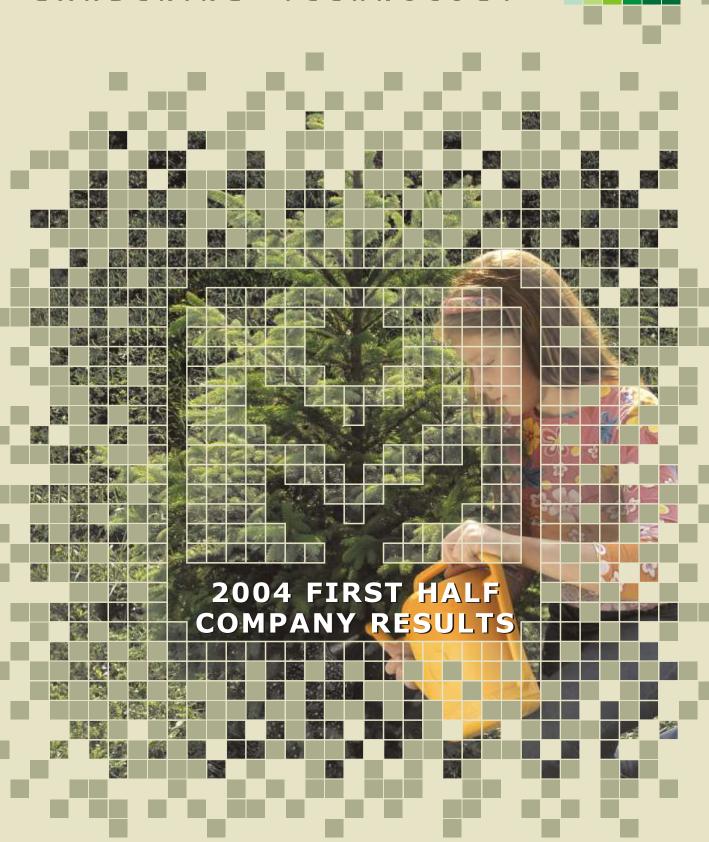
GARDENING TECHNOLOGY

























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Officers of the Company

Board of Directors

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

Board of Statutory Auditors

Statutory Auditors

Marco Montanari Andrea Magnanini Martino Masini Chairman

Indipendent Auditors

Axis S.r.l.

⁽²⁾ Members of Remuneration Committee



⁽¹⁾ Members of the Internal Audit Committee



Main Shareholders

Shareholders	Number of Shares	%
D-Lite Netherlands B.V. (Yama Group)	11,446,876	41.394
Yama S.p.A.	7,467,972	27.006
Zeta Zeta S.r.l. (Yama Group)	1,627,652	5.886
Owned shares as at 06.30.2004	22,468	0.081
Free floating	7,088,532	25.633
Total shares	27,653,500	100.000





