses

Financial income and expenses are recognized on an accrual basis using the effective interest rate and include dividends received from subsidiaries, exchange gains and losses and gains and losses on derivatives charged to the income statement.

2.22 Payment of dividends

Dividends on ordinary shares are reported as liabilities in the financial statements in the year in which the shareholders approve their distribution.

2.23 Earnings per share

Basic earnings per share are calculated by dividing the company's net profit by the weighted average number of shares outstanding during the period, excluding treasury shares.
The company does not have any potential ordinary shares

2.24 Cash flow statement

The cash flow statement has been prepared using the indirect method.
Cash and cash equivalents included in the cash flow statement comprise the cash-related balances at the reporting date. Cash flows in foreign currency have been translated at the average rate for the period.

Interest income and expense, dividends received and income taxes are included in cash flow generated by operations

2.25 New accounting standards

Reference should be made to note 2.27 in the consolidated accounts.

3. Financial risk management

3.1 Risk factors of a financial nature

The Company's business is exposed to a number of different financial risks: market risk (including currency risk, fair value risk and market price risk), credit risk and liquidity risk. The Company'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 financial results. The Company uses derivative financial instruments to hedge certain risks.
Hedging of the Company'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
The Company's interest rate risk relates to its long-term loans and borrowings. Variable rate loans expose the Company to the cash flow risk associated with interest rates. Fixed rate loans expose the Company to the fair value risk associated with interest rates.
The Company'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 December 31, 2015, the Company's bank loans and borrowings and finance leases all carried variable interest and consequently, the company has set up hedging operations aimed at limiting the effects of interest rate fluctuations.

(ii) Currency risk
The Company conducts its business internationally and is exposed to exchange risk associated with the currencies used, mainly US dollars, yen. Currency risk derives from future commercial transactions, from recognized assets and liabilities and net investments in foreign enterprises. The Company's policy, in line with the directives shared across the Group, is based on research of natural hedging receivables and payables and is limited to partially covering the net positions in foreign currencies mainly using forward contracts.

(iii) Price risk
The Company 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 Company 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, as well as semi-finished products such as motors

(b) Credit risk
The Company has adopted policies to ensure that products are sold to customers of proven creditworthiness and that certain types of receivable are insured. The company historically has not suffered significant losses on receivables.

(c) Liquidity risk
Prudent management of liquidity risk implies the maintenance of sufficient liquid funds and marketable securities, and the availability of funding through adequate credit lines.
Consequently, the treasury, in accordance with the general directives of the Group, carries out the following activities:

- verification of financial requirements in order to take necessary actions;
- obtaining adequate lines of credit;

- liquidity optimization, where feasible, through structures of centralized management of cash flows of the Group;
- maintaining a balanced composition of net financial debt to investments;
- pursuit of a correct balance between short-term, medium and long term debt;
- limited credit exposure to individual financial institutions;
- monitoring of compliance with the parameters set by the covenants relating to medium-long term loans.

Counterparties to derivative contracts and operations performed on liquid funds are restricted to primary financial institutions.

The company, through a financial management of the Group has maintained high levels of reliability on the part of banks and analysts. Lines of credit available significantly exceed requirements.

3.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are used exclusively for hedging purposes with the intent of reducing the risks of foreign currency fluctuation. In line with its risk management policy, in fact, the Group does not carry out derivative operations for speculative purposes.
When such operations are not accounted for as hedging operations they are recorded as trading operations
As established by IAS 39, derivative financial instruments may qualify for special hedge accounting only if at the inception of the hedge the hedging relationship is formally designated and documented, the hedge is expected to be highly effective and 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
When such operations are not accounted for as hedging operations they are recorded as trading operations.
Derivatives are initially recognized at cost and adjusted to fair value at subsequent balance sheet dates.

On the basis of the above, and of stipulated contracts, the accounting methods adopted are as follows:

1. *Fair value hedge*: the fair value variations of the hedging instrument are posted to the Income Statement together with variations in the fair value of the hedged transactions

2. *Cash flow hedge:* the variations in fair value which are intended and proved to be effective for hedging future cash flows are posted to the Comprehensive Income Statement, while the ineffective portion is posted immediately to the Income Statement. If contractual commitments or planned hedging operations lead to the creation of an asset or liability, when this occurs the profits or losses on the derivative which have been posted directly to the Comprehensive Income Statement adjust the opening cost of acquisition or holding value of the asset or liability. For financial cash flow hedging that do not lead to the creation of an asset or liability, the amounts which have been posted directly to the Comprehensive Income Statement are to be transferred to the Income Statement in the same period in which the contractual commitment or planned hedging operation are posted to the Income Statement.

3. *Derived financial instruments not defined as hedging instruments*: the variations in fair value are posted to the Income Statement.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated or exercised, or no longer meets the criteria for hedge accounting. The cumulative gains or losses on the hedging instrument recognized directly in the Comprehensive Income Statement remain until the forecast transaction effectively occurs. If the forecast transaction is no longer expected to occur, the cumulative gains or losses recognized directly in Comprehensive Income Statement are transferred to the Income Statement for the period.

3.3 Measurement of current value

The current 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 company's financial assets is the bid price; the market price for financial liabilities is the offer price.

The current value of financial instruments not quoted in an active market (for example, derivatives quoted over the counter) is determined using valuation techniques. The company 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 current 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 company for similar financial instruments.

4. Key accounting estimates and assumptions

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

In this context, it should be noted that the situation caused by the persistent difficulties of the economic and financial scenario has implied the need to make assumptions regarding the future outlook which is characterised by uncertainty. As a result, it cannot be excluded that the actual results obtained will be different from the forecasts, and therefore adjustments, even of significant amounts (which obviously cannot today be estimated or foreseeable) to the book value of the relative items may be necessary. The financial statements heading most affected by the use of estimates is shareholdings in subsidiaries and associates included among non-current assets, where the estimates are used to establish any devaluations and recoveries of value. Any effects are not, however, particularly critical or material, considering their low significance in relation to the underlying account headings.

5. Significant non-recurring events and transactions

Merger of Comag S.r.l. in Emak S.p.A.

With legal effect December 1, 2015, the subsidiary Comag srl was merged by incorporation into Emak S.p.A., following approval of the merger plan dated 11 September 2015.
The accounting and tax effect of the transaction is retroactive to January 1, 2015.

For the purpose, on September 16, 2015 Emak acquired from the parent company Yama S.p.A. the remaining portion of the share capital of Comag, corresponding to 0.56% of the total, thereby obtaining the entire shareholding of the merged company.

As provided for by IFRS standards and by the indications set out in the *Assirevi* (*Associazione Italiana Revisori Contabili*) Preliminary Guidelines on IFRSs (OPI 2), for the purpose of obtaining a consistent basis for comparison with the first post-merger financial statements, the figures relating to the 2014 financial year have been adjusted, including also those of the merged company, and disclosed in attachment 5 in the "Pro-forma" column of the 2014 schedule showing the assets-liabilities-financial situation, the Income Statement 2014 and the Statement of Comprehensive Income 2014. The "Pro-forma" figures shown in attachment 5 are not subject to audit.
These figures are therefore used, in these explanatory notes, as further comparative figures relating to the 2014 financial year.

Increase in share capital of Emak do Brasil Industria LTDA

On 15 December 2015, Emak S.p.A. and Emak do Brasil agreed the conversion of the intragroup loan into Share Capital. The outstanding loan, amounting to 2,090 thousand USA Dollars, was converted in a share capital increase with the issue of new shares of a unit value of 1 Real. As a result, the share capital was increased from 200,000 to 8,518,200 Brazilian Reals. The minority shareholder has not subscribed the capital increase; as a result, the share capital of Emak do Brasil is 99.98% owned by Emak S.p.A. and 0.02% by the minority shareholder NBL Paricipaçoes Societarias Ltda.

Reinstatement of equity further to disputes

During 2015 the subsidiary Tecomec S.r.l. sustained costs as a result of disputes the assumptions for which relate to the period in which control of the company was exercised by Yama S.p.A. On the basis of agreements for the sale of this company to Emak, entered into in August 2011 as part of the so-called "Operazione Greenfield", the Group has registered the right to receive the reinstatement of such liabilities from Yama, based on equity guarantees issued at the time by Yama. This reinstatement amounts to € 1,237 thousand and is broken down as follows:

- tax disputes for € 825 thousand and
- legal disputes for € 412 thousand.

In November 2015, Yama S.p.A. arranged for a first installment of the refund in favour of Emak S.p.A. for a value of € 417 thousand; at the same time, Emak paid the same amount to Tecomec S.r.l.. The net balance of this equity reinstatement is shown in these financial statements respectively as follows:

- for the receivables position with the parent company, Yama S.p.A., under other financial assets (a non-current part of € 371 thousand and a current part of € 450 thousand);
- for the payable position in favor of the subsidiary, Tecomec S.r.l., under financial liabilities (a non-current part of € 371 thousand and a current part of € 450 thousand).

6. Positions or transactions deriving from atypical and unusual operations

During the year 2015 there were no atypical or unusual operations.

7. Net financial position

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

€/000	31/12/2015	31/12/2014
A. Cash and banks	26,375	2,283
B. Other cash equivalent	-	-
C. Securities held for negotiation	-	-
D. Liquidity (A+B+C)	**26,375**	**2,283**
E. Current financial receivables	2,593	2,023
F. Current bank loans	(236)	(2,615)
G. Current portion of non-current loans	(19,354)	(13,195)
H. Other financial debts	(3,402)	(3,134)
I. Current financial debts (F+G+H)	**(22,992)**	**(18,944)**
J. Net current financial debts (I+E+D)	**5,976**	**(14,638)**
Z. Non current financial receivables	**5,354**	**6,544**
K. Non current bank loans	(35,222)	(23,585)
L. Bonds issued	-	-
M. Other net non-current payables	(1,122)	(751)
N. Non current financial debts (K+L+M+Z)	**(30,990)**	**(17,792)**
O. Net current financial debts (J+N)	**(25,014)**	**(32,430)**

At December 31, 2015 the net financial position includes:

- medium and long-term loans granted by Emak S.p.A. to subsidiary companies for an amount of € 4.983 thousand and to the parent company Yama S.p.A. for a value of € 371 thousand, recorded under non-current financial receivables;

- the short-term loan granted by Emak S.p.A. to the subsidiary Comet USA for € 2,112 thousand and to the parent company, Yama S.p.A., for a value of € 450 thousand, recorded under current financial receivables;
- the financial payable for equity reinstatement due to the subsidiary, Tecomec S.r.l., for an amount of € 371 thousand;
- the financial payable to the subsidiary, Sabart S.r.l., for an overall amount of € 2,707 thousand and the financial payable for the equity reinstatement due to the subsidiary, Tecomec S.r.l., for € 450 thousand, recorded under Other current financial payables.

