ANNUAL REPORT 2004



GARDENING TECHNOLOGY

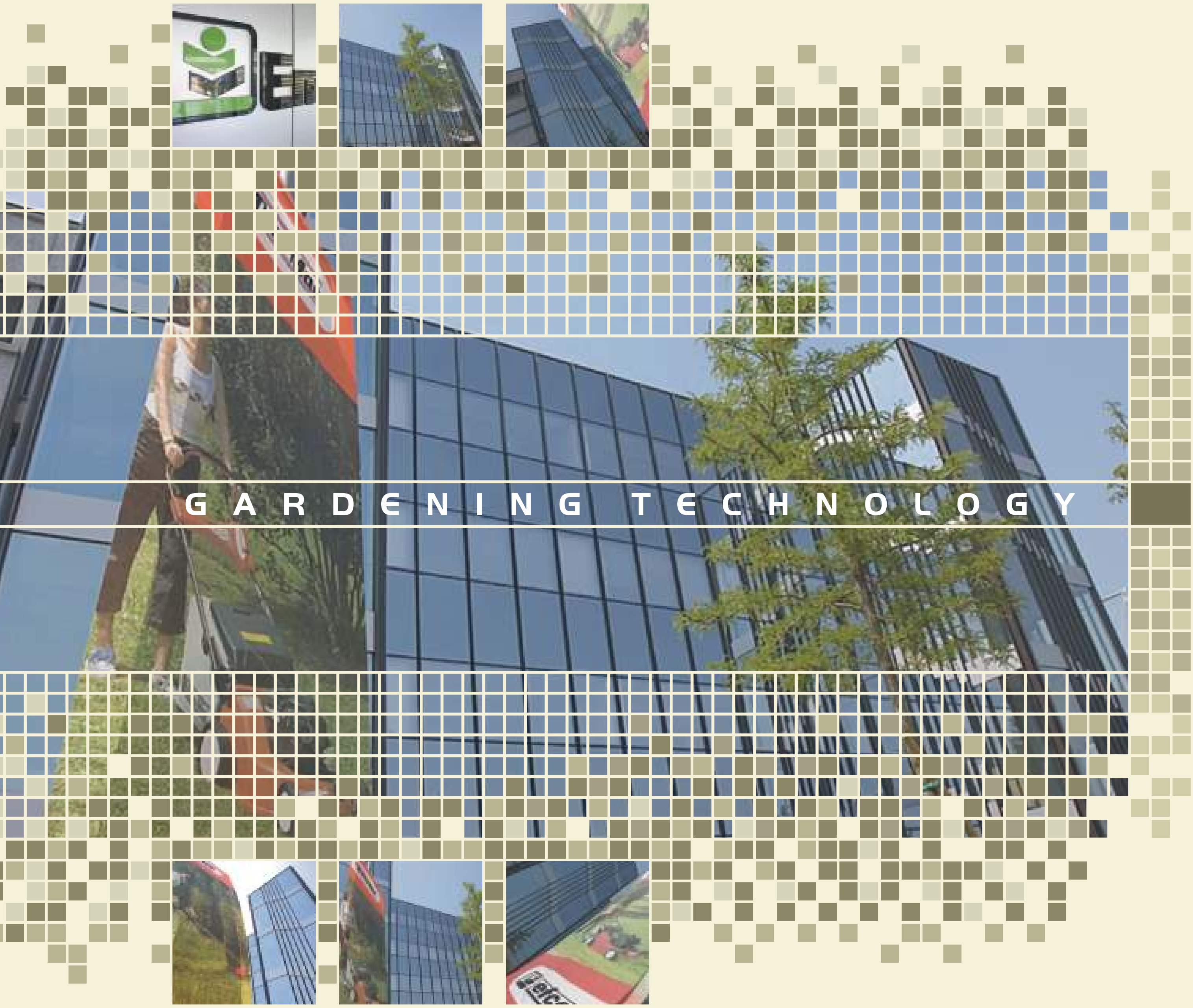


Oleo-Mac efco DYNAMAC

Emak®

MEMBER OF THE YAMA GROUP

ANNUAL REPORT 2004



Emak®

MEMBER OF THE YAMA GROUP

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- **COMAG S.r.l.** Pozzilli (Italy)
- **EMAK Suministros Espana SA** (Spain)
- **EMAK U.K. Ltd** (UK)
- **KENS International SA** (Belgium)
  - **EMAK Benelux N.V.** (Belgium)
- **EMAK Deutschland Gmbh** (Germany)
- **EMAK France SAS** (France)
- **Jiangmen EMAK Outdoor Power Equipment Co. Ltd.** (China)

CONTENTS


Oleo-Mac

Notice of Annual General Meeting

The shareholders are called in ordinary meeting at 10.00 a.m. on April 29th 2005 to be held at the company's headquarters in Via Fermi 4, Bagnolo in Piano (RE), and, if necessary, in second call on May 6th 2005, at the same time and place, to discuss and vote on the following:

agenda

1) Presentation of the individual and consolidated financial statements at December 31st 2004 and the reports by the directors, the board of statutory auditors and independent auditors; related resolutions;

2) Proposal to authorize the purchase and sale of own shares and related resolutions.

By law and the company's articles of association, shareholders with voting rights are entitled to take part in the meeting provided they have complied with the provisions of article 2370.2 of the Italian civil code at least two days before the date of the meeting.

The legally required documentation relating to items on the agenda will be publicly available at the company's headquarters and at the offices of Borsa Italiana S.p.A. within the prescribed deadlines. Shareholders are entitled to obtain copies.

Bagnolo in Piano (RE)

on behalf of the Board of Directors

The Chairman
Giacomo Ferretti


efco
Time's Up
efco

Principal Shareholders of Emak S.p.A.

Shareholders with interests of more than 2%

Principal Shareholders	Number of Shares	%
D-Lite Netherlands B.V. (Yama Group)	11,446,876	41.39
Yama S.p.A.	7,467,972	27.01
Zeta Zeta S.r.l. (Yama Group)	1,627,652	5.89
Schroders I.M.	555,078	2.01
Own shares in portfolio at 31.12.2004	21,968	0.08
Free float	6,533,954	23.62
Total number of shares	**27,653,500**	**100.00**

Corporate Officers

Board of Directors

Giacomo Ferretti	Chairman
Aimone Burani	Deputy Chairman
Fausto Bellamico	Chief Executive Officer
Ivano Accorsi	Independent Director [1-2]
Carlo Baldi	Director
Andrea Barilli	Independent Director [1-2]
Luigi Bartoli	Director
Paola Becchi	Director
Andrea Ferrari	Independent Director [1-2]
Giuliano Ferrari	Director
Ivano Salsapariglia	Director
Vilmo Spaggiari	Director
Guerrino Zambelli	Director

Board of Statutory Auditors

Marco Montanari	Chairman
Andrea Magnanini	Statutory Auditor
Martino Masini	Statutory Auditor

Independent Auditors

Axis s.r.l.

[1] Member of the Internal Audit Committee
[2] Member of Remuneration Committee

Consolidated financial highlights

(in € / 000)	Year 2004	Year 2003
Net sales	163,168	152,681
EBITDA (EBIT plus depreciation, amortization and provisions)	22,633	23,922
EBIT	16,235	17,549
Profit before taxes	15,716	16,376
Net profit for the year (including minority interests)	9,030	9,629
Investment in intangible assets	933	2,126
Investment in property, plant and equipment	6,779	6,050
Investment in financial assets	-	752
Free cash flow from operations (Net profit plus amortization and depreciation)	14,916	15,561
Net capital employed	86,254	86,194
Net debt	(16,415)	(21,102)
Total shareholders' equity	69,839	65,092
Number of employees at year end	634	573
EBIT / Net capital employed (%)	18.8%	20.4%
EBITDA / Net sales (%)	13.9%	15.7%
EBIT / Net sales (%)	9.9%	11.5%
Profit before taxes / Net sales (%)	9.6%	10.7%
Net profit / Net sales (%)	5.5%	6.3%
Net profit / Total shareholders' equity (%)	12.9%	14.8%
Debt / Equity	0.24%	0.32%


efco

Consolidated Financial Statements at December 31st 2004

Shareholders,

Emak's consolidated financial statements at December 31st 2004 closed with a net profit of € 9,030 thousand compared with € 9,629 thousand in 2003.

The group's share of net profit was € 8,943 thousand compared with € 9,575 thousand in 2003.

The group consisted of 9 companies at December 31st 2004, all of which were consolidated on a line-by-line basis. Jiangmen Emak Outdoor Power Equipment Co. Ltd, a Chinese company (subsequently known as Emak China), joined the scope of consolidation during 2004.

Net sales increased by 6.9% on 2003 to € 163,168 thousand.

EBITDA (earnings before interest, tax, depreciation and amortization) was 5.4% lower at € 22,633 thousand, corresponding to 13.9% of sales, compared with € 23,922 thousand in 2003.

EBIT (earnings before interest and tax) was 7.5% lower at € 16,235 thousand, corresponding to 9.9% of sales, compared with € 17,549 thousand in 2003.

Net debt decreased from € 21,102 thousand at the end of 2003 to € 16,415 thousand at the end of 2004.

The financial statements of Emak S.p.A., the group's parent company, closed with a net profit of € 7,849 thousand at December 31st 2004 compared with € 8,101 thousand in 2003.

1 Economic situation

Euro-zone GDP grew by just 2% in 2004, with Italy performing the worst of all (+1%). GDP growth was considerably more robust in the United Kingdom (+3%), Japan (+3.5%) and the United States (+4.4%).

The deterioration in European business confidence became even more evident in the last quarter of 2004, bringing to the centre of debate the problem of the strong currency, a key factor in the competitiveness of European industry. Domestic demand and renewed competitiveness have a central role to play in this phase of the cycle.

The euro's appreciation, from 1.25 dollars at the end of 2003 to a new high of 1.36 dollars at the end of 2004, has already caused the ECB to downgrade its growth forecasts for the current year.

On the macroeconomic front, strong demand for oil and raw materials by emerging countries, headed by China and India, has caused prices to rise, making it necessary for manufacturing industry to source supplies from low-cost areas.

The most interesting phenomenon of last year continued to be the exceptional dynamism of the emerging economies. China, with GDP growing at a rate of +9.5% in the last quarter of 2004, and India are displaying a level of vitality that could dominate the entire decade.