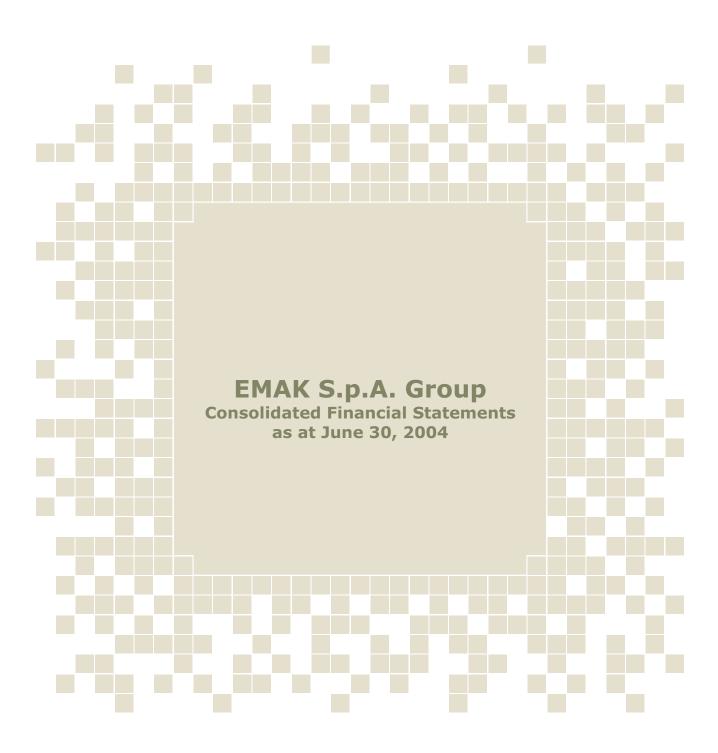
Financial Highlights of the EmaK Group

Year 2003	Income Statements (in € thousand)	Half Year 2004	Half Year 2003
152,681	Net revenues	94,274	91,593
23,922	Ebitda	15,416	16,497
17,549	Ebit- Group Total	12,499	13,570
16,376	Income before taxes	11,951	12,823
Year 2003	Investments and cash flow (in € thousand)	Half Year 2004	Half Year 2003
2,126	Investments in intangible assets	886	1,003
6,050	Investments in tangible assets	3,597	2,359
752	Investments in financial assets		
22,307	Cash flow (gross of taxes)	14,690	15,486
31.12.2003		30.06.2004	30.06.2003
	Assets and Liabilities (in € thousand)		
92,941	Net invested capital (gross of taxes)	92,527	89,105
(21,102)	Net financial position	(19,677)	(20,817)
71,839	Group Shareholders' Equity and minorities (gross of taxes)	72,850	68,288

Year 2003		Half Year 2004	Half Year 2003
	Ratios		
15,7%	Ebitda/Sales (%)	16,4%	18,0%
11,5%	Ebit/Sales (%)	13,3%	14,8%
10,7%	Ebt/Sales	12,7%	14,0%
18,9%	Ebit/Net invested capital (%)	13,5%	15,2%
0,29	Debt /Equity	0,27	0,30
573	Employees at the and of the period	573	582











Directors' Report on Operations

Group Business

The Emak Group is the Italian leader and one of the principal European companies in the production of outdoor power tools for gardening and forestry applications including chainsaws, brushcutters and lawnmowers. Emak's mission is to design, manufacture, and market power tools that are able to anticipate and exceed the demands of the market.

Market economic situation

During the first half of 2004 the world economic scenario showed a broad-based recovery of manufacturing activities - a situation that had a significant effect on the price trend of raw materials including steel, copper, and aluminium. Also the tension in oil prices that accompanied the first six months of 2004 was largely due to rising demand, reflecting worldwide growth in manufacturing volumes. Of particular note was the influence on raw materials and oil prices caused by the breakneck pace of economic growth in China.

During the first half of the year this scenario of general economic growth was marred by several exceptions, most notably to be found in the Eurozone, where countries continued to display a level of development that was significantly weaker than that on most other world markets. During first six months of 2004 Europe was seen to be struggling also in comparison with the US economy, resulting in a difference between economic growth rates that, following the end of the period, caused a level of recovery of the dollar with respect to the euro - a situation that is to be welcomed for our export activities.

The monetary policy of the US federal reserve, despite the recent slight increase in official interest rates, rather than presenting restrictive connotations tended to underscore the traditional fixation in US on the growth of the economic system. The very different economic situation in Europe saw the emergence of a monetary policy of the European Central Bank oriented towards achieving a level of stability of interest rates, even though the ECB took pains, by means of bulletins and press statements from its executive committee, to stress the risk of inflation with the associated risk of a potential rise in interest rates related to persistently high oil prices.

The Italian situation during the period was hardly inspiring, due to the widespread reduction in consumer spending, the failure of businesses to embark on investment programmes, and falling export volumes. These factors are reflected in the fact that consumer and business confidence levels failed to improve significantly in Italy.





Industry sector economic situation

The demand for gardening products is correlated with the general economic trend and it was consistent, during the first half of 2004, with the situation we have outlined above, i.e. the strong level of demand in the US and the sluggish demand in Europe.

This situation must be considered against the backdrop of another decisive factor on our reference market: the meteorological situation; the first half in Europe was negatively affected by a delayed start of the spring season followed by conditions that favoured the self-out of gardening power tools.

In contrast, the sell-in, i.e. sales of products by manufacturers to distribution channels, was negatively influenced by the high levels of stock held by dealerships and other sales outlets resulting from the negative trend of the previous season, which was affected by a prolonged period of exceptionally low rainfall.

Currently, the stocks held by the distribution network, including traditional and modern channels, have assumed more normal levels thereby creating the premises for positive pre-seasonal sales in the second half of the year and seasonal sales in the spring of 2005.

The situation described above is applicable to grass cutting tools, i.e. garden tractors, lawnmowers and brushcutters.

In contrast, the positive trend on a world level was confirmed in terms of demand for chainsaws, with a reverse situation with respect to the economic cycle.