At December 31, 2014 the net financial position included.

- financing receivables in the medium and long term granted by Emak S.p.A. to subsidiaries amounting to € 6,529 thousand, recorded under non-current financial receivables;
- financing receivables in the short term granted by Emak S.p.A. to the subsidiary, Comet USA, for € 1,894 thousand, recorded under current financial receivables
- the financial debt payable to the subsidiary, Sabart S.r.l., for the overall amount of € 3,007 thousand, is recorded under Other current financial debts.

8. Sales and other operating income

Sales revenues amount to € 125,774 thousand, compared with € 128,602 thousand in the prior year. They are stated net of € 744 thousand in returns, compared with € 2,440 thousand in the prior year.

Details of sales are as follows:

€/000	FY 2015	FY 2014 proforma	FY 2014
Net sales revenues (net of discounts and rebates)	123,929	129,291	129,617
Revenues from recharged transport costs	2,589	1,425	1,425
Returns	(744)	(2,440)	(2,440)
Total	**125,774**	**128,276**	**128,602**

Other operating income is analysed as follows

€/000	FY 2015	FY 2014 proforma	FY 2014
Subsidies for operation	121	176	66
Capital gains on tangible fixed assets	11	185	184
Insurance refunds	70	44	44
Other	129	100	88
Total	**331**	**505**	**382**

The heading, **"Subsidies for operation"** refers to the contribution as per Law 488/92 for € 102 thousand and to the *Fondimpresa* contribution of € 10 thousand, granted with relation to costs sustained by the Company for staff training, and to other contributions, of a lower value, for a total of € 9 thousand.

9. Cost of raw and consumable materials and goods

The heading is analysed as follows:

€/000	FY 2015	FY 2014 proforma	FY 2014
Raw materials	49,641	48,109	37,602
Finished products	26,131	30,781	48,905
Consumable materials	251	254	156
Other purchases	2,050	1,450	1,377
Total	**78,073**	**80,594**	**88,040**

10. Salaries and employee benefits

Details of these costs are as follows

€/000	FY 2015	FY 2014 proforma	FY 2014
Wage and salaries	15,213	16,179	14,326
Social security charges	4,963	5,097	4,463
Employee termination indemnities	1,151	1,100	978
Other costs	132	132	75
Directors' emoluments	594	293	281
Temporary staff	1,066	632	95
Total	**23,119**	**23,433**	**20,218**

The drop in wages and salaries mainly relates to the voluntary redundancy procedure applied in 2014 for a value of € 855 thousand (of which € 775 thousand for salaries and wages and € 80 for pension contributions).

The breakdown of employees by grade as follows:

	31 December 2015		31 December 2014 proforma		31 December 2014	
	(1)	(2)	(1)	(2)	(1)	(2)
Executives	15	15	15	15	15	15
Office staff	181	180	189	175	182	169
Factory workers	240	249	260	242	196	177
Total	**436**	**444**	**464**	**432**	**393**	**361**

(1) Average number of employees in year
(2) Number of employees at this date

11. Other operating costs

Details of these costs are as follows:

€/000	FY 2015	FY 2014 proforma	FY 2014
Subcontract work	2,209	2,271	1,743
Trasportation	7,244	5,658	5,208
Advertising and promotion	658	1,379	1,379
Maintenance	1,757	1,464	1,304
Commissions	1,151	1,172	1,172
Consulting fees	1,621	2,158	2,006
Costs of after sales warranty	738	649	649
Insurance	420	364	339
Travel	308	298	294
Postals and telecomunications	183	231	211
Other services	2,329	2,348	1,839
Services	**18,618**	**17,992**	**16,144**
Rents, rentals and the enjoyment of third party assets	**881**	**1,817**	**1,788**
Increases in provvisions	**42**	**212**	**55**
Increases in provision for doubtful accounts (note 22)	488	310	310
Other taxes (not on income)	354	363	244
Other operating costs	578	541	523
Other costs	**1,420**	**1,214**	**1,077**
Total	**20,961**	**21,235**	**19,064**

During the year the Company completed the restructuring of the internal logistics process which led to a saving of costs for rents, rentals and the enjoyment of third party assets for around € 1 million.
The increase in transport costs mainly derives from the change in the contractual terms entered into by the Company and is in line with the increase in revenues for the same charges.

The decrease in the "Provisions" heading reflects the adjustment made in the previous financial period for € 157 thousand to increase the provision for risks relating to receivables for capital grants Law 488/92 (note 16).

12. Amortization and depreciation

Details of these amounts are as follows:

€/000	FY 2015	FY 2014 proforma	FY 2014
Amortization of intangible assets (note 16)	3,816	3,808	2,823
Depreciaton of property, plant and equipment (note 17)	568	647	644
Svalutation	-	1,020	1,020
Total	**4,384**	**5,475**	**4,487**

La voce "Svalutazioni" nell'esercizio 2014 accoglieva la svalutazione di 1.020 migliaia di Euro della partecipazione al 61% del capitale sociale della società di diritto ucraino Epicenter LLC.

13. Finance income and expenses

Financial income are analysed as follows:

€/000	FY 2015	FY 2014 proforma	FY 2014
Dividends from subsidiaries	5,141	7,050	7,050
Interest on trade receivables	104	228	228
Interest on loans to subsidiaries (note 36)	334	357	388
Interest on financial assets granted to parent company (note 36)	7	-	-
Interest on bank and post office accounts	39	4	4
Costs from adjustement to fair value and closure of derivates instruments for hedging interest rate risk	82	65	65
Other financial income	4	9	8
Financial income	**5,711**	**7,713**	**7,743**

The heading **"Dividends from shareholdings in subsidiaries"** refers to the dividends received from Emak Suministros Espana S.A, Tecomec S.r.l., Sabart S.r.l. and Victus-Emak Sp.Z.o.o.

Financial expenses are analysed as follows:

€/000	FY 2015	FY 2014 proforma	FY 2014
Interest on long-term bank loans and borrowings	960	1,248	1,248
Interest on short-term bank loans and borrowings	62	90	90
Interest on loans to related parties (note 36)	14	34	35
Financial charges from valuing employee termination ind. (note 29)	74	95	95
Proceeds from adjustment to fair value derived instruments for hedging interest rate risk	189	163	163
Losses on subsidiaries	-	4	4
Other financial costs	4	28	28
Financial expense	**1,303**	**1,662**	**1,663**

The heading, **"Losses on subsidiaries"** refers in the 2014 financial year to the sale to the subsidiary, Comet S.p.A., of the entire shareholding of the share capital of Emak Usa.

The details of the **"Exchange gains and losses**" heading are as follows:

€/000	FY 2015	FY 2014 proforma	FY 2014
Positive exchange rate differences	4,066	2,367	2,367
Unrealized gains/(losses)	1,853	1,538	1,541
Negative exchange rate differences	(4,171)	(1,506)	(1,493)
Exchange gains and losses	**1,748**	**2,399**	**2,415**

14. Income taxes

Net tax in 2015, for current taxes and payable and receivable deferred taxes, amounts to a net positive value of € 539 thousand; this result is mainly attributable to the so-called "ACE" (Allowance for Corporate Equity) facilitation that Emak S.p.A. has been able to account for only from the 2015 financial year, for an overall value of € 1,062 thousand, following the favorable response to the question submitted with reference to the tax period 2014, also applicable to subsequent tax periods. The lower taxes connected with this facility relate for € 497 thousand to the year 2014.

The net tax charge last year amounted to € 624 thousand, net of the positive effect of taxes of previous financial periods for € 24 thousand.

This amount is made up as follows:

€/000	FY 2015	FY 2014 proforma	FY 2014
Current income taxes	124	816	431
Taxes from prior years	(5)	(24)	(24)
Deffered tax assets (note 28)	(48)	215	251
Deffered tax liabilities (note 28)	(610)	(82)	(34)
Total	**(539)**	**925**	**624**

Current taxes includes the cost for Irap (Italian regional company tax) of € 124 thousand, against € 431 thousand in the previous year; the fall, compared to the previous year, is attributable to the full deductibility of the costs sustained for permanently employed staff, starting from the current financial year.

Deferred tax assets and liabilities in the financial year in question have been affected by the change in the IRES (Italian corporate income tax) rate from the current 27.5% to 24% from 1 January 2017.

The theoretical tax charge, calculated using the ordinary rate of 31.40%, is reconciled to the effective tax charge as follows

€/000	FY 2015	% rate	FY 2014	% rate
Profit before taxes	**6,415**		**6,635**	
Theoretical tax charges	**2,014**	**31.4**	**2,083**	**31.4**
Effect of IRAP differences calculated on different tax base	(125)	(1.9)	169	2.5
Dividends	(1,343)	(20.9)	(1,842)	(27.8)
Non-deductible costs	153	2.4	344	5.2
Previous period tax	(4)	(0.1)	(24)	(0.4)
ACE facilitation	(1,062)	(16.6)	-	-
Other differences	(172)	(2.7)	(106)	(1.6)
Effective tax charge	**(539)**	**(8.4)**	**624**	**9.4**

15. Earnings per share

"**Basic**" earnings per share are calculated by dividing the net profit for the period attributable to the company's shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of ordinary shares held as treasury shares (see note 35).