2 Industry performance

The sector of garden and forestry maintenance machinery parallels that of agricultural machinery and is divided into three major product categories: chainsaws, brushcutters, lawnmowers/garden tractors. The range is completed by: hedge trimmers, mist blowers, water pumps, blowers, sprayers, grass trimmers; lastly, there are power cutters, which apply chainsaw motor technology for use in the building industry.
Demand for garden and plant maintenance machinery is mostly dependent upon the weather.
Demand for gardening products is also affected by the general economic climate, disposable income per head, disposable income for spending on leisure time and a general trend towards "*green culture*".
Demand in industrialized countries is mostly of the replacement kind with 80-85% of it concentrated in North America and Europe. In the rest of the world significant growth is being experienced in Eastern Europe and the Far East.
In terms of sales channels, mass retailing has made advances in North America, where it accounts for around 80% of the market, and in Europe, where it represents 50% of sales and is particularly entrenched in Central and Northern Europe. In Italy 70% of sales take place through the traditional channel, in which Emak has a particular presence and on which heavy pressure is being exerted. The importance of the different distribution channels varies considerably between geographical areas according to the type of products sold.
The market has witnessed growing competition in recent years, featuring not only a concentration of supply in ever larger groups which favour acquisition-led growth, but also the entrance of new competitors, especially Chinese producers, which operate on western markets with "price sensitive" and "private label" products.
Thanks to its Oleo-Mac and Efco brands, the Emak group has a good international coverage and a major presence in certain important countries. It is Italian market leader and one of the principal players in Europe as far as its complete range of core products is concerned. In terms of geographical penetration, apart Italy, Emak has an important position on other specific markets such as the Czech Republic, Turkey, Portugal, Greece and Ireland. It also has a good presence in the high-growth-potential market of Russia.

3 Strategy

The Emak group, controlled by Yama S.p.A., operates in the sector of portable gardening and forestry machinery. Emak's mission is to design, develop, produce and sell machines for the maintenance of green areas and plants, Emak's machines are able to anticipate and exceed market expectations.
The Emak group is noted for its complete range of products and the high quality and technological innovation of its machinery. By building on these factors, the group seeks to create value through a programmed growth in sales and improvement in earnings.
In order to achieve these goals, the Emak group has based its strategy on a number of key factors.

Underlying company values
The Emak group draws its strength and inspiration from a number of values that guide its conduct: ***fair dealing***, in addition to fair value it is important to have a code of conduct for dealing with people, the environment and the community; ***expertise***, doing is not enough, we like to instill our products and services with quality by providing suitable training based on constant learning and skills enhancement; ***team spirit***, by working together we perform better and find more solutions; ***innovative spirit***, our experience permits us to cultivate new ideas that allow us to anticipate the future.

Product innovation

Over the next three years Emak will seek constant improvements in the quality of its products, along with creating a complete, updated range of products thanks to the introduction of 10 new products on average every year. Particular attention will be given to international standards regarding safety, noise levels and emissions.

Greater competitiveness

Over the next three years the company aims to strengthen its position further by reducing and controlling production and fixed costs. This will be achieved by investing in improving the search for more competitive sources of supply, the efficiency and organization of in-house processes and the management of customers, suppliers and information in general. In addition, the new factory in China specializing in "price sensitive" products and channels will be completed by the end of 2005.

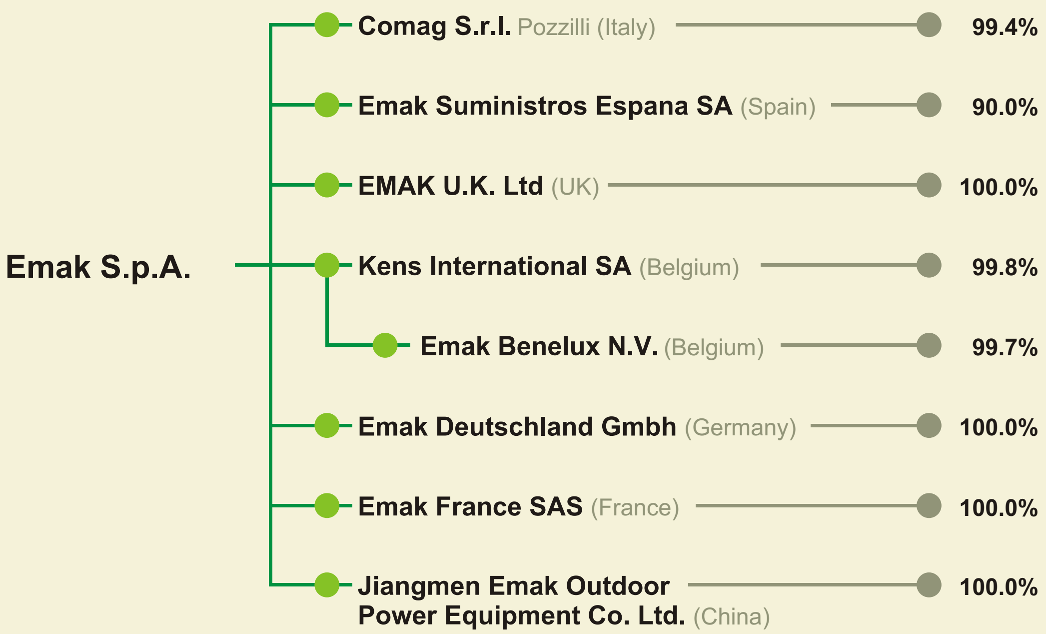
Distribution network enhancement

Over the next three years the Emak group aims to develop suitable marketing initiatives for consolidating its distribution network in Italy and for increasing its market shares in European countries where it currently has trading subsidiaries.

Development of other channels of business

In addition to its established channels of business, the group aims to achieve greater penetration of the European mass market channel thanks to production by Emak China and consolidation of its relationship with Original Equipment Manufacturers (OEM's).

Emak Group structure



Report on performance

4 Consolidated financial results

The group reported a net profit of € 9,030 thousand in 2004.

The financial highlights for the year are as follows:

INDICATOR (in € / 000)	Year 2004	Year 2003
NET SALES	**163,168**	152,681
EBITDA	**22,633**	23,922
EBIT	**16,235**	17,549
Profit before taxes	**15,716**	16,376
Net profit (including minority interests)	**9,030**	9,629
Loss (Profit) attributable to minority interests	**(87)**	(54)
NET PROFIT FOR THE YEAR	**8,943**	9,575

INDICATOR (in €)	Year 2004	Year 2003
Earnings per share	**0.32**	0.35
Cash flow per share*	**0.54**	0.56
Dividend per share	**0.145**	0.145

* Net profit + amortization and depreciation

The Income Statement is summarized as follows:

(in € / 000)	Year 2004	Year 2003
VALUE OF PRODUCTION	**163,841**	155,022
Cost of production	**(141,208)**	(131,100)
EBITDA	**22,633**	23,922
Amortization, depreciation, writedowns and provisions	**(6,398)**	(6,373)
EBIT	**16,235**	17,549
Financial income and expenses	**(835)**	(716)
Extraordinary items	**316**	(457)
PROFIT BEFORE TAXES	**15,716**	16,376
Taxes	**(6,686)**	(6,747)
Net profit (including minority interests)	**9,030**	9,629
Loss (Profit) attributable to minority interests	**(87)**	(54)
NET PROFIT FOR THE YEAR	**8,943**	9,575

Sales by geographical area

Sales increased by 6.9% on 2003 to reach € 163,168 thousand.

Sales are broken down by geographical area as follows:

Geographical areas

2004 (in € / 000)		
22.8%	Italy	37,129
61.8%	Europe	100,947
15.4%	Rest of world	25,092
	Total	163,168

2003 (in € / 000)		
25.3%	Italy	38,604
59.2%	Europe	90,469
15.5%	Rest of world	23,608
	Total	152,681

Domestic market sales were 3.8% lower at € 37,129 thousand, representing a decrease of € 1,475 thousand; they accounted for 22.8% of total turnover. The downturn was due to the high level of stocks held by dealers at the end of 2003 which depressed sales in the first part of the year.

Export sales increased by 10.5% on 2003 to € 126,039 thousand. They accounted for 77.2% of total sales, up from 74.7% in 2003.

European sales were 11.6% higher: the French market performed particularly well (especially thanks to sales of Staub branded products) as did most of Eastern Europe.

Sales to the rest of the world increased by 6.3% thanks to a good performance in South America and Turkey.

Sales by product line

Sales are broken down by product as follows:

(in € / 000)	Year 2004		Year 2003	
Chainsaws	34,857	21.4%	33,153	21.7%
Brushcutters	31,382	19.2%	31,836	20.8%
Lawnmowers	21,704	13.3%	22,853	15.0%
Garden tractors	12,559	7.7%	12,671	8.3%
Others	41,914	25.7%	35,115	23.0%
Spare parts and accessories	20,752	12.7%	17,053	11.2%
Total	163,168	100.0%	152,681	100.0%

Report on performance

The increase in sales was due to the good performance of certain types of product such as the new Staub branded products launched in France in 2004, power cutters, water pumps and chainsaws as well as spare parts and accessories.

The sell-in of gardening products (brushcutters, lawnmowers and garden tractors) were affected by the high level of stocks held by dealers at the start of the season. However, the sell-out over the course of 2004 was such that at year end stocks held by dealers were considerably lower, creating the conditions for a good start to the sell-in for the 2005 season.

EBITDA was € 22,633 thousand, corresponding to 13.9% of sales. This was 5.4% lower than the figure of € 23,922 thousand reported in 2003.

The overall result for the year was negatively affected by the following factors:

- increase in the cost of services due to:
  - greater concentration of new product research and development projects, whose costs in the period were significantly higher than in the past;
  - commercial costs incurred for new initiatives in support of the sales network (with particular reference to the end user);
  - start-up costs of the production unit in China;

- increase in the price of the principal raw materials which had major consequences starting from the third quarter both on the cost of components and transport;

- rise in payroll costs both in relation to the higher average number of employees and wage increases. At December 31st 2004 there were 634 employees in the workforce (of whom 53 with fixed-term contracts), compared with 573 a year earlier (of whom 37 with fixed-term contracts).

The result was positively affected by the following factors:

- higher sales;

- control of purchase costs for certain components thanks to the company's drive for greater efficiency by sourcing supplies from more cost-competitive areas.