Developing countries showed uneven levels of demand due to varying internal political and economic situations and the effects of international events. On the contrary, demand continues to flourish in specific areas such as Russia or the Far East.

It must be reported however that Far Eastern countries are experiencing an increase in the level of competition offered by local manufacturers, notably Chinese operators, whose ability to penetrate Western markets is exerting pressure on the consumer market, especially in Mass Retail channels and, although less significantly, in the specialised dealerships network.

Highlights of the six-month period

The following changes were recorded on a company level during the first six months of 2004:

- Emak S.p.A. increased its shareholding in EmaK Deutschland Gmbh. Further to this operation the controlling stake rose from 80% to 100%;
- Emak S.p.A. subscribed and paid in the entirety of the share capital of the subsidiary company incorporated under Chinese law Jiangmen Emak Outdoor Power Equipment Co. Ltd, which currently totals 1,084 thousand dollars, with the controlling stake held by Emak S.p.A. increasing to 100%;
- Subsidiary Kens International SA increased its investment in Emak Benelux N.V. from 83.2% to 99.7%. The stake held by the Emak group therefore rose from 82% to 99.5%.





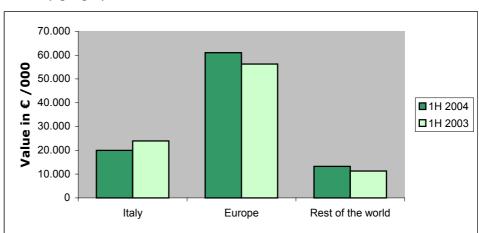
Consolidated economic results

The following section contains a breakdown of **consolidated income statements** for the first half 2004:

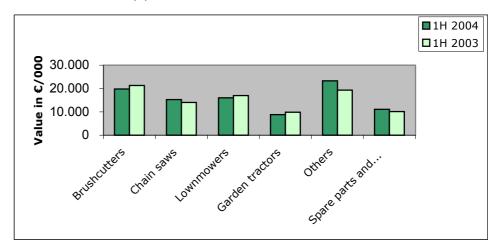
Year 2003		1st Half 2004	1st Half 2003
155,022	Value of production	92,567	90,896
(137,473)	Production costs	(80,068)	(77,326)
17,549	Difference between value and cost production	12,499	13,570
(716)	Financial cost or income	(364)	(415)
(457)	Extraordinary cost or income	(184)	(332)
16,376	Earnings before taxes	11,951	12,823

(euro thousands)

Sales by geographical breakdown for first half 2004 and 2003:



Sales breakdown by products for the first half 2004 and 2003:







a. Breakdown of the sales trend

Sales in the first half of 2004 totalled 94,274 euro thousand, compared to the 91,593 euro thousand for the equivalent period in 2003, reflecting an increase of +2.9%.

The increase in turnover is attributable to a positive trend of sales in the chainsaws, power cutters, and pumps families (shown in the graph under "others"); moreover, the introduction of the new line of Staub branded products on the French market was rewarded with positive results.

Sales of gardening product families (brushcutters, lawnmowers, garden tractors) were negatively influenced by the high level of stocks at the start of season.

Sales on the domestic market totalled 19,973 euro thousand, falling 16.8% compared to the equivalent period in 2003.

Because of significant levels of pre-seasonal purchases by the dealer network, the Italian market has suffered more than other European countries from the previously illustrated problem of high stock levels of gardening products at the end of the 2003 season.

We have justifiable reason to claim that the sell-out of our products is in line with market trends so that market share is being maintained; the return of stocks to normal levels points to the likelihood of a partial recovery of sales in the second half of the year.

European sales show an increase of 8.5% at 61,055 euro thousand due to the advances recorded on the French market and in several Eastern European countries.

The Rest of the World displays a rise of 17,0% in sales to 13,246 euro thousand thanks to positive business results in Turkey, Latin America, and the Far East.

b. Income before interest and taxes

The income before interest and taxes for the first half of 2004 stood at 12,499 euro thousand, down 1,071 euro thousand against the result for the same period of 2003.

The result was influenced positively by the following factors:

- increase in sales with a positive product/channel mix, mitigated only in part by a negative market mix;
- containment of raw materials purchasing costs due to more efficient integration of the supply chain in company strategies and due to the benefits deriving from targeted cost-saving initiatives based on dealings with alternative suppliers from European and Far Eastern countries.