The company has only ordinary shares outstanding

	FY 2015	FY 2014
Net profit attributable to ordinary shareholders (€/1,000)	6,953	6,010
Weighted average number of ordinary shares outstanding	163,537,602	163,537,602
Basic earnings per share(€)	**0.043**	**0.037**

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

16. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	FY 31.12.2013	Increases	Decreases	Other movements	Merger effect	FY 31.12.2014
Lands and buildings	19,825	327	(10)	-	-	20,142
Accumulated depreciation	(6,786)	(445)	10	-	-	(7,221)
Lands and buildings	**13,039**	**(118)**	**-**	**-**	**-**	**12,921**
Plant and machinery	9,662	454	(746)	20	-	9,390
Accumulated depreciation	(7,032)	(760)	673	-	-	(7,119)
Plant and machinery	**2,630**	**(306)**	**(73)**	**20**	**-**	**2,271**
Other assets	44,355	1,574	(200)	219	-	45,948
Accumulated depreciation	(40,962)	(1,618)	190	-	-	(42,390)
Other assets	**3,392**	**(44)**	**(10)**	**219**	**-**	**3,558**
Advances and fixed assets in progress	**257**	**305**	**-**	**(239)**	**-**	**323**
Cost	**74,099**	**2,660**	**(956)**	**-**	**-**	**75,803**
Accumulated depreciation (note 12)	**(54,780)**	**(2,823)**	**873**	**-**	**-**	**(56,730)**
Net book value	**19,319**	**(163)**	**(83)**	**-**	**-**	**19,073**

€/000	FY 31.12.2014	Increases	Decreases	Other movements	Merger effect	FY 31.12.2015
Lands and buildings	20,142	89	(79)	-	9,747	29,899
Accumulated depreciation	(7,221)	(720)	79	-	(2,960)	(10,822)
Lands and buildings	**12,921**	**(631)**	**-**	**-**	**6,787**	**19,077**
Plant and machinery	9,390	404	(24)	18	6,288	16,076
Accumulated depreciation	(7,119)	(779)	23	-	(5,690)	(13,565)
Plant and machinery	**2,271**	**(375)**	**(1)**	**18**	**598**	**2,511**
Other assets	45,948	2,244	(473)	190	8,115	56,024
Accumulated depreciation	(42,390)	(2,317)	465	-	(7,313)	(51,555)
Other assets	**3,558**	**(73)**	**(8)**	**190**	**802**	**4,469**
Advances and fixed assets in progress	**323**	**1,082**	**(43)**	**(208)**	**4**	**1,158**
Cost	**75,803**	**3,819**	**(619)**	**-**	**24,154**	**103,157**
Accumulated depreciation (note 12)	**(56,730)**	**(3,816)**	**567**	**-**	**(15,963)**	**(75,942)**
Net book value	**19,073**	**3**	**(52)**	**-**	**8,191**	**27,215**

No evidence of impairment has been reported for property, plant and equipment.

The increases relate to:
- land and buildings category for the completion of work carried out in the first few months of the year, and for the adaptation of the building to be used as the new logistics center at the headquarters for € 89 thousand;

- the plant and machinery category following the setting up of the new Group data center for € 170 thousand, as well as € 83 thousand relating to the modification of the alarm and video-surveillance system in the Bagnolo in Piano site, and the residual € 151 thousand regarding specific plant and machinery;
- the **"Other fixed assets"** category mainly includes:
  - acquisitions of equipment and molds for the development of new products and for the modification and modernization of the production lines, for € 2.057 thousand;
  - acquisitions of electronic machines and office equipment for € 61 thousand;
  - acquisitions of testing and control instruments for € 26 thousand;
  - acquisitions of internal means of transport for €100 thousand.

The heading, **"Advances and fixed assets in progress"** refers to sums paid for the development of equipment and molds for production.

The decreases relate to:
- the land and buildings category for the disposal of a fully depreciated tensile structure at the Pozzilli (IS) site;
- the scrapping of obsolete equipment and molds, which had completed their useful lives.

The Company does not hold goods that a subject to restrictions on entitlement and ownership.

Over the years the company, Comag S.r.l., now merged into Emak S.p.A., has benefitted from a number of capital grants paid in accordance with Law 488/92. The contributions paid are posted to the income statement according to the residual possibility of use of the fixed assets to which they refer and are recorded in the balance sheet under deferred income.

The contributions paid over the previous years are as follows:

- € 1,615 thousand in 1998 in relation to investments made for the amount of € 4,532 thousand;
- € 636 thousand in 2002 in relation to investments made in the financial years 2001 and 2002 for around € 4,250 thousand;
- € 2,401 thousand in 2014 in relation to investments made in the financial years 2004-2008 for around € 9,538 thousand.

At 31 December 2015 there remains a receivable for € 730 thousand (note 22) with reference to the last installment of the contribution partially paid in the 2014 financial year; it should be noted that the amount of the total contribution is subject to a possible revision relating to the investments definitively approved. As a result, as shown in note 30, a fund for € 545 thousand has been recorded. The net value of the receivable therefore amounts to € 185 thousand, presumably collectable within a year.

17. Intangible assets

Intangible assets report the following changes:

€/000	FY 31.12.2013	Increase	Other movements	Merger effect	FY 31.12.2014
Development costs	1,830	-	-	-	1,830
Accumulated amortization	(1,429)	(147)	-	-	(1,576)
Development costs	**401**	**(147)**	**-**	**-**	**254**
Patents and intellectual property rights	6,312	334	28	-	6,674
Accumulated amortization	(5,789)	(383)	-	-	(6,172)
Patents	**523**	**(49)**	**28**	**-**	**502**
Concessions, licences and trademarks	112	-	-	-	112
Accumulated amortization	(65)	(10)	-	-	(75)
Concessions, licences and trademarks	**47**	**(10)**	**-**	**-**	**37**
Other intangible assets	802	87	-	-	889
Accumulated amortization	(623)	(104)	-	-	(727)
Other intangible assets	**179**	**(17)**	**-**	**-**	**162**
Advanced payments and fixed assets in progress	**78**	**185**	**(28)**	**-**	**235**
Cost	**9,135**	**606**	**-**	**-**	**9,741**
Accumulated depreciation (note 12)	**(7,906)**	**(644)**	**-**	**-**	**(8,550)**
Net book value	**1,229**	**(38)**	**-**	**-**	**1,191**

€/000	FY 31.12.2014	Increase	Other movements	Merger effect	FY 31.12.2015
Development costs	1,830	-	-	-	1,830
Accumulated amortization	(1,576)	(140)	-	-	(1,716)
Development costs	**254**	**(140)**	**-**	**-**	**114**
Patents and intellectual property rights	6,674	279	-	12	6,965
Accumulated amortization	(6,172)	(310)	-	(11)	(6,493)
Patents	**502**	**(31)**	**-**	**1**	**472**
Concessions, licences and trademarks	112	-	-	-	112
Accumulated amortization	(75)	(8)	-	-	(83)
Concessions, licences and trademarks	**37**	**(8)**	**-**	**-**	**29**
Other intangible assets	889	28	-	-	917
Accumulated amortization	(727)	(109)	-	-	(836)
Other intangible assets	**162**	**(81)**	**-**	**-**	**81**
Advanced payments and fixed assets in progress	**235**	**60**	**-**	**-**	**295**
Cost	**9,741**	**367**	**-**	**12**	**10,120**
Accumulated depreciation (note 12)	**(8,550)**	**(567)**	**-**	**(11)**	**(9,128)**
Net book value	**1,191**	**(200)**	**-**	**1**	**992**

Investments in the year mainly refer to the acquisition of application software for the improvement of efficiency in company processes for € 279 thousand. The increase in the heading, “Other intangible assets” is mainly composed of investments, already began in the previous financial year, relating to the implementation of web marketing projects for the new e-commerce platform.

All the intangible assets have a finite residual life and are amortized on a straight-line basis over the following periods:

- Development costs — 5 years
- Intellectual property rights — 3 years
- Concessions, licences, trademarks and similar rights — 10/15 years

Research and development costs directly posted to the income statement amount to € 5,166 thousand.

18. Goodwill

The amount of € 2,074 thousand refers to the positive difference arising from the acquisition from the parent company Yama S.p.A. and further to the merger of the company Bertolini S.p.A into Emak S.p.A..

Goodwill has been subject to an impairment test according to the methods described in note 20 of the consolidated financial statements.

19. Equity investments

Details of equity investments are as follows:

€/000	31.12.2014	Increases	Merger effect	31.12.2015
Equity investments				
- in subsidiary companies	102,433	1,997	(8,503)	95,927
- in other companies	225	-	-	225
TOTAL	**102,658**	**1,997**	**(8,503)**	**96,152**

Equity interests in **subsidiaries** amounting to € 95,927 thousand, have had the following movements in the financial year:
- an increase of € 95 thousand relating to the acquisition from the parent company, Yama S.p.A., of the residual stake of the share capital of Comag, corresponding to 0.56% of the total, with a view to the subsequent merger by incorporation into Emak S.p.A. (note 5);
- an increase of € 1,902 thousand relating to the conversion of the intragroup loan to share capital in favor of Emak do Brasil (nota 5);
- a decrease of € 8,503 thousand arising from the merger by incorporation of the entire shareholding of Comag S.r.l. (note 5).

The values of investments in subsidiaries are set out in detail in Annexes 1 and 2.

The company’s directors have carried out an impairment test on goodwill emerging from the consolidation process. They have subsequently carried impairment tests on the book value of the equity interests that have indicators of possible losses in value using the *Discounted Cash Flow* method based on the following assumptions:

- The basic data used has been extracted from the Group’s plans that represent management’s best estimate of the future operating performance of single entities forming part of the Group in the period in question;
- The future expected cash flows refer to reference units in their current state and exclude any operation of an extraordinary nature and, referring to a period of 3/5 years, include a normalized terminal value used to express a synthetic estimate of future results beyond the timeframe explicitly considered;

- The WACC used to discount cash flows of the Emak Do Brasil is 15.64% and for Emak Deutschland is 3.75%;
- The terminal value has been established on the basis of a prudent long-term growth rate (g) of 2%, representing long-term forecasts for the relevant industrial sector. For Emak Do Brasil a growth rate of 7.6% has been used, being representative of the long-term inflation and of the growth rate of the country's manufacturing sector. The plan has been drawn up taking account, moreover, of the economic situation of the country and of the strong devaluation of the local currency in the latter part of 2015.

The impairment test procedure, in compliance with the provisions of IAS 36 and applying criteria issued by the Board of Directors, has not indicated any impairment. As a result, no write-downs have been made in the consolidated figures at 31 December 2015.

Investments in **other companies** relate to:

- 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. The percentage of participation of Emak S.p.A. in Netribe S.r.l. is 15.41%;
- one share for membership of the ECOPED Consortium as required by Decree 151/2005, with a value of € 1 thousand;
- one share for membership of the POLIECO Consortium as required by Decree 151/2006, with a value of € 1 thousand.

20. Derivative financial instruments

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

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

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

December 31, 2015 there were outstanding foreign exchange contracts with the following contracts:

			Nominal value (€/000)	Exchange rate	Due to
Forward contracts for foreign currencies purchases					
Cnh/Euro	Emak Spa	Cnh	44,000	7.12	11/07/2016
Cnh/Usd	Emak Spa	Cnh	463	6.55	04/01/2016
Options for purchase of foreign currency					
Cnh/Euro	Emak Spa	Cnh	4,500	7.59	08/06/2016

The above instruments are accounted for at fair value. The current value of forward contracts for foreign currency purchases has implied the recognition of negative fair value for € 109 thousand, while the value of options for purchase of foreign currency has a positive fair value of € 31 thousand.
In accordance with reference accounting principles, these effects have been accounted for in the income statement in the current financial year.