EBIT came to € 16,235 thousand, corresponding to 9.9% of sales. This was 7.5% lower than the figure of € 17,549 thousand reported in 2003.

Extraordinary items included € 342 thousand in post-tax income as a result of eliminating tax-related distortions and € 123 thousand for the higher value of inventories as a result of changing the associated accounting policy.

Income taxes, calculated on the basis of a realistic estimate of taxable income, amounted to € 6,686 thousand, representing a tax rate of 42.5% (41.2% in 2003)

5 Consolidated balance sheet and financial position

The consolidated balance sheet and financial position at December 31st 2004 are summarized as follows:

(in € / 000)	31.12.2004	31.12.2003
Net non-current assets	**26,927**	25,997
Current assets	**59,327**	60,197
Total net capital employed	**86,254**	86,194
Shareholders' equity attributable to the group	**69,390**	64,517
Shareholders' equity attributable to minority interests	**449**	575
Net debt	**(16,415)**	(21,102)

Investment activities absorbed € 6,870 thousand in resources.

During 2004 around € 7,712 thousand was invested in property, plant and equipment and intangible assets as follows:

- € 2,063 thousand on product innovation (mainly studies, research and equipment for new products);
- € 1,021 thousand for boosting production capacity and for process innovation;
- € 938 thousand for upgrading the computer network (e-business project) and other investments in management infrastructure;
- € 3,516 thousand for modernizing and completing existing buildings, as well as purchasing land to accommodate possible future expansion of production facilities;
- € 174 thousand in goodwill treated as differences arising on consolidation

Net current assets witnessed an increase of around € 2,200 thousand in trade receivables since December 31st 2003. Since the terms of payment were unchanged, this increase was due to higher fourth-quarter sales than in the same period a year earlier.

Inventories of raw materials were around € 3,100 thousand higher, semifinished products and work in progress were largely unchanged, while finished products increased by some € 1,500 thousand; the increase in inventories was due to the higher volumes produced to satisfy orders for delivery in the first quarter of 2005.

The values at December 31st 2004 are calculated on the basis of weighted average cost, while those at December 31st 2003 were calculated using LIFO. The effect of this change in accounting policy did not have a significant impact on the results.

Trade payables for goods and services increased by around € 8,200 thousand, reflecting the higher volume of purchases made in the fourth quarter compared with the same period the year before.

Net debt came down from € 21,102 thousand at the end of 2003 to € 16,415 thousand at December 31st 2004, reflecting the positive amount of cash flow generated by operations.

Net debt is made up as follows:

(in € / 000)	31.12.2004	31.12.2003
Cash and banks	5,205	2.841
Financial receivables and securities	252	734
Financial accrued income and prepaid expenses	43	81
Financial payables	(21,838)	(24.686)
Financial accrued expenses and deferred income	(77)	(72)
Net debt	**(16,415)**	**(21.102)**

Shareholders' equity was € 69,839 thousand compared with € 65,092 thousand at the end of 2003, of which € 69,390 thousand attributable to Emak S.p.A. (€ 64,517 thousand at December 31st 2003) and € 449 thousand attributable to minority interests (€ 575 thousand at December 31st 2003).

Changes in Group structure

The following changes took place during the year affecting the group's balance sheet and income statement:

- Emak S.p.A. increased its investment in Emak Deutschland Gmbh, taking its interest from 80% to 100%;
- The subsidiary Kens International SA increased its interest in Emak Benelux SA from 83.2% to 99.7%. As a result the group's interest in this company rose from 82% to 99.5%.
- Emak S.p.A. subscribed and paid in the full amount of share capital in Jiangmen Emak Outdoor Power Equipment Co. Ltd., the Chinese subsidiary company. Share capital now amounts to US$ 1,084 thousand, all of which is owned by Emak S.p.A..

  In December Emak S.p.A. signed an agreement with Simest S.p.A. under which:
  - it will sell Simest S.p.A. 49% of the Chinese company's current share capital at a price to be determined on the basis of the overall cost incurred (€ 438 thousand);
  - it will approve an increase in the Chinese company's capital by up to US$ 2,200 thousand, to be subscribed by the shareholders in proportion to their interests (51% Emak S.p.A. and 49% Simest S.p.A.);
  - the interest held by Simest S.p.A. is the subject of a binding agreement for repurchase by Emak S.p.A. on June 30th 2012.

6 Research and development

Research and development activities in 2004 focused on:

- developing new products, in accordance with Emak's long-term strategy for renewing the range;
- updating existing products for changes in the legislative framework.

Among the more significant projects, mention should be made of the production of a professional pruning chainsaw, launched on the market in September. This 25 cc machine joins the existing range of pruning chainsaws.

The range of equipment for the mass retailing sector (brushcutters, lawnmowers and chainsaws) was expanded with numerous customizations made specifically for this channel.
Both the aluminium and plate lawnmower ranges underwent restyling.

The range of industrial machines was completed at the low end with the addition of a 62 cc power cutter for masonry and reinforced concrete: this model joins the existing 100 cc and 80 cc versions. This range was also extended with the addition of another version of the 80 cc model. Work also started on producing a new power cutter trolley for accommodating the new models now available on the market.

Projects under development include a series of new products currently being designed for manufacture at the new production unit in China.

Continuing research work was also conducted on important, current issues such as pollution, safety and ergonomics. These activities covered all Emak product ranges.

The new European Euro 1 regulations on limiting and controlling exhaust fumes came into force in August 2004; manufacturers have a period of 6 months to bring their products into line. Since Emak already complies with the new regulations, it will be able to avoid problems of obsolescence within the distribution chain while offering customers exclusively state-of-the-art equipment.

The R&D structure was strengthened; plans were made for expanding the workshop area and new technical instruments were acquired in order to have the proper resources for proceeding with the new product development programme.

The company incurred a total of € 3,011 thousand in R&D costs during the year (€ 2,550 thousand in 2003).

7 Performance of subsidiaries

Emak UK

Emak U.K. Ltd

The company's results, derived using group accounting policies, reported a net profit of GBP 122,247 (€ 180 thousand), compared with GBP 12,350 (€ 18 thousand) in 2003. Sales increased by 16.6% to GBP 3,785,518 (€ 5,482 thousand), up from GBP 3,245,466 (€ 4,686 thousand) in 2003.
The improvement in the result was due to higher sales volumes, the recovery in margins following revaluation of the pound, and improved financial management as a result of a more effective strategy of hedging currency risk.
The company also started selling the Oleo-Mac range at the beginning of the year.
The company distributes Emak products in the United Kingdom.

Emak Deutschland

Emak Deutschland Gmbh

The company's results, derived using group accounting policies, reported a loss of € 104 thousand, compared with a loss of € 207 thousand in 2003.
Sales increased by 20.4% to € 7,404 thousand, up from € 6,151 thousand in 2003.
The company's results continued to be affected by the costs of reorganizing the sales network, whose first tangible results in terms of sales are now starting to be felt.
The company distributes Emak products in Germany.

Emak Benelux

Kens International SA

The company's results, derived using group accounting policies, reported a net profit of € 20 thousand, compared with a loss of € 4 thousand the year before. The investment in Emak Benelux N.V. represents the company's only significant asset. The subsidiary Emak Benelux N.V. reported a net profit of € 10 thousand, compared with € 92 thousand in 2003. Sales were 20.4% lower at € 3,055 thousand, down from € 3,838 thousand in 2003.
The fall in sales reflected the difficult situation on the specific market. Net profit was affected by the decrease in turnover and extraordinary items.
The company distributes Emak products on the Belgian and Dutch markets.

Emak España

Emak Suministros Espana SA

The company's results, derived using group accounting policies, reported a net profit of € 838 thousand, an increase of 13.1% on the figure of € 741 thousand reported in 2003. Sales were 9.5% higher at € 8,646 thousand, up from € 7,895 thousand in 2003. The improvement in the results is explained by the increase in sales.
The company distributes Emak products in Spain.

COMAG

Comag S.r.l.

The company's results, derived using group accounting policies, reported a net profit of € 389 thousand compared with € 889 thousand in 2003. Sales amounted to € 14,078 thousand, compared with € 16,501 thousand in 2003.
The decrease in sales and earnings was due to lower production volumes by the lawnmowers line and the start-up of production by the chainsaws line under outsourcing arrangements.

Emak France

Emak France SAS

The company's results, derived using group accounting policies, reported a net profit of € 8 thousand compared with a loss of € 236 thousand in 2003. Sales were 29.9% higher at € 30,662 thousand, up from €2 3,612 thousand in 2003.
The improvement in results reflected the launch of Staub branded products and the recovery in demand on the French market.
However, the large increase in sales failed to translate into an equally large improvement in earnings. This was because of the higher cost of services associated with measures to support the sales network.
The company distributes Emak products in France.

Emak Jiangmen Outdoor Power Equipment Co. Ltd

The company's results, derived using group accounting policies, reported a loss of € 261 thousand. This new Chinese company started operations in the last part of the year, producing goods worth € 81 thousand in the period.
The results for the year were severely affected by this phase of operational and organizational start-up.

8 Intercompany transactions

The effect on the balance sheet and income statement at December 31st 2004 of transactions by Emak S.p.A. with subsidiaries, affiliated companies and any related parties are shown below.
Emak S.p.A. is under the governance and coordination of Yama S.p.A. as defined by article 2497 of the Italian civil code.

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

Some of the companies belonging to the Yama group supply Emak with parts and materials, exploiting synergies associated with technological research. These are mostly strategically important parts, whose purchasing policy is based on factors of quality and cost.
Emak S.p.A. supplies finished products to some of the trading companies within the Yama group, allowing them to complete their product range.