In contrast, the following factors exerted a negative effect:

- an increase in the cost of services, due to:
 - the high concentration of new product development projects (the positive effects of which will emerge in full in future periods), which resulted in significantly higher expenditure than in the past;
 - high commercial costs sustained for new initiatives supporting the sales network (especially actions referred to end-users);
 - start-up costs for the production facility in China;
- an increase in personnel costs deriving from both the rise in the average number of employees and higher payroll costs.

c. Income before tax

Income before tax totalled 11,951 euro thousand, down by 872 euro thousand compared to the previous year, mainly because of the lower operating result.

Group assets and liabilities.

The **consolidated balance sheet** can be summarized as follows:

Year 2003		1st Half 2004	1st Half 2003
25,997	Net fixed assets	27,320	24,348
60,197	Net current assets	65,207*	64,757*
86,194	Total net capital invested	92,527*	89,105*
65,092	Net equity	72,850*	68,288*
(21,102)	Net financial position	(19,677)	(20,817)

(euro thousands) (*Gross of taxes)

a. Net fixed assets

During the course of the first half of 2004 the group invested 4,294 euro thousand in tangible and intangible fixed assets (value quoted net of consolidation differences of 189 euro thousand capitalised in the six months); this expenditure breaks down as follows:

- 1,083 euro thousand on product in innovation (mainly referred to studies, research, and equipment for new low-emission products);
- 470 euro thousand on boosting production capacity and upgrading manufacturing processes;
- 632 euro thousand in developing the computer network and for other management infrastructure investments;





- 2,109 euro thousand on works of completion and modernisation of existing buildings and for the purchase of land to accommodate possible future expansion of production sites.

b. Net current assets

With respect to 31 December 2003 **net current assets** reflected an increase in receivables from customers of approximately 8,400 euro thousand as a consequence of the normal seasonal nature of sales (about 60% of which are concentrated in the first six months of the year), together with an increase in trade payables of approximately 5,700 thousand euro.

It should be noted that collection and payment conditions did not display any significant changes.

Inventories showed an increase in finished products and goods for resale for approximately 1,633 euro thousand, of work in progress and semi-finished products for around 44 euro thousand, and a decrease of raw materials in the amount of 1,250 euro thousand.

c. Financial position

From the figure of 21,102 euro thousand at 31.12.2003, **net indebtedness** fell to 19,677 euro thousand at 30.06.2004; the relative cash-flows can be summarised as follows:

Operating net financial position (01/01/04)	(21,102)
Internal cash flow	14,690
Decrease (increase) in net working capital	(5,212)
Investments in tangible fixed assets	(4,483)
Dividends paid	(4,058)
Other changes	488
Net financial position at the end of period (30/06/04)	(19,677)

The composition of the net **consolidated financial position** is the following:

Year 2003		1st Half 2004	1st Half 2003
2,841	Cash	4,994	3,575
734	Financial credit	106	828
81	Other financial credit	54	104
(24,686)	Financial debt	(24,704)	(25,305)
(72)	Other financial debt	(127)	(19)
(21,102)	Net financial position	(19,677)	(20,817)

(euro thousands)





Research and development

R&D activities in the first half of 2004 focused on:

- the development of new products in accordance with Emak's long-term strategy of renewal of the range;
- updating of existing products to reflect changes in the legislative framework.

Among the most significant initiatives, we draw your attention to the production of a professional pruning chainsaw that will be launched on the market in September. This 25 cc tool, which is keenly awaited by the market, extends our current range of pruning chainsaws.

The offering of equipment for the Mass Retail sector (brushcutters, lawnmowers and chainsaws) has also been extended with numerous products specifically personalised for sale through this channel.

The range of industrial machines has been extended with the addition of a 62 cc powercutter for masonry and reinforced concrete; this model joins the existing 100 cc and 80 cc units. The offering will be further extended in the autumn with the addition of another 80 cc version.

We have also started production of a new powercutter trolley designed to accommodate the new models now available on the market.

We also draw your attention to the constant research work conducted in the fields of pollution, safety and ergonomics, all of which are highly relevant issues in the world of today. These activities cover all Emak product families.

The second half of 2004 will see the enforcement of new European exhaust gas regulations (Euro 1); the new norms envisage a period of 6 months to allow manufacturers to bring their products into compliance.

Since Emak is already in line with the new regulations, we can avoid problems of obsolescence throughout the distribution chain while ensuring that customers are offered a range of fully compliant up-to-the-minute tools.

The R&D structure has been strengthened; we have made plans to expand the workshops area and we have acquired several new items of technical equipment to ensure we have all the resources we need to proceed with the new products development programme.