Emak S.p.A., moreover, has taken out a number of IRS contracts and options on interest rates, with the aim of covering the risk of variability of interest rates on loans, for a notional total of € 20,623 thousand.

The expiry of the instruments is as follows:

- € 1,983 thousand will be amortized in financial years up to 2016;
- € 1,890 thousand will be amortized in financial years up to 2017;
- € 2,250 thousand will be amortized in financial up to 2018;
- € 4,000 thousand will be amortized in financial years up to 2019;
- € 10,500 thousand will be amortized in financial years up to 2020.

The recorded value of these contracts at December 31, 2015 is a total negative fair value of € 136 thousand.

The average interest rate resulting from the instruments is equal to 0.52%.

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

21. Other financial assets

The **other non-current assets** amounted to € 5,354 thousand, against € 6,544 thousand in the previous year and refer to loans quoted in Euros and U.S. Dollars, granted to subsidiaries amounting to € 4,982 thousand and receivables for capital replenishment to the parent company in the amount of € 371 thousand (Note 5).
Other current financial assets amounting to €2,562 thousand refer to the U.S. Dollar loan granted to the controlled company Comet Usa for € 2,113 thousand (€ 1,894 thousand at December 31 2014) and for the remaining € 450 thousand to receivables for capital replenishment for the parent company Yama S.p.A., already mentioned in the preceding paragraph, for the current portion (Note 5).

The interest rates applied to loans granted by Emak to the subsidiaries have been established in accordance with the framework resolutions that define the nature and terms of conduct. In general, the yield varies depending on:
- the type and duration of the loan granted;
- the performance of the financial markets in which Emak and its subsidiaries operate and official reference rates (12 months Euribor and 12 months Libor);
- the currency of the loan granted;

22. Trade receivables and other receivables

A breakdown of the heading is shown below:

€/000	**31.12.2015**	**31.12.2014 proforma**	**31.12.2014**
Trade receivables	34,891	39,815	39,788
Provision for doubtful accounts	(1,907)	(1,657)	(1,657)
Net trade receivables	**32,984**	**38,158**	**38,131**
Trade receivables from related parties (note 36)	13,774	11,369	11,870
Prepaid expenses and accrued income	172	217	215
Other receivables	829	1,002	204
Total current portion	**47,759**	**50,746**	**50,420**
Other non current receivables	2	4	4
Total non current portion	**2**	**4**	**4**

The heading **"Other current receivables"** includes € 730 thousand with reference to receivables for the contribution as per Law 488/92 (note 16). A relative bad debt provision has been set up totaling € 545 thousand (note 30);

The heading "**Trade receivables"** includes amounts in US Dollars equivalent to € 17,574,872.

Trade receivables have an average maturity of 92 days.

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

"**Trade receivables**" are analysed by geographical area as follows:

€/000	Italy	Europe	Rest of the world	Total
Trade receivables	14,111	11,365	9,415	**34,891**
Related parties receivables	633	6,760	6,381	**13,774**

The movement in the provision for bad debts is as follows

€/000	FY 2015	FY 2014
Opening balance	**1,657**	**1,362**
Increases (note 11)	488	310
Decreases	(238)	(15)
Closing balance	**1,907**	**1,657**

The book value of this balance approximates its fair value.

23. Inventories

Inventories are detailed as follows:

€/000	FY 2015	FY 2014 proforma	FY 2014
Raw, ancillary and consumable materials	20,875	20,476	16,955
Work in progress and semi-finished products	6,553	6,004	5,582
Finished products and goods	15,050	15,116	15,115
Total	**42,478**	**41,596**	**37,652**

Inventories are stated net of a provision of € 1,723 thousand at December 31, 2015 (€1,544 thousand at December 31, 2014) intended to align obsolete and slow-moving items to their estimated realizable value.

Details of changes in the provision for inventories are as follows:

€/000	FY 2015	FY 2014
Opening balance	**1,544**	**1,339**
Increase	288	257
Uses	(288)	(52)
Merger effect	179	-
Closing balance	**1,723**	**1,544**

The inventories provision is a management estimate of the loss in value expected by the Group, calculated on the basis of past experience, historic trends and market expectations.

None of the company's inventories at December 31, 2015 act as security against its liabilities

24. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

€/000	31.12.2015	31.12.2014 proforma	31.12.2014
Bank and post office deposits	26,366	2,298	2,276
Cash	9	9	7
Total	**26,375**	**2,307**	**2,283**

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

€/000	31.12.2015	31.12.2014
Cash and cash equivalents	26,375	2,283
Overdrafts (note 27)	(102)	(2,498)
Total	**26,273**	**(215)**

25. Equity

Share capital
Share capital is fully paid up at December 31, 2015 and amounts to € 42,623 thousand, remaining unchanged during the year under examination. It consists of 163,934,835 ordinary shares of par value € 0.26 each.

Treasury shares
The adjustment of share capital for purchase of treasury shares, equal to € 2,029 thousand, is the overall exchange value paid by Emak S.p.A. for the acquisition on the market of treasury shares held at 31 December 2015 (note 35). The nominal value of these treasury shares is € 104 thousand.
As for the sale and purchase of shares made during the period, please refer to the appropriate section of the Directors' Report.

Share premium reserve
At December 31, 2015, the share premium reserve amounts to € 42,454 thousand, unchanged from the previous year is made up of premiums on newly issued shares. The reserve is shown net of expenses related to the capital increase amounting to € 1,598 thousand and adjusted for the tax effect of € 501 thousand.

Legal reserve
The legal reserve at December 31, 2015 of € 2,361 thousand (€2,060 thousand at December 31, 2014).

Revaluation reserve
At 31 December 2015, the revaluation reserve includes reserves deriving from the revaluation pursuant to Law 72/83 for € 371 thousand and Law 413/91 for € 767 thousand. No change occurred during the year.

Other reserves:
The extraordinary reserve, amounts to € 27,088 thousand at December 31 2015, inclusive of all allocations of earnings in prior years.

At 31 December 2015 other reserves also include:

- reserves qualifying for tax relief, referring to tax provisions for grants and donations for € 129 thousand;
- reserves for merger surpluses for € 3,562 thousand;
- reserves from capital grants deriving from the merger of Bertolini S.p.A. for € 122 thousand.

These reserves are unchanged compared to the previous year, with the exception of the reserve for merger surpluses, which has increased by € 3,167 thousand further to the merger by incorporation of Comag S.r.l..

The following table analyses equity according to its origin, its possible uses and distribution:

Nature/Description (€/000)	Amount	Possible use	Available portion	Summary of uses in past three years: Coverage of losses	Summary of uses in past three years: Other reasons
Share capital	**42,623**				
Capital reserve					
Share premium reserve (§)	42,454	A-B-C	42,454	-	-
Revaluation reserve under Law 72/83 (#)	371	A-B-C	371	-	-
Revaluation reserve under Law 413/91 (#)	767	A-B-C	767	-	-
Merger surplus reserve (£)	3,562	A-B-C	3,562	-	-
Other untaxed reserve (#)	122	A-B-C	122	-	-
Reserves formed from earnings					
Legal reserve	2,361	B	-	-	-
Extraordinary reserve	27,088	A-B-C	27,088	-	-
Untaxed reserve (#)	129	A-B-C	129	-	-
Treasury shares	(2,029)		(2,029)	-	-
Profits brought forward in FTA	2,386	A-B	2,386	-	-
Valutation reserve	(369)		(369)	-	-
Profits brought forward	24,323	A-B-C	24,323	-	1,506
Total	**101,165**		**98,804**	-	-
Undistributable portion (*)	**-**		**(8,315)**	-	-
Distributable balance	**-**		**90,489**	-	-
Net profit for the period (**)	**6,953**		**6,605**	-	-
Total equity	**150,741**		**-**	**-**	**-**

A: for share capital increases
B: for covering losses
C: for distribution to shareholders

(#) subject to tax payable by the company in the event of distribution.
(£) subject to taxation of the company, in the event of distribution, for the value of € 394 thousand;
(*) Equal to the reserve First Time Adoption (€ 2,386 thousand), the share of long-term costs not yet amortized (€ 144 thousand) in addition to the share of necessary future allocation to the legal reserve (€ 5,815 thousand). This bond bears specifically on the share premium reserve (§);
(**) subject to obliged allocation to the legal reserve for € 348 thousand.

26. Trade and other payables

Details of these amounts are as follows:

€/000	31.12.2015	31.12.2014 proforma	31.12.2014
Trade payables	22,759	18,447	14,692
Payables due to related parties (note 36)	7,280	6,032	10,740
Payables due to staff and social security institution	2,630	3,880	3,464
Other payables	3,619	2,819	2,703
Total	**36,288**	**31,178**	**31,599**

The heading "**Other payables**" includes a guarantee received from a customer for € 2,313 thousand, amounts payable to Directors and employees for € 978 thousand and the current part of the contribution as per Law 488/92 of the company Comag S.r.l., merged by incorporation into Emak S.p.A. (note 31).

Trade payables do not accrue interest and are normally settled at around 70 days.

The heading includes amounts in foreign currencies as follows:
- US dollars for 3,245,614;
- Japanese yen for 34,455,901;
- Swiss francs for 3,086;
- Taiwanese dollars for 509,820;
- Chinese renminbi yuan for 55,000,587.

"Trade payables" and "**Payables due to related parties**" are analysed by geographical area below:

€/000	Italy	Europe	Rest of the world	Total
Trade payables	15,819	2,169	4,771	22,759
Related parties payables	760	541	5,979	7,280

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

27. Financial liabilities

Financial liabilities at December 31, 2015 do not include any secured payables.

Details of **current financial liabilities** are as follows:

€/000	31.12.2015	31.12.2014 proforma	31.12.2014
Overdrafts (note 24)	102	2,498	2,498
Bank loans	19,354	13,195	13,195
Financial accrued expense and deffered income	134	117	117
Financial debts from related parties (note 36)	3,157	3,007	3,007
Total current	**22,747**	**18,817**	**18,817**

The heading **"Financial debts from related parties"** refers to the interest-bearing loan granted by the subsidiary, Sabart S.r.l., for € 2,707 thousand and the debt for the equity reinstatement due to the subsidiary, Tecomec S.r.l., for the current portion of € 450 thousand (note 5).