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

The main transactions with subsidiary and affiliated companies during the year ended December 31st 2004 and the receivable and payable balances at that date are reported below:

Revenues and Receivables (in € / 000)

Companies controlled by Yama S.p.A.	Sales	Other revenues	Rental income	Total	Receivables
Mac Sardegna Industriale S.r.l.	1,090	-	-	**1,090**	**735**
Sabart S.p.A.	224	-	-	**224**	**79**
Tecomec S.p.A.	43	-	126	**169**	**8**
Unigreen S.p.A.	42	-	-	**42**	**9**
Garmec S.p.A.	467	-	-	**467**	**3**
Comet S.p.A.	138	7	-	**145**	**34**
Arkos S.r.l.	24	-	16	**40**	**40**
Yabe S.p.A.	2	1	-	**3**	**2**
Selettra S.r.l.	3	1	-	**4**	**3**
Tecnol S.p.A.	5	24	-	**29**	**28**
Total	**2,038**	**33**	**142**	**2,213**	**941**

Costs and payables (in € / 000)

Companies controlled by Yama S.p.A.	Goods purchased	Services and manufacturing	Rental expense	Total	Payables
Fima S.p.A.	1,102	18	-	**1,120**	**609**
Selettra S.r.l.	3,658	25	-	**3,683**	**1,741**
Tecomec S.p.A.	992	23	-	**1,015**	**363**
Sabart S.p.A.	210	-	-	**210**	**38**
Comet S.p.A.	516	-	-	**516**	**161**
Garmec S.p.A.	18	2	-	**20**	**2**
Yabe S.p.A.	1,752	-	-	**1,752**	**492**
Mac Sardegna S.r.l.	-	7	-	**7**	**6**
Unigreen S.p.A.	44	-	-	**44**	**-**
Tecnol S.p.A.	3,492	41	-	**3,533**	**1,487**
Comet France SAS	7	-	-	**7**	**-**
Yama immobiliare S.r.l.	-	-	71	**71**	**-**
Total	**11,791**	**116**	**71**	**11,978**	**4,899**

Ultimate parent company	Services	Total	Payables
Yama S.p.A.	118	**118**	**57**
Total	**118**	**118**	**57**

9 Own shares

Following the shareholders' authorization given in the meeting of April 30th 2004 to purchase and sell own shares, Emak S.p.A. purchased and sold its own shares on the market for the purpose of improving the stock's liquidity.

The company held 36,468 of its own shares at December 31st 2003; during 2004 it purchased 1,000 shares at an average price of € 3.41 and sold 15,500 shares at an average price of € 3.72 each.

The company held 21,968 of its own shares at December 31st 2004, representing 0.0794% of its fully subscribed and paid-up share capital. These shares were recorded at an average cost of € 2.12 each, for a total investment of € 47 thousand.

Subsequent to the close of the year 21,968 own shares were sold for a figure of € 91 thousand; however, no purchases have since been made.

10 Other information

Transition to financial international reporting standards

Following the approval of EU regulation 1606/2002 the Emak group will adopt international financial reporting standards for the first time in its consolidated financial statements closing at December 31st 2005.

The group has formed a team to identify the impact of the new accounting standards on the structure of its accounting system and on the consolidation process and the related IT implications.

The group's accounting policies have been defined with reference to international accounting standards. The main differences produced by their application have also been assessed.

Based on the work performed to date, the application of the new accounting standards relative to those currently adopted is not thought to have a significant impact on the value of shareholders' equity and the results.

11 Stock performance

The Emak stock reached a record high of € 4.05 on June 30th 2004. Its low for the year was € 3.15 on January 29th 2004, while at close of trade on December 30th it was valued at € 3.90. The average price for the year was € 3.615 (€ 2.91 in 2003). The average value of daily trading was around € 77 thousand (€ 52 thousand in 2003), involving an average number of 21,300 shares (17,900 in 2003).

11 Significant subsequent events

No events of significance have taken place since the end of the year.

11 Business outlook

The good results of the sell-out during 2004 took stocks back down to their normal end-of-season level, creating the conditions for a positive start to the next season. This fact is confirmed by the sales figures for the first quarter of 2005 which are over 10% higher than last year's.

There continue to be concerns over pressures on raw material prices and the limited opportunities for passing on the additional costs in the price of end products.

The company is confident of achieving its targets for growth and value creation thanks to its rising investments in boosting its competitive position.

Bagnolo in Piano (RE), March 31st 2005

on behalf of the Board of Directors

The Chairman
Giacomo Ferretti

Consolidated balance sheet

at December 31st 2004 and 2003

Consolidated balance sheet - ASSETS (in € / 000)		31.12.2004		31.12.2003
Non-current assets				
Intangible assets:				
start-up and expansion costs		2		3
research and development costs		541		98
intellectual property rights		824		1,011
concessions and licenses		9		8
goodwill		856		1,191
difference arising on consolidation		523		550
assets in process of formation and advances		263		521
other		241		5
Total		**3,259**		**3,387**
Property, plant and equipment:				
land and buildings		15,937		12,130
plant and machinery		4,451		4,506
industrial and commercial equipment		4,212		4,003
other assets		1,895		1,312
leased assets		1,076		4,860
assets under construction and advances		3,934		2,057
Total		**31,505**		**28,868**
Financial assets:				
equity investments in:				
subsidiary companies		-		529
other companies		223		223
receivables:				
other receivables		102		268
Total		**325**		**1,020**
Total non-current assets		**35,089**		**33,275**
Current assets				
Inventories:				
raw, ancillary and consumable materials		22,688		19,553
work in progress and semifinished goods		5,329		5,478
finished products and goods for resale		22,606		21,143
advances		436		-
Total		**51,059**		**46,174**
Receivables:				
trade receivables		51,843		49,604
due within one year	51,843		49,604	
tax receivables		1,755		1,291
due within one year	1,755		1,291	
deferred tax assets		226		290
due within one year	166		232	
due after more than one year	60		58	
other receivables		307		478
due within one year	290		462	
due after more than one year	17		16	
Total		**54,131**		**51,663**
Current financial assets:				
own shares		47		72
other securities		252		734
Total		**299**		**806**
Cash and banks:				
bank and post office accounts		5,193		2,832
cash and cash equivalents		12		9
Total		**5,205**		**2,841**
Total current assets		**110,694**		**101,484**
Accrued income and prepaid expenses		**271**		**266**
Total assets		**146,054**		**135,025**

Consolidated balance sheet

at December 31st 2004 and 2003

Consolidated balance sheet - EQUITY AND LIABILITIES (in € / 000)		31.12.2004		31.12.2003
Shereholders' equity				
attributable to the Group:				
share capital		7,190		7,190
share premium reserve		21,047		21,047
revaluation reserve		1,138		1,138
legal reserve		1,438		1,438
own shares reserve		47		72
other reserves		23,752		19,632
translation reserve		(59)		4
consolidation reserve		763		763
retained earnings		5,131		3,658
net profit for the year		8,943		9,575
shareholders' equity attributable to the Group		**69,390**		**64,517**
attributable to minority interests:				
capital and reserves		362		521
net profit (loss) for the year		87		54
shereholders' equity attributable to minority interests		**449**		**575**
Total		**69,839**		**65,092**
Provisions for liabilities and charges:				
retirement benefits		507		640
deferred and other taxes		981		458
other		239		179
Total		**1,727**		**1,277**
Provisions for employee termination indemnities		**5,654**		**5,239**
Payables:				
bank loans and overdrafts		21,465		23,567
due within one year	12,214		12,786	
due after more than one year	9,251		10,781	
other providers of finance		373		1,118
due within one year	172		795	
due after more than one year	201		323	
advances		481		585
trade payables		39,814		31,607
subsidiary companies		-		206
ultimate parent company		57		57
tax payables		1,524		1,588
social security payables		1,783		1,769
due within one year	1,657		1,619	
due after more than one year	126		150	
other payables		2,222		2,093
Total		**67,719**		**62,590**
Accrued expenses and deferred income		**1,115**		**827**
Total equity and liabilities		**146,054**		**135,025**

Memorandum accounts		
Guarantees given to third parties	180	210
Assets purchase commitments under preliminary contracts	102	4,291
Forward currency purchase contracts	5,252	6,056

Consolidated income statement

for the years ended December 31st 2004 e 2003

(in € / 000)		31.12.2004		31.12.2003
Value of production:				
revenues from sales and services		163,168		152,681
changes in work in progress and inventories of semifinished and finished products		(89)		1,499
other revenues and income		762		842
Total		**163,841**		**155,022**
Cost of production:				
raw, ancillary, consumable materials and goods for resale		(99,736)		(92,542)
services		(22,262)		(18,658)
leases and rentals		(1,089)		(1,031)
payroll:		(22,155)		(20,647)
- wages and salaries	(15,953)		(14,959)	
- social security charges	(5,103)		(4,624)	
- employee termination indemnities	(1,018)		(972)	
- retirement benefit costs	(14)		(29)	
- other costs	(67)		(63)	
amortizacion, depreciation and writedowns:		(6,328)		(6,291)
- amortization of intangible assets	(1,297)		(1,269)	
- depreciation of property, plant and equipment	(4,589)		(4,662)	
- writedown of receivables included among current assets	(442)		(360)	
changes in inventories of raw, ancillary and consumable materials and goods for resale		4,512		2,411
increases in provisions for liabilities		(22)		(82)
increases in other provisions		(48)		-
other operating costs		(478)		(633)
Total		**(147,606)**		**(137,473)**
Difference between value and cost of production		**16,235**		**17,549**
Financial income and expenses:				
financial income:				
- from non-current receivables		2		4
- from securities held as current assets other than equity investments		37		145
- other income		404		443
interests and other financial expenses		(1,301)		(1,296)
- to ultimate parent companies	-		(1)	
- other	(1,301)		(1,295)	
exchange gains and losses		23		(12)
Total		**(835)**		**(716)**
Extraordinary income and expenses				
income:		1,215		530
- elimination of tax-related distortion	544		-	
- other	671		530	
expenses:		(899)		(987)
- elimination of tax-related distortion	(202)		-	
- other	(697)		(987)	
Total		**316**		**(457)**
Profit (loss) before taxes		**15,716**		**16,376**
income taxes:				
- current		(6,300)		(6,773)
- deferred		(386)		26
Profit (loss) for the year including minority interests		**9,030**		**9,629**
Loss (profit) for the year attributable to minority interests		**(87)**		**(54)**
Net profit for the year		**8,943**		**9,575**

Explanatory notes to the consolidated financial statements

at December 31st 2004

Method of preparation

The consolidated financial statements at December 31st 2004 have been prepared in accordance with Decree 127/1991. In the case of matters not specifically covered by this decree, reference has been made to the accounting standards issued by the Italian Accounting Profession, the documents issued by the Italian Accounting Board and, in their absence, those issued by the International Accounting Standards Board (IASB).

The balance sheet and income statement for 2004 reflect the changes introduced under the reform of company law (Decree 6 of January 17th 2003 and subsequent amendments and additions). This has involved making a number of additions to the financial statement formats and the disclosures required by law. As a result, some of the prior year figures have been reclassified for the purposes of consistent comparison with the period under review.