Emak S.p.A.: parent company income statement

The following table summed up the parent company's results:

Year 2003		1st Half 2004	1st Half 2003
128,035	Value of production	71,956	74,901
(113,639)	Costs of production	(63,149)	(64,831)
14,396	Difference between value and costs of production	8,807	10,070
294	Financial income and expenses	385	262
(740)	Adjustments on financial assets	-	-
(180)	Extraordinary income and expenses	(105)	(308)
13,770	Earning before taxes	9,087	10,024

(euro thousands)

a. Breakdown of the sales trend.

The sales trend was largely determined by the considerations of a general nature already cited in the notes on consolidated data. Sales in the first half of the year totalled 73,676 euro thousand, shading by just 2.7% on the figure of 75,688 thousand euro recorded for the first half of 2003.

b. Breakdown of operating income.

The Parent company's operating income, recorded at 8,807 euro thousand, was down by 1,263 euro thousand compared to the same period in 2003. This change is attributable to the following factors:

- lower level of sales;
- worsening of the market mix and slight improvement in the product/channel mix;
- increase in payroll costs due to salary increases and a reduced use of temporary workers;
- higher costs for advertising initiatives supporting the sales network;
- increase in service costs attributable to the high concentration of new product development projects, which resulted in higher expenditure in the period than in the past; the positive effects of these initiatives will emerge more fully in future periods.

The total headcount as at 06.30.2004 was 414, with 34 employees on fixed-term contracts, compared to the total of 435 of which 39 fixed-term contracts at 30 June 2003. At 12.31.2003 employees numbered 419 (26 of whom were on fixed-term contracts).

c. Income before taxes.

Income before tax totalled 9,087 euro thousand, down by 937 euro thousand on the previous year due to the factors already illustrated in the comments on the performance of the operating result.



Parent company financial and economical situation

The following table gives details of **Parent company assets and liabilities**:

Year 2003		1st Half 2004	1st Half 2003
16,035	Net fixed assets	18,446	15,114
46,867	Net current assets	45,305*	52,548*
62,902	Total invested capital	63,751*	67,662*
58,617	Net equity	63,699*	60,541*
(4,285)	Net financial position	(52)	(7,121)

(euro thousands) (*Gross of taxes)

The details of the **net financial position** are summed up in the following table:

Year 2003		1st Half 2004	1st Half 2003
1,205	Cash	3,441	995
4,394	Financial credit	4,600	4,648
260	Other financial credit	181	321
(10,078)	Financial debts	(8,189)	(13,068)
(66)	Other financial debts	(85)	(17)
(4,285)	Net financial position	(52)	(7,121)

(euro thousands)





Performance of subsidiaries

Emak Suministros Espana SA

The economic performance of Emak Suministros Espana SA shows pre-tax profits of 791 euro thousand, up 10.5% over the 716 euro thousand for the corresponding period in 2003.

The results can be summarised as follows:

Year 2003		1st Half 2004	1st Half 2003
7,992	Value of production	5,041	4,576
(6,795)	Costs of production	(4,230)	(3,824)
1,197	Difference between value and costs	811	752
(56)	Financial income and costs	(20)	(36)
(1)	Extraordinary income and costs	-	-
1,140	Income (loss) before taxes	791	716

(euro thousands)

The increase of 75 euro thousand in the pre-tax result is mainly attributable to the trend of sales, which rose from 4,519 to 4,976 euro thousand (up by approximately 10.1%) compared to the same period in 2003.

As at 30 June 2004 the company had a total of 17 employees compared to the 16 employees on 30 June 2003. Employees numbered 15 at the end of 2003.

Comag S.r.l.

The economic performance of Comag S.r.l. shows pre-tax profit of 1,037 euro thousand compared to the 1,382 euro thousand of the corresponding period in 2003.

Sales for the period totalled 9,298 euro thousand, against 10,414 euro thousand at 30 June 2003, reflecting a decrease of around 10.7% due to the lower production volumes.

The fall in net profit is mainly caused by the fall in sales, since overall margins remain substantially unchanged.

The results can be summed up as follows:

Year 2003		1st Half 2004	1st Half 2003
16,770	Value of production	9,250	10,458
	Costs of production	(8,176)	(9,021)
1,611	Difference between value and costs	1,074	1,437
(99)	Financial income and costs	(45)	(50)
(10)	Extraordinary income and costs	8	(5)
1,502	Income (loss) before taxes	1,037	1,382

(euro thousands)

At 30 June 2004 the company had a total of 54 employees, unchanged compared to the 30 June 2003. At the end of 2003 employees numbered 70.