Short-term loans and borrowings are repayable as follows:

€/000	Due within 6 months	Due within 6 and 12 months	Total
Bank loans	12,499	6,855	**19,354**
Financial debts from related parties (note 36)	2,707	450	**3,157**
Total non current portion	**15,206**	**7,305**	**22,511**

The interest rates applied to loans granted to Emak by subsidiaries have been established in accordance with the framework resolutions that define the nature and terms of conduct. Generally the yield varies depending on:
- the type and duration of the loan granted;
- the performance of the financial markets in which Emak and its subsidiaries operate and official reference rates (Euribor);
- the currency of the loan granted;

The details of **long-term loans** is as follows:

€/000	31.12.2015	31.12.2014 proforma	31.12.2014
Bank loans	35,222	23,586	23,586
Financial debts from related parties (note 36)	371	-	-
Other financial loans	751	751	751
Total non current portion	**36,344**	**24,337**	**24,337**

The heading **"Financial debts from related parties"** of € 371 thousand refers to the debt for the equity reinstatement due to the subsidiary, Tecomec S.r.l., for the long-term portion (note 5).

The heading "Other financial loans" refers to a loan granted by Simest S.p.A. in accordance with Law 133/08, through which Italian companies are assisted in their internationalization processes through loans at subsidized rates.

Long and medium-term loans and borrowings are repayable as follows:

€/000	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Total due within 5 years	Due beyond 5 years
Bank loans	13,263	9,521	8,382	4,056	**35,222**	**-**
Financial debts from related parties	37	37	37	37	**148**	**223**
Other financial loans	150	150	150	150	**600**	**150**

The interest rates refer to 3-6 months Euribor plus an average spread of 1.385 percentage points.

A number of medium-long-term loans are subject to finance covenants assessed on the basis of consolidated Nfp/Ebitda and Nfp/Equity ratios. At December 31, 2015 the Group complied with all the benchmarks set.

28. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	31.12.2014	Increases	Decreases	Other movements	Merger effect	31.12.2015
Provision for inventory obsolescence	425	-	-	-	50	475
Provision for doubtful accounts	58	72	(33)	-	-	97
Other deferred tax assets	1,288	853	(282)	(271)	246	1,834
Total (note 14)	**1,771**	**925**	**(315)**	**(271)**	**296**	**2,406**

It is expected that the amount of taxes that will presumably reverse within the next 12 months is in line with the decrease recorded in 2014.

The heading **"Other deferred tax assets"** mainly includes:
- the increase recorded in the year of € 565 thousand, being the tax benefit useable from the following financial year and relating to the so-called "ACE" facilitation that the company Emak S.p.A. has accounted for in the 2015 financial year, following the favorable response to the question submitted by the company with reference to the tax period 2014, also applicable to subsequent tax periods, subject to the application of the same facilitation assumptions;

- residual deferred tax assets for € 403 thousand relating to the costs sustained for the increase in share capital and directly posted to equity and to M&A costs posted to the income statement in 2011 as part of the "Greenfield" operation;
- € 195 thousand relating to deferred incentive bonuses;
- the deferred tax effect of accounting for post-employment benefits according to IAS 19, for € 169 thousand;
- deferred tax assets for € 102 thousand relating to the product warranty provision referring to future costs for warranties;
- the deferred tax effect for € 150 thousand relating to the risk fund set up to write-down concessional credit as per L. 488/92.

Deferred tax liabilities are detailed below:

€/000	31.12.2014	Increases	Decreases	Reclassifications	Merger effect	31.12.2015
Deffered provision on capitan gains	16	2	(39)	33	-	12
Buildings redeemed under finance lease IAS 17	1,395	-	(182)	-	-	1,213
Other deferred tax liabilities	466	658	(487)	(33)	59	663
Total (note 14)	**1,877**	**660**	**(708)**	**-**	**59**	**1,888**

The portion of the taxes which will reverse in the next 12 months amounted to about € 693 thousand.

The "**Other deferred tax liabilities"** heading refers to unrealized foreign exchange gains in 2015.

It should be noted that no deferred taxes were allocated in respect of the revaluation reserves, which are reserves in partial suspension of the tax, as it is likely that there will be no transactions that would give rise to taxation. The total amount of these taxes at December 31, 2015 is € 408 thousand

The **deferred tax assets** amount at December 31, 2015 to € 2,238 thousand, against € 1,661 thousand at December 31, 2014, and refer to:

- tax assets in previous financial years relating to tax reimbursements for € 1,036 thousand and referring to the appeal filed in 2012 regarding the deductibility of IRAP (regional corporate tax) as per art. 2 Law no. 201/2011 for a value pf € 848 thousand, and relating to the appeal for reimbursement of IRES (Italian corporate income tax), as per art.6, Decree Law 185/2008 for a further € 188 thousand;
- VAT credits for € 517 thousand;
- credits for income taxes due to higher IRAP advances for € 92 thousand
- tax receivables for € 326 thousand, following the payment made in June 2014, paid provisionally and pending appeal, regarding an assessment of 2008 against the adjustment of the prices of a number of intergroup transnational transactions (note 30);
- IRES credits recorded for € 238 thousand
- other minor tax receivables for € 29 thousand.

Current tax liabilities amount to € 899 thousand at December 31, 2015 compared with € 828 thousand a year earlier and all refer to withholding taxes.

29. Long-term post-employment benefits

The liability refers to the time-discounted debt for termination indemnity due at the end of an employee's working life, amounting to € 3,852 thousand. The amount of termination indemnity calculated according to the nominal debt method in force at the closing date would be € 3,791 thousand.

Movements in this liability are as follows:

€/000	2015	2014
Opening balance	**3,810**	**4,414**
Actuarial (gains)/losses	5	25
Interest cost on obligation (note 13)	74	95
Disbursements	(266)	(724)
Merger effect	229	-
Closing balance	**3,852**	**3,810**

The principal economic and financial assumptions used are as follows

	FY 2015	FY 2014
Annual inflation rate	0.6%	1.0%
Rising disount rate	1.3%	1,9%
Rate of dismissal (average overall rate)	1.0%	1.0%

Demographic assumptions refer to the most recent statistics published by ISTAT.

Payments in 2016 are expected to be in line with 2015.

30. Provisions for liabilities and charges

Movements in this balance are analysed below:

€/000	31.12.2014	Increase	Decrease	Merger effect	31.12.2015
Provisions for agents' termination indemnity	342	36	-	-	378
Other provisions	23	6	(4)	-	25
Total non current portion	**365**	**42**	**(4)**	**-**	**403**
Provisions for products warranties	373	-	(23)	-	350
Other provisions	513	-	(11)	545	1,047
Total current portion	**886**	**-**	**(34)**	**545**	**1,397**

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

Other non-current provisions relate to future costs to be incurred, equal to € 25 thousand, the same figure as for the previous year. They have been allocated in respect of a dispute for IRES, IRAP and VAT taxes for the financial years 1999-2006, for a total disputed amount of € 376 thousand all-inclusive (including taxes, interests and sanctions). The disputes are currently at different stages of legal proceedings. All the sentences so far passed by the relevant Tax Commissions have been in favour of Emak S.p.A. and it is expected that the final outcome of the proceedings will be favourable also in the last resort.

The warranty provision relates to future costs for warranty repairs that will be incurred for products sold covered by the guarantee period and / or contract, the provision is based on estimates extrapolated from historical trends.

The heading, "**Other provisions**" (current portion), of € 1,047 thousand, refers to the higher estimate of liabilities presently considered as probable, with relation to:

- allocations for € 404 thousand (including legal defence costs for € 33 thousand) relating to a tax inspection of Emak SpA carried out by the Tax Agency, Bologna Office, large taxpayers' section, during the 2013 financial year, regarding the years 2008-2009-2010.
  According to the inspection report, the Agency has assessed, with reference to the adjustment of a number of prices of a number of intragroup transnational transactions, for all three years covered by the inspection, taxes and interest for a total of € 835 thousand (the amounts assessed do not imply sanctions as per art. 1, paragraph 2-ter,Legislative Decree 471/97).

In the face of all the findings, having attempted in vain an assessment by consent, appeals were filed; all pending assessments have been suspended, with a view to seeking a judicial settlement still in progress. Emak, convinced of the correctness of its actions and of the validity of its arguments, also on the basis of the opinion of its defense counsels, confirms the prudent entries already made, quantified at € 404 thousand, including defense costs, corresponding to the maximum sacrifice deemed acceptable, exclusively on the basis of economic and opportunity considerations, upon settlement and for all the years involved;

- costs associated with penalties that could be charged to Emak for around € 81 thousand;
- provisions equal to the value of deductibles on product liability claims for € 17 thousand;
- adjustment, posted in previous financial periods, for € 545 thousand, of the original value of receivables for capital grants as per Law 488/92 (note 16).

31. Other long-term liabilities

The total amount of € 835 thousand refers to the deferred income relating to capital grants received as per Law 488/92 by Comag S.r.l., now merged into Emak S.p.A., and spread over subsequent financial periods. The part of the grant receivable within 1 year is included in current liabilities under “Other payables” and amounts to € 102 thousand.

32. Contingent liabilities

At the date of December 31, 2015 the Company does not have any disputes other than those referred to in these notes. In the Director’s opinion, at the closing date there were no reasonable grounds for the occurrence of additional future liabilities with respect to those already disclosed in these notes.

33. Information on financial risks

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

- credit risk, regarding both normal commercial relations and to financing activities;
- liquidity risk, with particular reference to the availability of financial resources and to access to the credit market;
- market risks, with particular reference to exchange and interest rates, since the Company operates at an international level in different currencies and uses financial instruments that generate interest.

As described in the section “Management of financial risk”, The Company constantly monitors the financial risks to which it is exposed, so as to minimise potential negative effects on financial results.

Qualitative and quantitative information is given below regarding the nature of such risks for the Company.
The quantitative figures shown below have no value for forecasting purposes. Specifically, the sensitivity analysis on market risks are unable to reflect the complexity and associated reactions of the market as a result of each change hypothesised.

Credit risk
The maximum theoretical exposure to credit risk for the Company at 31 December 2015 is the accounting value of financial assets shown in the financial statements.

It should be pointed out that the credit granted to the clients involves specific assessments of solvency. Generally the Company obtains guarantees, both financial and otherwise, against credits granted for the supply of products. Certain categories of credits to foreign customers are also covered by insurance with SACE.