The consolidated financial statements have been independently audited. The independent auditors' report is attached to the consolidated annual report.

Information about the company and group business, significant subsequent events and transactions with group companies and other related parties is provided in the report on company and group performance.

Scope of consolidation

The consolidated financial statements at December 31st 2004 include the financial statements of Emak S.p.A. and its subsidiaries as defined by article 26 of Decree 127/91.

Jiangmen Emak Outdoor Power Equipment Co. Ltd, a Chinese company, has joined the scope of consolidation since December 31st 2003.

The Emak group consists of 9 companies at December 31st 2004, all of which are consolidated on a line-by-line basis.

The scope of consolidation at December 31st 2004 therefore consists of the following companies:

List of companies consolidated line-by-line

						Group interest	
Name	Headquarters	Share capital	Currency	**% direct**	**% indirect**	**%**	**Held by**
Emak S.p.A.	Bagnolo (RE)	7,189,910	€				Emak S.p.A.
Emak Suministros Espana SA	Madrid (E)	270,459	€	90.0	-	90.0	Emak S.p.A.
Comag S.r.l.	Pozzilli (IS)	1,850,000	€	99.4	-	99.4	Emak S.p.A.
Emak U.K. Ltd	Lichfield (UK)	17,350	GBP	100.0	-	100.0	Emak S.p.A.
Emak Deutschland Gmbh	Backnag (D)	533,218	€	100.0	-	100.0	Emak S.p.A.
Kens International SA	Wilrijk (B)	61,973	€	99.8	-	99.8	Emak S.p.A.
Emak Benelux N.V.	Schoten (B)	92,960	€	-	99.7	99.5	Kens Int. SA
Emak France SAS	Rixheim (F)	2,000,000	€	100.0	-	100.0	Emak S.p.A.
Jiangmen Emak Outdoor Power Equipment Co. Ltd	Jiangmen (China)	8,957,144	RMB	100.0	-	100.0	Emak S.p.A.

Presentation of the consolidated financial statement

The consolidated financial statements have been prepared using the draft financial statements prepared at December 31st 2004 by the respective boards of directors for approval by group company shareholders, as adjusted, where necessary to bring them into line with group accounting policies.
The accounting policies used for preparing the consolidated financial statements mostly correspond to those adopted by the parent company, which comply with those recommended by CONSOB (Italy's stock market regulator) and those set out in Decree 127/91.
The accounting period and balance sheet date of the consolidation are the same as those of the parent company and its subsidiaries.

Methods of consolidation and currency translation

The methods of consolidation are described below.

The carrying value of individual consolidated companies is eliminated against their related shareholders' equity, while the assets and liabilities reported in their financial statements are consolidated on a line-by-line basis.

Any difference between the carrying value and the interest in shareholders' equity, calculated at the date of first-time consolidation, is recorded as follows:

- if positive, it is allocated to the individual assets and liabilities to which this difference refers. Any residual amount, considered to be of future benefit, is booked as a "Difference arising on consolidation" under intangible assets; this difference is amortized on a straight-line basis over a period reflecting its expected useful life, which may not in any case exceed 5 years.
  In the absence of any future benefit, any residual balance is debited to the consolidation reserve.
- if negative, it is credited to the "Consolidation reserve" under shareholders' equity.

The portion of shareholders' equity attributable to minority shareholders in consolidated subsidiaries is shown separately in the equity accounts as "Capital and reserves" and "Net profit (loss) for the year" attributable to minority interests; the portion of net profit pertaining to minority interests is shown separately in the consolidated income statement as "Loss (profit) for the year attributable to minority interests".

Significant transactions between consolidated companies and the related receivables, payables, costs and revenues are eliminated upon consolidation. If material, any unrealized gains on intercompany transactions are also eliminated, net of the related tax (these mostly refer to gains included in the valuation of closing inventories).

The financial statements of foreign subsidiaries are translated into euro on the basis of the following principles:
• assets and liabilities: at the period-end exchange rate;
• revenues and costs, and income and expenses: at the average rate for the period;
• equity accounts: at the rates applying at the time of their creation.

The exchange rates used to translate these financial statements are as follows (source: official rates published by the European Central Bank):

(corresponding amount of currency to 1 euro)	2004 average	31.12.2004	2003 average	31.12.2003
Pund sterling (GBP)	0.6784	0.7050	0.6922	0.7048
Chinese Renminbi (RMB)	10.29	11.28	-	-

The exchange differences arising on the translation of opening shareholders' equity at current rates rather than at the rates applying at the end of the prior year, as well as the difference between net profit translated at average rates rather than at year-end rates are booked to the "Translation reserve" under the equity accounts.

Explanatory notes to the consolidated financial statements
at December 31st 2004

Accounting policies

The more significant accounting policies used to prepare the consolidated financial statements are described below.

Intangible assets

Intangible assets are recorded at purchase or production cost, and are shown after deducting amortization that has been calculated on the basis of their estimated useful lives.

The amortization rates used are set out in the subsequent comments on the balance sheet.

Property, plant and equipment

Property, plant and equipment are recorded at purchase or production cost, except for those assets which have been revalued under specific legal requirements. Cost includes incidental charges and expenses directly attributable to the asset.

Property, plant and equipment are stated net of the related accumulated depreciation. Depreciation is calculated on a straight-line basis using rates considered suitable for spreading the cost of the assets over their useful economic lives. Assets entering service during the year are depreciated at half their normal rate to reflect the shorter period of use.

The depreciation rates used are set out in the subsequent comments on the balance sheet.

Routine maintenance costs are expensed in full to income; however, the cost of improvements is added to the value of the assets concerned and depreciated over their remaining useful lives.

Assets under construction and advances to suppliers are capitalized on the basis of the cost incurred, including all directly attributable expenses.

Assets purchased and subsequently sold and leased back are reported in the consolidated financial statements as finance leases in accordance with IAS 17.

This is considered to reflect the substance of the transaction better since it involves recording the assets under property, plant and equipment, charging depreciation over their estimated useful lives to the income statement and recognizing a corresponding financial payable. Lease charges are broken down into interest, which is expensed to income, and principal whose repayment reduces the related debt.

Financial assets

Equity investments in other companies are shown at purchase cost including all incidental acquisition expenses; they are written down for any permanent impairments in their value. Their original value is reinstated if the reasons for the impairment loss cease to exist.

Inventories

Inventories of raw materials, semifinished and finished products are recorded at the lower of purchase or production cost and their corresponding realizable value, based on market value at year end. Up until December 31st 2003 cost was determined using the method of LIFO in annual increments. Since this is no longer considered to represent the actual value of inventories, it has now been replaced with the weighted average cost method.

The subsequent commentary on inventories contains an analysis of the effects of this change in policy, broken down between:

• the cumulative effect at the start of the year, recognized as extraordinary income;
• the effect on the ordinary results.

Foreign currency receivables and payables

Receivables and payables originally expressed in currencies other than the individual consolidated company's reporting currency are retranslated at year-end rates or, in the case of hedging contracts, at the agreed exchange rates. The gains and losses arising on translation are respectively credited or debited to the income statement.

Receivables

Receivables are stated at their estimated realizable value by directly subtracting a provision for doubtful accounts from their face value.

Cash and banks

Cash and banks are stated at their face value.

Current financial assets

Securities and equity investments held for short-term investment purposes are valued at the lower of purchase cost and realizable value, based on market trends.
Own shares are valued at the lower of purchase costs and realizable value based on market trends.

Accruals and deferrals

Accruals and deferrals are recorded to match costs and revenues, referring to more than one accounting period, to the proper accounting periods to which they relate.

Provisions for liabilities and charges

The provisions for liabilities and charges cover known or likely losses or liabilities whose timing or extent cannot be determined at year end.
Charges to these provisions reflect best estimates based on the information available.
Risks for which the associated liability is only possible are described in the notes without making any provision.

Provision for employee termination indemnities

This provision reflects the liability to current employees at the balance sheet date, accrued in accordance with current legislation, the national collective payroll agreement and any supplementary in-house agreements.
This payable relates to the Italian companies only; in the case of the foreign companies, provisions for retirement benefit are made in accordance with local legislation.

Commitments, guarantees and risks

Commitments and guarantees are reported at their contractual value under the “Memorandum accounts”.
Risks, which are certain or likely to produce a liability, are recognized by making suitable provision in the provisions for liabilities and charges.
Risks, which may only possibly give rise to a liability, are described in the notes without making any related provisions.

Revenues and costs

These are recognized in accordance with the principles of prudence and matching. Revenues from the sale of goods are recognized when title passes which generally coincides with shipment.

Explanatory notes to the consolidated financial statements

at December 31st 2004

Taxes

The tax charge for the year is calculated on the basis of a realistic estimate of actual charges for the year and those not yet finalized for tax purposes, taking account of any applicable exemptions and tax credits allowed by prevailing tax rules.
It is recorded net of any advances paid and withholdings under “Tax payables”.

Deferred taxes are also recognized in accordance with Italian accounting standard 25, taking account of any items whose taxation and/or deductibility is deferred or brought forward; both deferred tax assets and liabilities are recognized.

Deferred tax assets (recorded under asset account CII4 ter “Deferred tax assets”) and deferred tax liabilities (recorded under liability account BII “Provisions for deferred taxes”) are offset if allowed by law.

The associated valuations prudently take expected future earnings into consideration.

Any taxes due on the distribution of untaxed reserves, disclosed in the financial statements of individual group companies, are recognized only when they are certain to be distributed.

For ease of understanding and clearer presentation, details of the individual financial statement accounts and related movements are shown in thousands of euro.

Balance sheet - Assets

Non-current assets

Intangible assets

Intangible assets are made up as follows:

(in € / 000)	Net book value at 31.12.2003	Change in scope of consolidation	Increases	Amortization	Other movements	Net book value at 31.12.2004
Start-up and expansion costs	3	-	-	(1)	-	2
Research, development and advertising costs	98	-	110	(151)	484	541
Intellectual property rights	1,011	-	413	(600)	-	824
Concessions, licences, trademarks and similar rights	8	-	2	(1)	-	9
Goodwill	1,191	-	-	(335)	-	856
Difference arising on consolidation	550	-	174	(201)	-	523
Other	5	254	-	(8)	(10)	241
Assets in process of formation and advances	521	-	234	-	(492)	263
Total	**3,387**	**254**	**933**	**(1,297)**	**(18)**	**3,259**

"Research, development and advertising costs" at December 31st 2004 solely consist of the costs incurred in 2002, 2003 and 2004 for developing advanced technical solutions for environmentally-friendly portable machinery used in garden care and maintenance.

"Intellectual property rights" mostly refer to costs incurred to purchase software from third parties either outright or under user licence. The increases in 2004 mainly relate to investments in general software for upgrading and maintaining the computer network.

Goodwill includes the sums paid as such by group companies when acquiring commercial or manufacturing businesses and as part of other corporate-entity transactions. This balance is amortized over a period of between 5 and 10 years, representing its expected future economic benefits.

The "Difference arising on consolidation" represents the difference between the acquisition cost of consolidated companies and the book value of the interest in shareholders' equity acquired; the increase in the year reflects the acquisition of additional interests in Emak Deutschland Gmbh and Emak Benelux N.V.

The increase in assets in process of formation mostly refers to investments made by the parent company in research and development into advanced technical solutions for environmentally-friendly portable machinery used in garden care and maintenance; the capitalization of these costs refers to projects still in progress and not yet completed.

Detailed information

Intangible assets are amortized over the following periods:

Start-up and expansion costs	3 or 5 years
Research and development costs	5 years
Intellectual property rights	3 or 5 years
Concessions, licences, trademarks and similar rights	10 years
Goodwill	5 or 10 years
Difference arising on consolidation	5 years
Other	3 years

Original cost and accumulated amortization are set out below:

(in € / 000)	31.12.2004	31.12.2003
Original cost	11,266	10,097
Accumulated amortization	(8,007)	(6,710)
Net book value	**3,259**	**3,387**

Property, plant and equipment

The net book value of property, plant and equipment at December 31st 2004 is analyzed as follows:

(in € / 000)	Original cost 2004	Revaluations	Total	Accrued depreciations	Net book value
Land and buildings	20,419	1,471	21,890	(5,953)	15,937
Plant and machinery	10,926	43	10,969	(6,518)	4,451
Industrial and commercial equipment	31,704	146	31,850	(27,638)	4,212
Other assets	5,444	-	5,444	(3,549)	1,895
Leased assets	1,322	-	1,322	(246)	1,076
Assets under construction and advances	3,934	-	3,934	-	3,934
Total	**73,749**	**1,660**	**75,409**	**(43,904)**	**31,505**

Changes during the year are shown in the following tables:

(in € / 000)	Original cost 31.12.2003	Increases	Decreases	Other movements	Original cost 31.12.2004
Land and buildings	17,530	92	-	4,268	21,890
Plant and machinery	10,063	262	(67)	711	10,969
Industrial and commercial equipment	29,298	2,366	(95)	281	31,850
Other assets	4,543	1,168	(267)	-	5,444
Leased assets	5,590	-	-	(4,268)	1,322
Assets under construction and advances	2,057	2,891	(22)	(992)	3,934
Total	**69,081**	**6,779**	**(451)**	**0**	**75,409**

(in € / 000)	Accrued depreciation 2003	Increases	Decreases	Other	Accrued depreciation 2004	Opening net book value	Closing net book value
Land and buildings	(5,400)	(580)	544	(517)	(5,953)	12,130	15,937
Plant and machinery	(5,557)	(1,000)	39	-	(6,518)	4,506	4,451
Industrial and commercial equipment	(25,295)	(2,406)	63	-	(27,638)	4,003	4,212
Other assets	(3,231)	(570)	252	-	(3,549)	1,312	1,895
Leased assets	(730)	(33)	-	517	(246)	4,860	1,076
Assets under construction and advances	-	-	-	-	-	2,057	3,934
Total	**(40,213)**	**(4,589)**	**898**	**0**	**(43,904)**	**28,868**	**31,505**

The decrease of € 544 thousand in the accumulated depreciation of land and buildings entirely refers to the process of eliminating tax-related distortions from the balance sheet.

The revaluations made under Law 72/83 and Law 413/91 are as follows:

Revaluations (in € / 000)	Law 72/83	Law 413/91	Total
Land and buildings	721	750	1,471
Plant and machinery	43	-	43
Industrial and commercial equipment	146	-	146
Total	**910**	**750**	**1,660**

The depreciation rates adopted fall within the following ranges:

Buildings	3% - 10%
Plant and machinery	10% - 15,5%
Industrial and commercial equipment	20% - 30%
Other assets	12% - 25%

The main investments made in 2004 refer to the extension of existing buildings which are recorded under "Assets under construction".

The group also made other important investments in industrial and commercial equipment and other assets.

Some of the buildings are mortgaged to the tune of € 7,690 thousand at December 31st 2004 (€ 9,937 thousand at December 31st 2003).

Comag S.r.l. has obtained capital grants under Law 488/92 for the following amounts:
- € 1,615 thousand in 1998 for investments worth € 4,532 thousand;
- € 834 thousand in 2002 for investments made in 2001 and 2002 worth around € 4,250 thousand.

These grants, which are reported under deferred income, are credited to income evenly over the useful economic lives of the assets concerned.

Comag S.r.l. presented a new application in 2004 to obtain grants worth around € 2,400 thousand for investments of some € 9,538 thousand.

Financial assets

"Equity investments in other companies" of € 223 thousand represent the 10% interest in Netribe S.r.l.

"Other receivables" total € 102 thousand at December 31st 2004 (€ 268 thousand at December 31st 2003) and include guarantee deposits and receivables from the tax authorities for advance personal income tax paid on employee termination indemnities.

Detailed information

Current assets

Inventories

Inventories are stated net of a provision of € 957 thousand at December 31st 2004 (€ 860 thousand at December 31st 2003). The purpose of this provision is to write down obsolete and slow-moving items or those out of production to their estimated realizable value.

Inventories have increased by € 4,885 thousand since the end of last year as a result of work on orders for delivery in the first quarter of 2005.

As mentioned in the notes on accounting policies, values at December 31st 2004 have been calculated on the basis of weighted average cost, while those at December 31st 2003 were calculated using LIFO.

This change in accounting policy followed the recommendations contained in Italian accounting standard 29 and has involved recognizing the cumulative effect at the start of the year as extraordinary income on the assumption that the new policy was also used in prior years.
This effect, before tax, derives from the following comparison:

	Value at 31.12.2003		
(in € / 000)	Weighted average cost	LIFO	Difference
Total net inventories	46,297	46,174	123

The amounts shown as changes in inventories in the income statement are based on the consistent comparison of weighted average cost between opening and closing inventories:

	Weighted average cost		
(in € / 000)	Valoue at 31.12.2004	Value at 31.12.2003	Difference
Total net inventories	51,059	46,297	4,762

The effect on the ordinary results for the year (before extraordinary items and tax) as a result of changing this accounting policy is as follows

	Change in inventories		
(in € / 000)	Weighted average cost	LIFO	Difference
Total	4,762	4,774	(12)

Receivables

Trade receivables.

The net value of trade receivables at December 31st 2004 is as follows:

Trade receivables (in € / 000)	31.12.2004	31.12.2003
Customers	52,486	50,316
Affiliated companies	941	710
Provision for doubtful accounts	(1,584)	(1,422)
Total	**51,843**	**49,604**

Movements in the provision for doubtful accounts are as follows:

(in € / 000)	Balance at 31.12.2003	New provisions	Uses	Balance at 31.12.2004
Total provision for doubtful accounts	1,422	442	(280)	1,584

Trade receivables have increased relative to the prior year due to higher fourth-quarter sales than in the corresponding period of 2003.

Trade receivables include the following balances in foreign currency:
• US dollars: 3,008,019
• Japanese yen: 37,850,387
• Pounds sterling: 972,440

The degree of credit concentration is low.

“Trade receivables” and “Other receivables” are analyzed by geographical area as follows:

(in € / 000)	Italy	Europe	Rest of World	Total
Customers	16,879	26,253	7,770	50,902
Affiliated companies	941	-	-	941
Total trade receivables	**17,820**	**26,253**	**7,770**	**51,843**
Other receivables	**225**	**71**	**11**	**307**

Tax receivables

Tax receivables include € 1,343 thousand in VAT, € 401 thousand in direct income tax credits and € 11 thousand in other minor taxes.

Deferred tax assets

The nature and details of deferred tax assets are presented in the comments accompanying liability account BII “Provision for deferred taxes”.

There are no such receivables due after more than 5 years.

Current financial assets

Own shares

These amount to € 47 thousand compared with € 72 thousand at the end of 2003. The amount at the end of 2004 refers to 21,968 ordinary shares in Emak S.p.A., of par value € 0.26 each, corresponding to 0.0794% of share capital, purchased under the shareholder authorization given on April 30th 2004.
A specific restricted equity reserve for a matching amount has been set aside in accordance with article 2357-ter of the Italian civil code.
The weighted average carrying value is less than average market value at year end.

Other securities

This balance consists of € 252 thousand in mutual funds held by Emak Suministros Espana SA at December 31st 2004.

Cash and banks

Cash and banks amount to € 5,205 thousand at December 31st 2004, most of which refers to bank accounts.

Accrued income and prepaid expenses

"Accrued income and prepaid expenses" are analyzed as follows:

Details of accrued income and prepaid expenses (in € / 000)	31.12.2004	31.12.2003
Long-term loan arrangement costs	44	66
Maintenance charges	57	7
Trademarks and patents	24	30
Guarantee and insurance policies	16	6
Other	130	157
Total	**271**	**266**

Balance sheet - Equity and liabilities

Shareholders' equity

Share capital

Share capital is fully paid up at December 31st 2004 and amounts to € 7,190 thousand. It consists of 27,653,500 ordinary shares of par value € 0.26 each.

Share premium reserve

The share premium reserve, which consists of the premium paid on new-issue shares, is unchanged since the prior year at € 21,047 thousand.

Revaluation reserves

These amount to € 1,138 thousand, of which € 371 thousand refers to Law 72/83 and € 767 thousand to Law 413/91.

Other reserves

At December 31st 2004 this balance consists of € 129 thousand in untaxed reserves for tax-related provisions for grants and donations, € 394 thousand in merger surplus reserves and € 23,229 thousand for the extraordinary reserve.

Movements in the equity accounts are analyzed in an appendix to these notes.

Details of the restrictions on distributing reserves are contained in the specific table in the appendices accompanying the explanatory notes to the financial statements of the parent company Emak S.p.A.