Credit positions are subject to constant analysis and possible individual devaluation in the case of singularly significant positions that are in a condition of partial or total insolvency.

The total devaluation is estimated on the basis of recoverable flows, from relative collection data, from the costs and expenses of future recovery, as well as possible guarantees in force. For those credits that are not subject to individual devaluation, bad debt provisions are allocated on an overall basis, taking account of historical experience and statistical data.

At December 31, 2015 there were no significant positions of insolvency subject to individual devaluation. Allocation to the bad debt provision was made on the basis of a constant analysis of outstanding amounts as a whole.

At December 31, 2015 "Trade receivables and Other receivables", equal to € 47,761 thousand (€50,424 thousand at December 31, 2014), include € 7,812 thousand (€7,591 thousand at December 31, 2014) outstanding by more than 3 months. This value has been rescheduled according to repayment plans agreed with the clients.

The maximum exposure to credit risk deriving from trade receivables at the end of the financial period, broken down by geographical area (using the Sace reclassification) is as follows:

€/000	2015	2014
Trade receivables due from customers with SACE 1 rating	24,076	25,372
Trade receivables due from customers with SACE 2 e 3 rating	10,229	11,189
Trade receivables due from customers with non-insurable SACE	586	3,227
Total (Note 22)	**34,891**	**39,788**

Countries with SACE 1 rating are those for which insurance covers 90% of the amounts receivable. Countries with SACE 2 rating are those for which insurance covers 85% of the amounts receivable, and those with SACE 3 rating, 80%. SACE provides no coverage for non-Insurable or suspended countries.
Starting from 1 January 2014 Italy has increased its coverage of accounts receivable collection from 85% to 90%, thereby moving from the group of countries with a SACE 2 and 3 rating to one with a SACE 1 rating.

The value of amounts receivable covered by SACE insurance or by other guarantees at December 31, 2015 is € 9,626 thousand.

At December 31, 2015 the 10 most important customers (not including companies belonging to the Emak Group) account for 41.5% of total trade receivables, while the top customer represents 12.1% of the total.

Liquidity risk
Liquidity problems can occur as a result of the inability to obtain financial resources necessary for the Company's operations at acceptable conditions.
The two main factors determining the Company's liquidity situation are, on the one hand, the resources generated or absorbed in its operating and investment activities, and on the other hand, by the expiry or renewal of debt or by the liquidity of financial commitments and market conditions.

As noted in the section "Financial risk management" the Company, in line with the general directives of the Group reduces the liquidity risk and optimizes the management of financial resources: gives rise to the following activities.

- the monitoring of expected financial requirements in order to then take suitable action;
- the obtaining of suitable lines of credit;
- the optimization of liquidity, where feasible, through the centralized management of the Group's cash flows;
- the maintenance of a balanced composition of net financial borrowing with respect to investments made;
- the pursuit of a correct balance between short-term and medium-long-term debt;
- limited credit exposure to a single financial institute;
- the monitoring of compliance with the parameters provided for by covenants associated with medium-long-term loans.

The characteristics and nature of the expiry of debts and of the Company's financial activities are set out in Notes 25 and 28 relating respectively to "Cash and Cash Equivalents" and "Financial Liabilities".
The management considers that currently unused funds and credit lines, amounting to € 68,096 thousand, as well as those which will be generated from operating and financial activities, will allow the Company to

meet its requirements deriving from investment activities, the management of working capital and the repayment of debts at their natural maturity dates.

Exchange rate risk

The Company is exposed to risks deriving from fluctuations in exchange rates, which may affect the economic result and value of equity.
Specifically in cases in which the Company incurs costs expressed in different currencies from those of their respective revenues, the fluctuation of exchange rates may affect the operating result.
In 2015 the overall amount of revenues directly exposed to exchange risk represented around 14.6% of the turnover (18% in 2014), while the amount of costs exposed to exchange risk is equal to 30.8% of turnover (30% in 2014).

The main currency exchanges to which the Company is exposed are the following:

- EUR/USD, relating to sales in dollars made mainly in the markets that use the dollar as preferential currency;
- EUR/YEN, relating to purchases in the Japanese market and to sales in other markets;
- EUR/RMB, relating to purchases in the Chinese market.

There are no significant commercial flows with regards to other currencies.

The Company's policy is to cover net currency flows, typically through the use of forward contracts, evaluating the amounts and expiry dates according to market conditions and net future exposure, with the objective of minimising the impact of possible variations in future exchange rates.

Sensitivity analysis
The potential loss of fair value of the net balance of financial assets/liabilities subject to the risk of variation in exchange rates held by the Company at December 31, 2015, as a result of a hypothetical unfavourable and immediate variation of 10% in all relevant single exchange rates, would amount to around € 868 thousand (€ 1,274 thousand at December 31, 2014).

Interest rate risk

The Company utilises external financial resources in the form of debt and invest liquid funds in monetary and financial market instruments. Variations in market interest rates influence the cost and return of the various forms of financing and utilisation, affecting the level of the Company's financial expenditure and income.

The Company at December 31, 2015 holds certain derivative financial instruments whose value is linked to interest rates.

Although these transactions were entered into for hedging purposes, the accounting principles do not allow *hedge accounting* treatment. Therefore, the variability of the underlying values could affect the financial results of the company.

Sensitivity analysis
The possible effects of variations in interest rates are analysed for their potential impact in terms of cash flows, since almost all the Company's financial assets and liabilities accrue variable interest.

A hypothetical, instantaneous and unfavourable negative variation of one base point in annual interest rates in force at December 31, 2015 applicable to financial liabilities at a variable interest rate would result in a greater net cost, on an annual basis, of around € 385 thousand (€ 321 thousand at December 31, 2014). For the purpose of the calculation account has been taken of the amounts of financial liabilities net of IRS operations for hedging purposes.

Other risks on derivative financial instruments

The Company as at 31 December 2015 holds a number of derivative financial instruments whose value is linked to the exchange rate (operations such as forward purchases of foreign currency) and the interest rates trend.

Although these transactions were entered into for hedging purposes, the accounting principles do not allow hedge accounting treatment. Therefore, the variability of the underlying values could affect the economic results of the company.

Sensitivity analysis

The potential loss in fair value of derivative financial instruments to hedge the exchange rates at 31 December 2015, as a result of a hypothetical, instantaneous unfavourable 10% change in the underlying values, would be about € 625 thousand.

34. Commitments

Acquisitions of further equity interests

Emak S.p.A. has no outstanding contracts to purchase additional shares of holdings.

Purchase of fixed assets

The Company has commitments for the purchase of fixed assets not recorded in the financial statements at 31 December 2015 for the amount of € 1,039 thousand (€ 512 thousand at 31 December 2014). These commitments refer to the acquisition of equipment, plant and machinery.

Guarantees granted to *third parties*

They amount to € 2,218 thousand and are made up as follows:

- € 528 thousand for a bank guarantee in favour of EPA (United Environmental Protection Agency) in compliance with an American regulation in force from 2010 regarding the emissions of combustion engines;
- € 350 thousand for surety policy in favour of the Naples Customs Office for guaranteeing customs duties;
- € 87 thousand for sureties in favour of the Ministry of Production for promotional prize contests;
- € 471 thousand for a surety policy in favour of the Campobasso customs office to guarantee customs duties
- € 782 thousand for a surety policy in favour of SIMEST for loans.

Comfort letters and credit orders in favour of subsidiaries:

These amount to € 79,295 thousand, and refer to the balance of credit line used as at December 31, 2015, broken down as follows:

€/000	Value of collateral	Amount guaranteed
Tecomec S.r.l.	11,059	11,059
Emak Deutschland GmbH	2,417	2,417
Emak France SAS	1,280	1,280
Emak U.K. Ltd.	2,083	2,083
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	58	58
Epicenter Limited	367	367
Comet S.p.A	17,120	17,120
Victus Emak SP. Z.O.O.	26	26
Comet S.p.A. (operation Lemasa)	44,885	23,377
Total	**79,295**	**57,787**

35. Ordinary shares, treasury shares and dividends

Share capital is fully paid up at December 31, 2015 and amounts to € 42.623 thousand. It consists of 163.934.835 ordinary shares of par value € 0.26 each.

	31.12.2015	31.12.2014
Number of ordinary shares	163,934,835	163,934,835
Treasury shares	(397,233)	(397,233)
Total outstanding shares	**163,537,602**	**163,537,602**

The dividends for 2014 approved by the shareholders on 23 April 2015, totalling € 4,088 thousand, were paid during 2015.

At December 31, 2014 the company held in portfolio 397.233 treasury shares for a value of € 2.029 thousand.
During 2015 no treasury shares were purchased or sold by Emak S.p.A..

Therefore at December 31, 2015 the company held 397.233 treasury shares in portfolio for a value of € 2,029 thousand.

In January and February 2016 no treasury shares were acquired or sold by Emak S.p.A.. As a result, the holding and value of treasury shares is unchanged with respect to December 31, 2015.

36. Related Party transactions

Related parties transactions not usual, neither the recurring, not coming under the ordinary scope of activity

Emak adopted in accordance with the law an assurance procedure for the operations typically extraordinary, entered into with related parties, which defines and governs all the potential relationships of this nature, to be applied to all entities of the Group. This procedure, originally introduced and approved November 12, 2010, was subject to review and rationalization during 2013, while retaining the characteristics of full adequacy to regulatory requirements. The revised procedure was approved by the Board of Directors on January 31, 2014. The procedure is available on the website www.emak.it, in the "Investor Relations" - "corporate documents" - "Corporate Governance".

During the year, the most significant transaction with related parties that is not of a usual or recurring nature, related to the refunding, on the part of Yama S.p.A., (Emak's parent company), of tax costs payable by Tecomec, referring to the time in which the latter was held by Yama S.p.A., as illustrated in paragraph 7 above (titled: "**Reinstatement of equity further to disputes**"). As therein specified, the agreement for the acquisition of the entire shareholding of Tecomec S.r.l., entered into with Emak S.p.A., on 5 August 2011, provided for Yama S.p.A's undertaking to cover litigation expenses, which was settled during the year in the due measure of € 1,237 thousand. The refund related to tax disputes for € 825 thousand and legal disputes for € 412 thousand. The settlement of these dealings was assessed and approved in compliance with the protection procedures established by Emak S.p.A. in accordance with art. 4 of *Consob* Regulation no. 17221 del 12/3/2010.