The amount that may not be distributed out of consolidated "retained earnings" is € 640 thousand.

Provisions for liabilities and charges

Provision for retirement benefits

The provision for "Retirement benefits" includes the provision for agents' termination indemnity calculated with reference to the agency contracts in existence at year end and the provisions for staff retirement benefits under local payroll agreements and pension plans at certain group companies

Provision for deferred and other taxes

The provision for taxes mostly refers to the temporary differences arising on adjustments relating to the treatment of leases as finance leases and the elimination of intercompany margins.

Movements are as follows:

(in € / 000)	Opening balance	Increases	Decreases	Closing balance
Provision for taxes	458	536	(13)	981

The following table summarizes the main items giving rise to deferred tax assets and liabilities at December 31st 2004.

	31.12.2004		31.12.2003	
(in € / 000)	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Deferred tax liabilities on:				
Capital gains on asset sales	124	46	168	62
Leased assets treated in accordance with IAS 17	4,824	1,797	4,047	1,508
Default interest	82	27	-	-
Other differences	461	165	263	92
Total deferred tax liabilities	**5,491**	**2,035**	**4,478**	**1,662**
Deferred tax assets on:				
Entertaining costs	55	21	57	21
Reversal of unrealized intercompany gains	1,782	663	2.218	826
Provision for inventories	589	219	491	183
Provision for uninsured risks	21	8	21	8
Provision for risks and guarantees	94	35	72	27
Taxed provision for doubtful accounts	95	31	-	-
Provision for agents' termination indemnities	320	119	396	147
Other costs with deferred deduction	550	184	762	282
Total deferred tax assets	**3,506**	**1,280**	**4,017**	**1,494**
Net difference	**(1,985)**	**(755)**	**(461)**	**(168)**
Deferred tax assets reported in the balance sheet	-	226	-	290
Provision for deferred taxes reported in the balance sheet	-	(981)	-	(458)
Net difference	**-**	**(755)**	**-**	**(168)**

Deferred tax assets and liabilities have been calculated using the tax rates thought to apply when such differences will reverse; in the case of Italian companies, the rate is 33% for IRES (corporate income tax) and 4.25% for IRAP (regional business tax); the direct tax rate applying in the various foreign countries was used in the case of the other companies.

Other provisions

Other provisions are analyzed as follows:

(in € / 000)	Balance at 31.12.2003	Increases	Uses	Balance at 31.12.2004
Provision for reward schemes	-	48	-	48
Provision for uninsured risks	21	-	-	21
Provision for product warranties	148	22	-	170
Provision for outstanding disputes	10	-	(10)	-
Total	**179**	**70**	**(10)**	**239**

Detailed information

Provision for employee termination indemnities

Movements in the provision for employee termination indemnities are as follows:

(in € / 000)	Opening balance	New provisions	Decreases	Closing balance
Employee Termination indemnities	**5,239**	**1,018**	**(603)**	**5,654**

Payables

Payables are broken down by maturity as follows:

	31.12.2004				31.12.2003			
(in € / 000)	Within one year	After more than 1 year	Of which after more than 5 years	Total	Within one year	After more than 1 year	Of which after more than 5 years	Total
Bank loans and overdrafts	12,214	9,251	537	**21,465**	12,786	10,781	1,050	**23,567**
Other providers of finance	172	201	-	**373**	795	323	-	**1,118**
Advances	481	-	-	**481**	585	-	-	**585**
Trade payables	39,814	-	-	**39,814**	31,607	-	-	**31,607**
Subsidiary companies	-	-	-	**0**	206	-	-	**206**
Ultimate parent company	57	-	-	**57**	57	-	-	**57**
Tax payables	1,524	-	-	**1,524**	1,588	-	-	**1,588**
Social security payables	1,657	126	32	**1,783**	1,619	150	55	**1,769**
Other payables	2,222	-	-	**2,222**	2,093	-	-	**2,093**
Total payables	**58,141**	**9,578**	**569**	**67,719**	**51,336**	**11,254**	**1,105**	**62,590**

Bank loans and overdrafts

This balance mostly consists of overdrafts and medium-term floating-rate loans. The payables backed by secured guarantees (mortgages on buildings and liens on trademarks and securities) amount to € 3,998 thousand (€ 4,697 thousand at December 31st 2003).

Details of repayments falling due after more than one year are as follows:

Repayable within two years	€	1,815	thousand
Repayable within three years	€	5,635	thousand
Repayable within four years	€	632	thousand
Repayable within five years	€	632	thousand
Repayable after more than years	€	537	thousand
Total bank loans and overdrafts due after more than one year	**€**	**9,251**	**thousand**

Other providers of finance

This balance refers to the residual principal owing to leasing companies under finance leases.
The long-term portion will be repaid as follows:

Within two years	€	126	thousand
Within three years	€	75	thousand
Total amounts due to other providers of finance after more than one year	**€**	**201**	**thousand**

Advances

This balance refers to € 481 thousand in advances from customers for the supply of goods.

Trade payables

This balance includes € 4,899 thousand in trade payables due to affiliated companies (€ 3,092 thousand at December 31st 2003).

The increase in trade payables in 2004 is associated with the higher volume of purchases towards the end of the year.

Trade payables include the following balances in foreign currency:

- US dollars: 3,290,518
- Japanese yen: 209,973,233
- Pounds sterling: 227,152

Ultimate parent company

This balance relates to the amount due to the ultimate parent company Yama S.p.A. for services rendered.

Tax payables

Tax payables amount to € 1,524 thousand and consist of € 162 thousand in direct taxes, € 616 thousand in withholding taxes, € 417 thousand in VAT and € 329 thousand in other taxes.

Social security payables

These include € 32 thousand in payables due after more than 5 years.

Other payables

This balance comprises:

(in € / 000)	Balance at 31.12.2004	Balance at 31.12.2003
Staff wages and salaries	1,610	1,572
Other	612	521
Total	**2,222**	**2,093**

Breakdown of payables by geographical area at 31.12.2004:

(in € / 000)	Italy	Europe	Rest of World	Total
Bank loans and overdrafts	2,908	18,557	-	21,465
Other providers of finance	50	323	-	373
Advances	15	466	-	481
Trade payables	27,886	4,722	7,206	39,814
Ultimate parent company	57	-	-	57
Tax payables	601	923	-	1,524
Social security payables	1,166	617	-	1,783
Other payables	1,727	490	5	2,222
Total payables	**34,410**	**26,098**	**7,211**	**67,719**

Detailed information

Accrued expenses and deferred income

“Accrued expenses and deferred income” total € 1,115 thousand at December 31st 2004. They include € 1,038 thousand in deferred income for grants received (under Law 488/92 and subsequent amendments) by Comag S.r.l. and recognized over subsequent years.

Income deferred over more than 5 years amounts to around € 540 thousand (€ 447 thousand at December 31st 2003).

(in € / 000)	Balance at 31.12.2004	Balance at 31.12.2003
Accrued loan interest expense	77	72
Deferred grant Law 488/92	1,038	752
Other accruals and deferrals	-	3
Total	**1,115**	**827**

The increase is due to the receipt in 2004 of the second instalment of the grant obtained under Law 488/92.

Memorandum accounts

The memorandum accounts at December 31st 2004 include:

Guarantees given

- guarantees given to third parties:
  - € 150 thousand in guarantees to the Naples customs authority as collateral for customs duties;
  - € 30 thousand in other guarantees.

Commitments and risks

- Forward currency purchase contracts: these refer to hedging transactions that mature in 2005 for forward currency purchases.
- Asset purchase commitments under preliminary contracts of € 102 thousand.

Other memorandum accounts

- company assets held by third parties:
  - € 24,198 thousand relating to the “new” value appraised for insurance purposes of machinery, moulds and equipment held by third parties;
  - € 6,117 thousand in goods being processed by third parties;
  - € 2,908 thousand in goods being held in third-party warehouses.

Income statement

Value of production

Revenues from sales and services

Revenues are broken down by geographical area as follows:

(in € / 000)	Year 2004	%	Year 2003	%
Italy	37,129	22.8	38,604	25.3
Europe	100,947	61.8	90,469	59.2
Rest of World	25,092	15.4	23,608	15.5
Total	**163,168**	**100.0**	**152,681**	**100.0**

Revenues are broken down by product line as follows:

(in € / 000)	Year 2004	%	Year 2003	%
Chainsaws	34,857	21.4	33,153	21.7
Brushcutters	31,382	19.2	31,836	20.8
Lawnmowers	21,704	13.3	22,853	15.0
Garden tractors	12,559	7.7	12,671	8.3
Other	41,914	25.7	35,115	23.0
Sapre parts and accessories	20,752	12.7	17,053	11.2
Total	**163,168**	**100.0**	**152,681**	**100.0**

The report on performance contains comments on the results of sales by product line and geographical area.

Other revenues and income

These amount to € 762 thousand, having decreased by € 80 thousand on the figure of € 842 thousand reported in 2003.

Details of this amount are set out in the following table:

(in € / 000)	2004	2003
Rents	142	174
Capital gains	16	91
Expense recharges	50	77
Release of excess provision for default interest	40	53
Grant under Law 488/92	196	218
Other	318	229
Total	**762**	**842**

Detailed information

Cost of production

Services

Services are analyzed as follows:

(in € / 000)	2004	2003
Industrial services	6,320	5,972
Commercial services	10,569	7,838
Maintenance and repairs	1,812	1,421
Other	3,561	3,427
Total	**22,262**	**18,658**

The increase in the cost of industrial services is mostly attributable to higher research and development costs, reflecting an increased concentration of projects carried out in the year.
The large increase in commercial costs is due to higher transport and advertising expenses.