Another significant transaction between related parties, albeit of limited entity, was the acquisition from Yama S.p.A. of the minority shareholding in Comag S.r.l. by Emak S.p.A. to obtain the entire shareholding of the latter and thereby to simplify the merger by incorporation procedure.
The terms of the operation, described in Paragraph 5 above (titled "**Merger of Comag S.r.l. into Emak S.p.A.**"), although under the minimum threshold of materiality established by Emak in its protection procedures, have been the subject of a favorable and thorough assessment by the Independent Directors and subsequently resolved by the full Board.

* * * * * * *

Related parties ordinary transactions in 2015 within the Group controlled by Emak S.p.A.

With regards to the group of companies under its control, transactions for the supply and purchase of goods and services carried out by Emak correspond to the industrial and commercial supply chain relating to its normal business activity.
It should be noted that all transactions relating to the exchange of goods and the provision of services that occurred in 2015 as part of are part of ordinary business of the Emak Group and have been adjusted based on market conditions (ie, conditions equivalent to those that would be applied in relations between independent parties).These conditions correspond with aims strictly industrial and commercial and of Group financial management optimization.
The execution of these transactions is governed by specific and analytical procedures and programmatic documents ("framework resolutions"), approved by the Board of Directors, with the assistance and consent of the independent directors, meeting in the Audit and Risk Committee.

The operations carried out in 2015 with parties belonging to the Emak Group and the values of such relations in force at the closing date of the financial year are shown below.

Receivables for loans and interest:

Companies belonging to Emak S.p.A. (€/000)	Financial income	Current financial assets	Non current financial assets
Emak Deutschland GmbH	76	-	2,400
Emak UK Ltd.	9	-	158
Comet USA Inc.	70	2,113	-
Emak Do Brasil Industria Ltda	69	-	-
Jiangmen Emak Outdoor Power Equipment	43	-	856
Raico S.r.l.	17	-	650
Epicenter Llc.	50	-	918
Total (note 13 and note 21)	**334**	**2,113**	**4,982**

Companies belonging to the Yama group:

Companies belonging to Yama Group (€/000)	Financial income	Current financial assets	Non current financial assets
Yama S.p.A.	7	450	371
Total	**7**	**450**	**371**

Payables for loans and interests

Companies belonging to Emak S.p.A. (€/000)	Financial charges	Current financial liability	Non current financial liability
Sabart S.r.l.	7	2,707	-
Emak Suministros Espana SA	-	-	-
Tecomec S.r.l.	7	450	371
Victus Emak Sp. z.o.o.	-	-	-
Total	**14**	**3,157**	**371**

Other reports related to financial nature concerning the relationship of the guarantee referred to in paragraph 34 above.

Sale of goods and services and receivables :

Companies belonging to Emak S.p.A. (€/000)	Net sales	Dividends	Total	Receivables
Emak Suministros Espana SA	3,623	153	**3,776**	**1,214**
Emak Deutschland Gmbh	2,920	-	**2,920**	**312**
Emak UK Ltd.	2,039	-	**2,039**	**796**
Emak France SAS	10,213	-	**10,213**	**2,806**
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	1,166	-	**1,166**	**364**
Victus Emak Sp. z.o.o.	6,822	1,088	**7,910**	**951**
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	11	-	**11**	**1**
Epicenter Llc.	912	-	**912**	**254**
Emak Do Brasil Industria Ltda	530	-	**530**	**2,213**
Comet S.p.A.	70	-	**70**	**27**
Comet USA Inc.	2,687	-	**2,687**	**3,802**
Sabart S.r.l.	333	1,900	**2,233**	**126**
Raico S.r.l.	72	-	**72**	**46**
Tecomec S.r.l.	95	2,000	**2,095**	**37**
Geoline Elettronic S.r.l.	2	-	**2**	**-**
Total (C)	**31,495**	**5,141**	**36,636**	**12,949**

Purchase of goods and services and payables:

Companies belonging to Emak S.p.A. (€/000)	Purchases of raw and finished products	Other costs	Total costs	Trade payables
Emak Suministros Espana SA	11	20	**31**	**17**
Emak Deutschland Gmbh	3	33	**36**	**14**
Emak UK Ltd.	-	21	**21**	**17**
Emak France SAS	4	109	**113**	**32**
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	20,159	1	**20,160**	**5,261**
Comet USA	5	210	**215**	**37**
Victus Emak Sp. z.o.o.	66	29	**95**	**9**
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	1,378	-	**1,378**	**458**
Epicenter Llc.	-	6	**6**	**1**
Emak Do Brasil Industria Ltda	-	106	**106**	**75**
Comet S.p.A.	512	-	**512**	**95**
Sabart S.r.l.	9	-	**9**	**4**
Tecomec S.r.l.	570	4	**574**	**100**
Ningbo Tecomec	592	-	**592**	**147**
Speed France SAS	617	-	**617**	**18**
Total (D)	**23,926**	**539**	**24,465**	**6,285**

* * * * * * *

Related party usual transactions in 2015 within the Group controlled by Yama S.p.A.

Emak S.p.A. is part of the larger group of companies that are owned by Yama SpA, its parent company.

The operations carried out in 2015 with Yama S.p.A. and with other companies directly controlled by it, are exclusively of an ordinary commercial nature, all forming part of the usual performance of Emak's typical business activities and all carried out at arm's length. Within the broader Yama Group, which operates mainly in the sectors of machinery and equipment for agriculture and gardening, engine components and real estate; certain Company provide to Emak components and materials, other Company purchase from Emak products which with complete their respective range of commercial offer.

The following table shows the evidence of transactions carried out with related parties in 2015 are part of the Yama Group and the consistency of its existing at the balance sheet date.

Sale of goods and services and receivables:

Companies belonging to Yama Group (€/000)	Net sales	Receivables
Agro D.o.o.	208	-
Euro Reflex D.o.o.	668	427
Garmec S.r.l.	78	62
Mac Sardegna S.r.l.	627	327
Selettra S.r.l.	1	-
Cofima S.r.l.	-	1
Yama S.p.A.	-	8
Total (E)	**1,582**	**825**
Total C+E (note 22)	**33,077**	**13,774**

Purchase of goods and services

Companies belonging to Yama Group (€/000)	Purchases of raw and finished products	Other costs	Total costs	Trade payables
Cofima S.r.l.	792	80	**872**	**409**
Garmec S.r.l.	1	-	**1**	**1**
Euro Reflex D.o.o.	1,576	1	**1,577**	**434**
Mac Sardegna S.r.l.	-	5	**5**	**3**
Selettra S.r.l.	468	-	**468**	**148**
Total	**2,837**	**86**	**2,923**	**995**
Totals D+F (note 26 and 27)	**26,763**	**625**	**27,388**	**7,280**

* * * * * * *

Other transactions with related parties

Other significant dealings on the part of Emak with related parties are those concerning the remuneration of company officers, established in compliance with general meeting resolutions which have established, for the three-year period of office, maximum global remunerations and, with regards to the Directors, bonus schemes. The resolutions of the Board of Directors regarding the remuneration are taken with the opinion of the Committee, composed exclusively of independent Directors. More detailed information regarding the remuneration policy, the procedures used for its adoption and implementation, as well as a description of each of the headings making up remuneration, are disclosed in the report drawn up by the Company pursuant to art. 123-ter 58/98, and which is available on the website.

Costs incurred during the financial period for the remuneration of Emak S.p.A.'s directors and auditors, also including their fees for services rendered in favour of Group companies, are as follows:

(€/000)	FY 2015	FY 2014
Emoluments of directors and statutory auditors	680	349
Benefits in kind	11	11
Wage and salaries	707	700
Employee termination indemnities	49	49
Total	**1,447**	**1,109**

The variable incentive part of the remuneration allocated to the executive directors, included in the amounts shown in the table, is established on a three-year basis, corresponding to the expiry of the current Board mandate, which coincides with the approval of the financial statements at 31 December 2015.

The total debt for remuneration of Directors and Auditors of the Parent Company at December 31, 2015 amounted to € 944 thousand.

In the ending year no other relationships of significant amount of current nature with related parties occurred.

37. Subsequent events

There have been no significant subsequent events.

Supplementary schedules

The following schedules, forming an integral part of the explanatory notes to the financial statements, are provided as appendices:

1. CHANGES IN EQUITY INVESTMENTS IN SUBSIDIARY COMPANIES
2. DETAILS OF EQUITY INVESTMENTS IN SUBSIDIARY COMPANIES
3. FINANCIAL HIGHLIGHTS OF THE ULTIMATE PARENT COMPANY
4. SCHEDULE OF FEES FOR AUDIT SERVICES AND OTHER SERVICES
5. PROFORMA OF THE SCHEDULE SHOWING THE FINANCIAL SITUATION 2014, THE INCOME STATEMENT 2014 AND THE STATEMENT OF COMPREHENSIVE INCOME 2014

Appendix 1

Changes in equity investments

	31.12.2014				Changes				31.12.2015			
	Number of shares	Values in the financial statements €/000	% total shareholding	direct shareholding	Subscriptions And acquisitions	Other movements	Sales	Deprecietions	Number of shares	Values in the financial statements €/000	% total shareholding	direct shareholding
Italy												
Comag S.r.l.	1 share	8,408	99.44	99.44	95	-8,503			-	-	-	-
Comet S.p.A.	5,000,000	27,232	100	100					5,000,000	27,232	100	100
Raico S.r.l.	1 share	5,488	100	100					1 share	5,488	100	100
Sabart S.r.l.	1 share	21,011	100	100					1 share	21,011	100	100
Tecomec S.r.l.	1 share	27,418	100	100					1 share	27,418	100	100
Spain												
Emak Suministros Espana SA	405	572	90	90					405	572	90	90
Germany												
Emak Deutschland Gmbh	10,820	525	100	100					10,820	525	100	100
Great Britain												
Emak UK Ltd	342,090	691	100	100					342,090	691	100	100
France												
Emak France SAS	2,000,000	2,049	100	100					2,000,000	2,049	100	100
China												
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	-	2,476	100	100					-	2,476	100	100
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	-	2,550	100	100					-	2,550	100	100
Poland												
Victus Emak Sp. z.o.o.	32,800	3,605	100	100					32,800	3,605	100	100
USA												
Emak USA Inc. (note 19)	-	-	100	100					-	-	100	100
Ukraine												
Epicenter LLC (note 19)	1 share	330	61	61					1 share	330	61	61
Brazil												
Emak do Brasil Industria Ltda	200,000	78	99	99		1,902			8,516,200	1,980	99.9	99.9
Total investments in subsidiaries		**102,433**								**95,927**		

Appendix 2

Details of equity investments

€/000	Registered office	Value in the financial statements	% Share	Share Capital	Equity (*) Total	Equity (*) Attributable to Emak S.p.A.	Profit/(Loss) of the year *
Emak Suministros Espana SA	Madrid	572	90	270	3,152	2,837	287
Emak Deutschland Gmbh	Fellbach-Oeffingen	525	100	553	284	284	(243)
Emak UK Ltd	Staffords	691	100	468	921	921	169
Emak France SAS	Rixheim	2,049	100	2,000	7,078	7,078	317
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	Jiangmen	2,476	100	3,616	16,723	16,723	(627)
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	Zhuhai	2,550	100	2,316	8,516	8,516	123
Victus Emak Sp. z.o.o.	Poznan	3,605	100	2,387	9,529	9,529	466
Epicenter LLC.	Kiev	330	61	727	1,159	707	324
Emak do Brasil Industria Ltda	Curitiba	1,980	99.9	1,976	(1,390)	(1,376)	(2,287)
Tecomec S.r.l.	Reggio Emilia	27,418	100	1,580	26,298	26,298	2,323
Comet S.p.A.	Reggio Emilia	27,232	100	2,600	26,987	26,987	2,620
Sabart S.r.l.	Reggio Emilia	21,011	100	1,900	7,866	7,866	2,074
Raico S.r.l	Reggio Emilia	5,488	100	20	2,690	2,690	137
Total investments in subsidiaries		**95,927**					

(*) Amounts resulting from the accounts of subsidiaries prepared in accordance with IAS / IFRS for the purpose of consolidation.

Appendix 3

Highlights from the latest financial statements of the parent company Yama S.p.A.

(€/000)		
BALANCE SHEET	**31.12.2014**	**31.12.2013**
Assets		
A) Amounts receivable from shareholders for outstanding payments	-	-
B) Fixed assets	81,372	77,645
C) Current assets	7,846	21,848
D) Prepayment and accrued income	15	9
Total assets	**89,233**	**99,502**
Liabilities		
A) Equity:		
Share capital	16,858	16,858
Reserves	43,510	42,464
Profit in the financial period	1,207	2,954
B) Provisions	1,390	3,151
C) Post-employment benefits	43	39
D) Amounts payable	26,058	33,896
E) Accruals and deferred income	167	140
Total liabilities	**89,233**	**99,502**
Guarantees, commitments and other risks	32,358	25,524

Income statement	**31.12.2014**	**31.12.2013**
A) Sales	51	66
B) Production costs	(2,948)	(1,088)
C) Financial income and expenditure	5,133	9,756
D) Adjustments to the value of financial assets	(2,742)	(6,075)
E) Extraordinary income and expenditure	785	(66)
Result before tax	**279**	**2,595**
Tax for the period	928	359
Profit for the period	**1,207**	**2,954**

Appendix 4

Schedule of fees relating to the 2015 financial period for audit services and other services, subdivided by type.

Type of service	Entity providing the service	Beneficiary of the service	Fees (€/000)
Auditing Company	Fidital Revisione S.r.l.	Emak S.p.A.	116
Auditing Company	Fidital Revisione S.r.l.	Italian controlled companies	87
Auditing Company	HLB network	Foreign controlled companies	32
Other services	HLB network	Foreign controlled companies	-

The above information is provided in accordance with art. 160, paragraph 1-bis of Legislative Decree 24 February 1998, no. 58 and with article 149-duodecies of the CONSOB Regulations contained in Consob resolution no. 19971 of 14 May 1999 and subsequent modifications.

Attachment 5

INCOME STATEMENT 2014 AND THE STATEMENT OF COMPREHENSIVE INCOME 2014

€	Notes	Year 2014	of which to related parties	Year 2014 proforma (*)	of which to related parties
Sales	**8**	**128,601,627**	**37,107,480**	**128,275,633**	**18,975,816**
Other operating income	8	381,809	164,056	505,338	146,271
Change in inventories		966,661		806,418	
Raw and consumable materials and goods	9	(88,040,393)	(49,753,952)	(80,593,700)	(49,352,549)
Salaries and employee benefits	10	(20,218,459)		(23,432,889)	
Other operating costs	11	(19,064,496)	(1,015,859)	(21,234,673)	(987,859)
Amortization, depreciation and impairment losses	12	(4,487,079)		(5,474,712)	
EBIT		**(1,860,330)**		**(1,148,585)**	
Financial revenues	13	7,743,205	7,439,293	7,713,452	7,439,293
Financial costs	13	(1,662,976)	(35,184)	(1,662,324)	(4,339)
Exchange gains and losses	13	2,415,106		2,398,670	
EBT		**6,635,005**		**7,301,213**	
Income taxes	14	(624,461)		(925,031)	
Net profit		**6,010,544**		**6,376,182**	
Basic earnings per share	**15**	**0.037**		**0.039**	
Diluted earnings per share	**15**	**0.037**		**0.039**	

Comprehensive income statement

€	Notes	Year 2014	Year 2014 proforma (*)
Net profit (A)		**6,010,544**	**6,376,182**
Profits/(losses) deriving fromdefined benefit plans (**)	**29**	**(25,000)**	**(25,000)**
Tax effect relating to other components (**)		**27,000**	**27,000**
Total other components to be included in the comprehensive income statement (B)		**2,000**	**2,000**
Comprehensive net profit (A)+(B)		**6,012,544**	**6,378,182**

(*) With legal effect December 1, 2015, the subsidiary Comag srl It was merged into Emak S.p.A., following approval of the merger plan on 11 September 2015. The accounting and tax effect of the transaction is retroactive to January 1, 2015.

As provided under IFRS and the instructions given in the Guidelines Preliminary Assirevi on IFRS (OPI 2), and in order to obtain a homogeneous point of comparison with the values of the first post-merger balance sheet figures for 2014 highlighted in the "Pro forma" column exposed above have been restated to include also those of the merged company Comag Srl.

The pro forma figures have not been audited.

(**) Items can not be classified in the Income Statement

SCHEDULE OF FINANCIAL SITUATION 2014

ASSETS

€	Notes	31.12.2014	of which to related parties	31.12.2014 proforma (*)	of which to related parties
Non-current assets					
Property, plant and equipment	16	19,073,999		27,263,808	
Intangible assets other than goodwill	17	1,190,472		1,191,222	
Goodwill	18	2,074,305	2,074,305	2,074,305	2,074,305
Equity investments	19	102,658,469		94,250,559	
Deferred tax assets	28	1,771,214		2,128,983	
Other non current financial assets	21	6,544,199	6,529,199	6,544,199	6,529,199
Other receivables	22	4,394		4,394	
Total		**133,317,052**	**8,603,504**	**133,457,470**	**8,603,504**
Current assets					
Inventories	23	37,652,181		41,595,657	
Trade and other receivables	22	50,420,425	11,869,695	50,746,477	7,158,564
Current tax assets	28	1,660,756		1,785,304	
Other financial assets	21	1,894,407	1,894,407	1,894,407	1,894,407
Derivative financial instruments	20	129,051		129,051	
Cash and cash equivalents	24	2,282,652		2,305,453	
Total		**94,039,472**	**13,764,102**	**98,456,349**	**9,052,971**
TOTAL ASSETS		**227,356,524**	**22,367,606**	**231,913,819**	**17,656,475**

EQUITY AND LIABILITIES

€	Notes	31.12.2014	of which to related parties	31.12.2014 proforma (*)	of which to related parties
Capital and reserves					
Issued capital		40,594,388		40,594,388	
Share premium		42,454,420		42,454,420	
Other reserves		30,564,576		33,330,787	
Retained earnings		31,098,349		31,463,987	
Total equity	**25**	**144,711,733**		**147,843,582**	
Non-current liabilities					
Loans and borrowings	27	24,336,952		24,336,952	
Deferred tax liabilities	28	1,877,723		1,936,677	
Provisions for employee benefits	29	3,809,716		4,038,352	
Provisions	30	364,426		364,426	
Other non-current liabilities	31	-		937,107	
Total		**30,388,817**		**31,613,514**	
Current liabilities					
Trade and other payables	26	31,598,866	10,739,837	31,178,173	10,232,105
Current tax liabilities	28	827,812		904,319	
Financial liabilities	27	18,817,091	3,007,175	18,817,091	3,007,175
Derivative financial instruments	20	126,641		126,641	
Provisions	30	885,564		1,430,499	
Total		**52,255,974**	**13,747,012**	**52,456,723**	**13,239,280**
TOTAL EQUITY AND LIABILITIES		**227,356,524**	**13,747,012**	**231,913,819**	**13,239,280**

(*) With legal effect December 1, 2015, the subsidiary Comag srl It was merged into Emak S.p.A., following approval of the merger plan on 11 September 2015. The accounting and tax effect of the transaction is retroactive to January 1, 2015.

As provided under IFRS and the instructions given in the Guidelines Preliminary Assirevi on IFRS (OPI 2), and in order to obtain a homogeneous point of comparison with the values of the first post-merger balance sheet figures for 2014 highlighted in the "Pro forma" column exposed above have been restated to include also those of the merged company Comag Srl.
The pro forma figures have not been audited.

Certification of financial statements and consolidated financial statements pursuant to art. 154-bis, paragraph 5 of the Decree. 58/1998 (Consolidated Law on Finance)

1. The undersigned Fausto Bellamico and Aimone Burani, the latter in his position as the executive in charge of preparing the accounting statements of Emak S.p.A., certify, taking account of the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58:

- the suitability, in relation to the nature of the entity and
- effective application

of administrative and accounting procedures for the preparation of the company's individual financial statements and the consolidated financial statements for the financial period ending December 31, 2015.

2. No factors of a significant nature have arisen.

3. It is certified, moreover, that:

3.1 the individual financial statements and consolidated financial statements for the financial period:

a) have been drawn up in conformity with the international accounting standards recognised by the European Community in accordance with EC regulation no. 1606/2002 of the European Parliament and European Council of 19 July 2002;

b) correspond to the accounting documents, ledgers and records;

c) appear to be suitable for providing a true and fair view of the balance sheet, economic and financial situation of the issuer and of the entities included in the consolidation.

3.2 The Directors' Report contains a reliable analysis of operating trends and results, as well as of the current situation of the issuer and of the entities included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Date: 11 March 2016

The executive in charge of preparing the accounting statements:
Aimone Burani

The CEO:
Fausto Bellamico