Other operating costs

These consist of:

(in € / 000)	2004	2003
Capital losses	26	311
Taxes	357	267
Other	95	55
Total	**478**	**633**

Finance income and expenses

Other financial income is broken down as follows:

Financial income (in € / 000)	2004	2003
Interest on trade receivables	203	275
Cash discounts received	98	119
Bank interest income	71	24
Other financial income	32	25
Total	**404**	**443**

Financial expenses comprise:

Financial expenses (in € / 000)	2004	2003
Bank interest expense	403	314
Cash discounts given	414	302
Loan interest	337	482
Other financial expenses	147	197
Total	**1.301**	**1.295**

Exchange gains and losses

Financial income and expenses in 2004 include € 23 thousand in net exchange gains compared with € 12 thousand in net losses in 2003.
They are broken down as follows:

(in € / 000)	2004	2003
Realized exchange gains	660	900
Unrealized gains	51	13
Realized exchange losses	(688)	(925)
Total	**23**	**(12)**

Extraordinary income and expenses

Extraordinary income comprises:

Extraordinary income (in € / 000)	2004	2003
Out-of-period income	227	400
Insurance refunds	170	22
Higher value of inventories due to change in accounting policy	177	-
Income from elimination of tax-related distortions	544	-
Other	97	108
Total	**1,215**	**530**

Extraordinary expenses comprise:

Extraordinary expenses (in € / 000)	2004	2003
Prior years taxes	47	27
Prior years sales returns	260	472
Taxes associated with elimination of tax-related distortions	202	-
Lower value of inventories due to change in accounting policy	54	-
Theft	123	-
Others	213	488
Total	**899**	**987**

Income taxes

These represent the tax charge for the year calculated on the basis of a reasonable estimate of taxable income:

Income taxes (in € / 000)	2004	2003
Direct taxes	4,932	5,364
IRAP (Italian regional business tax)	1,368	1,409
Deferred tax assets and liabilities (direct taxes)	338	(16)
Deferred tax assets and liabilities (IRAP)	48	(10)
Total	**6,686**	**6,747**

Detailed information

Reconciliation between ordinary and actual tax rate

	Current year	Prior year
Ordinary rate applicable	**33.0%**	**34.0%**
Effect of add-backs (disallowances) relative to ordinary rate		
Exempt income or income qualifying for relief	(1.1%)	(2.3%)
Elimination of tax-related distortions	(0.7%)	-
Disallowable costs	1.0%	0.6%
Difference in rate with other countries	0.2%	0.1%
Other permanent differences	1.1%	0.2%
Actual rate	**33.5%**	**32.6%**

IRAP (Italian regional business tax) has not been taken into consideration due to its particular nature. In fact, this table solely refers to IRES (Italy's corporate income tax) and other direct taxes in countries where the various group companies are based.

Additional information

Employees are broken down by grade as follows:

	31.12.2004		31.12.2003	
	(1)	(2)	(1)	(2)
Executives	19	19	18	18
Office staff	232	250	208	205
Factory workers	360	365	370	350
Total	**611**	**634**	**596**	**573**

(1) Average number of employees
(2) Number of employees at that date

The workforce included 53 people with fixed-term contracts at December 31st 2004 (37 at December 31st 2003).

The emoluments of directors and statutory auditors of Emak S.p.A. for the duties performed in this and other consolidated companies, were as follows:

(in € / 000)	2004	2003
Directors' emoluments	148	95
Statutory auditors' emoluments	35	33
Total	**183**	**128**

For individual details, please refer to the table contained in the explanatory notes to the financial statements of Emak S.p.A..

For details of equity investments in Emak S.p.A. held by directors, statutory auditors and general managers, please refer to the table contained in the explanatory notes to the financial statements of Emak S.p.A..

Highlights from the latest financial statements of the ultimate parent company Yama S.p.A. are attached to the explanatory notes to the financial statements of Emak S.p.A.

Appendices

The following schedules, forming an integral part of the notes to the financial statements, are provided as appendices:

A. CASH FLOW STATEMENT

B. EFFECTS OF ELIMINATING ACCUMULATED TAX-RELATED DISTORTIONS

C. RECONCILIATION BETWEEN THE PARENT COMPANY'S AND GROUP'S SHAREHOLDERS' EQUITY AND RESULTS

D. CHANGES IN SHAREHOLDERS' EQUITY

Appendix "A"

Cash flow statements for the years ended December 31st 2004 and December 31st 2003

(in € / 000)	2004	2003
A - Cash flow generated (absorbed) by operations		
Net profit for the year	9,030	9,629
Amortization and depreciation	5,886	5,931
Elimination of tax distortions	(544)	-
Capital losses (gains) on disposal of property, plant and equipment	10	221
Capital losses (gains) on disposal of pfinancial assets	(37)	(145)
Net change in provision for employee termination indemnities	415	894
Net change in provisions for liabilities and charges	450	(169)
Net change in working capital:		
- receivables	(2,468)	(5,193)
- inventories	(4,885)	(3,890)
- payables	8,182	2,456
- accruals and deferrals	283	66
- other changes	42	-
Total	**16,364**	**9,800**
B - Cash flow generated (absorbed) by investment activities		
Investments in:		
- intangible assets	(933)	(2,126)
- property, plant and equipment	(6,779)	(6,050)
- financial assets	-	(1,149)
Net change in financial receivables	166	33
Proceeds on disposal of:		
- property, plant and equipment	87	122
- financial assets	544	688
Change in scope of consolidation	45	-
Total	**(6,870)**	**(8,482)**
C - Cash flow generated (absorbed) by financing activities		
Net change in financial payables	(2,847)	785
Payment of dividends	(4,058)	(3,868)
Other net changes in shareholders' equity	(225)	(15)
Total	**(7,130)**	**(3,098)**
D - Net cash flow generated in year	**2,364**	**(1,780)**
E - Opening cash and banks	**2,841**	**4,621**
F - Closing cash and banks	**5,205**	**2,841**

Supplementary schedules to the consolidated financial statements

Appendix “B”

Effects of eliminating accumulated tax-related distortions:

(in € / 000)	2004 Results for the year	2003 Results for the year	2003 Capital and reserves
Amounts in financial statements	**9,030**	**9,629**	**65,092**
Tax-related distortions:			
- Reversal of tax depreciation	(544)	54	490
- Associated deferred taxes	202	(20)	(182)
Totale distortions, net of deferred taxes	**(342)**	**34**	**308**
Amounts without tax distortions	**8,688**	**9,663**	**65,400**

Appendix “C”

Reconciliation between shareholders' equity and results of Emak S.p.A. at December 31st 2004 and December 31st 2003 with corresponding consolidated figures

(in € / 000)	2004 Shareholders' equity	2004 Result for period	2003 Shareholders' equity	2003 Result for period
Shareholders' equity and results of Emak S.p.A.	62,461	7,849	58,617	8,101
Shareholders' equity and results of consolidated subsidiaries	14,172	1,081	12,800	1,294
Total	**76,633**	**8,930**	**71,417**	**9,395**
Elimination of tax-related items				
- finance leases	3,027	488	2,539	323
- accelerated depreciation	-	-	-	(212)
Effect of eliminating book value of equity investments	(9,641)	(87)	(8,557)	686
Amortization of difference arising from consolidation	523	(201)	550	(352)
Other changes	(33)	7	(40)	(1)
Elimination of dividends	-	(467)	-	(233)
Elimination of intercompany balances and gains	(1,119)	273	(1,392)	(31)
Shareholders' equity and results attributable to the group	**69,390**	**8,943**	**64,517**	**9,575**

Appendix "D"

Changes in consolidated shareholders' equity in the years ended December 31st 2003 and December 31st 2004

(in € / 000)	Share capital	Share premium res.	Revaluation reserve	Legal reserve	Own shares reserve	Other reserves
Balances at 31.12.2002	**7,190**	**21,047**	**1,138**	**1,438**	**610**	**15,077**
Change in own shares					(538)	538
Distribution of dividends						
Allocation of net profit for 2002						4.017
Other changes						
Net profit for 2003						
Balances at 31.12.2003	**7,190**	**21,047**	**1,138**	**1,438**	**72**	**19,632**
Change in own shares					(25)	25
Distribution of dividends						
Allocation of net profit for 2003						4.095
Other changes						
Net profit for 2004						
Balances at 31.12.2004	**7,190**	**21,047**	**1,138**	**1,438**	**47**	**23,752**

Supplementary schedules to the consolidated financial statements

Translation reserve	Consolid. reserve	Retained earnings	Net profit for year	Group shareholders' equity	Minority interests	Total shareholders' equity
19	**763**	**2,591**	**8,968**	**58,841**	**505**	**59,346**
			(3,843)	(3,843)	(25)	(3,868)
		1,108	(5,125)			
(15)		(41)		(56)	41	(15)
			9,575	9,575	54	9,629
4	**763**	**3,658**	**9,575**	**64,517**	**575**	**65,092**
			(4,006)	(4,006)	(52)	(4,058)
		1,474	(5,569)			
(63)		(1)		(64)	(161)	(225)
			8,943	8,943	87	9,030
(59)	**763**	**5,131**	**8,943**	**69,390**	**449**	**69,839**

Independent Auditors' Report

original document issued in italian language

axis
organizzazione e revisione contabile

**Relazione della società di revisione
ai sensi dell'art. 156 del D.Lgs. 24.2.1998, n. 58**

Agli Azionisti della
Emak S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio consolidato della società Emak S.p.A. chiuso al 31 dicembre 2004. La responsabilità della redazione del bilancio compete agli amministratori della società Emak S.p.A. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla CONSOB. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio consolidato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.
I bilanci di alcune società controllate, che rappresentano rispettivamente il 26% dell'attivo consolidato ed il 34% dei ricavi consolidati, sono stati esaminati da altri revisori che ci hanno fornito le relative relazioni. Il nostro giudizio, espresso in questa relazione, per quanto riguarda i valori relativi a tali società inclusi nel consolidamento, è basato anche sulla revisione svolta da altri revisori.
Per il giudizio relativo al bilancio consolidato dell'esercizio precedente, i cui dati sono presentati ai fini comparativi secondo quanto richiesto dalla legge, si fa riferimento alla relazione da noi emessa in data 13 aprile 2004.

axis s.r.l. organizzazione e revisione contabile
Via Gutenberg, 3 42100 Reggio Emilia Italy
Tel. +39 0522 232110 Fax +39 0522 271337
e.mail: axis@axisnet.it www.axisnet.it
C.F. e P.IVA 01277220354

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organizzazione e revisione contabile

Pagina 2

3. A nostro giudizio, il bilancio consolidato della Emak S.p.A. al 31 dicembre 2004 è conforme alle norme che ne disciplinano i criteri di redazione; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria e il risultato economico del Gruppo.

Reggio Emilia, 12 aprile 2005

AXIS S.r.l.

Franco Marchini - Socio


Emak
SERVICE

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EMAK S.p.A.
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Reggio Emilia R.E.A. Registration No. 107573
Tax Code and V.A.T. No. 00130010358

Tel. ++39.0522.956611 - Fax ++39.0522.951555
info@emak.it - www.emak.it