Emak U.K. Ltd

The economic performance of Emak U.K. Ltd shows pre-tax profits of 193 euro thousand against the 46 euro thousand profit recorded in the equivalent period of last year. The improvement of income is attributable to higher sales volumes, the recovery of margins thanks to the revaluation of sterling, and the more positive development of financial management as a result of the adoption of more efficient currency exchange risk hedging strategies. Since 1 January of this year the company has also been distributing the "Oleo-Mac" line in the UK.

Sales for the period totalled GBP 2,063 thousand, up 6.4% over the figure of GBP 1,939 thousand recorded on 30 June 2003.

The result can be summed up as follows:

Year 2003		1st Half 2004	1st Half 2003
4,688	Value of production	3,116	2,876
(4,524)	Costs of production	(2,917)	(2,728)
164	Difference between value and costs	199	148
(133)	Financial income and costs	5	(103)
(13)	Extraordinary income and costs	(11)	1
18	Income (loss) before taxes	193	46

(euro thousands)

As at 30 June 2004 Emak U-K- Ltd had 14 employees, two more than at 31 December 2003 (employees numbered 12 also on 30 June 2003).

Kens International SA

Kens International is the holding company of Emak Benelux N.V. and is not a production company in its own right. The results are showed below:

Year 2003		1st Half 2004	1st Half 2003
-	Value of production	12	-
(4)	Costs of production	(2)	(3)
(4)	Difference between value and costs	10	(3)
-	Financial income and costs	-	(13)
(4)	Income (loss) before taxes	10	(16)

(euro thousands)





Emak Benelux N.V.

The economic performance of Emak Benelux N.V. shows pre-tax profits of 178 euro thousand, compared to the 289 euro thousand for the corresponding period in 2003. Sales for the period totalled 2,254 euro thousand, against 2,897 euro thousand at 30 June 2003, reflecting a decrease of around 22.2% due to the difficult market situation.

This decrease also had a negative effect on net profitability.

The result is showed below:

Year 2003		1st Half 2004	1st Half 2003
3,839	Value of production	2,288	2,927
(3,687)	Costs of production	(2,107)	(2,631)
152	Difference between value and costs	181	296
(4)	Financial income and costs	(3)	(7)
_	Extraordinary income and costs	-	-
148	Income (loss) before taxes	178	289

(euro thousands)

Emak Benelux N.V. had 5 employees on 30 June 2004. The number of employees remains unchanged with respect to 31 December 2003 and 30 June 2003.

Emak Deutschland Gmbh

The economic performance of Emak Deutschland Gmbh shows a loss of 20 euro thousand compared to the loss of 59 euro thousand recorded for the first half of 2003. Sales for the period totalled 3,887 euro thousand, up 2.5% over the 3,791 euro thousand recorded for the first half of 2003.

The result of this company continues to be influenced by the costs of reorganisation of the sales network, which is only now starting to show the first tangible effects on turnover levels.

The results are showed below:

Year 2003		1st Half 2004	1st Half 2003
6,351	Value of production	3,963	3,896
(6,459)	Costs of production	(3,893)	(3,878)
(108)	Difference between value and costs	70	18
(65)	Financial income and costs	(11)	(39)
(34)	Extraordinary income and costs	(79)	(38)
(207)	Income (loss) before taxes	(20)	(59)

(euro thousands)

The company staff of 16 employees at 30 June 2004 remains unchanged with respect to 31 December 2003 and down by 3 compared to 30 June 2003.





Emak France SAS

The economic performance of Emak France SAS shows pre-tax profits of 746 euro thousand against the 481 euro thousand for the previous year. Turnover for the period was 18,844 euro thousand, up 4,031 euro thousand on the first half of 2003; the increase in both sales and profits is primarily due to the distribution of "Staub" brand products on the French market.

The result is summed up in the table below:

Year 2003		1st Half 2004	1st Half 2003
23,685	Value of production	18,954	14,813
(23,294)	Costs of production	(18,004)	(14,140)
391	Difference between value and costs	950	673
(377)	Financial income and costs	(187)	(192)
(250)	Extraordinary income and costs	(16)	-
(236)	Income (loss) before taxes	747	481

(euro thousands)

At 30 June 2004 the company had a total of 45 employees. In contrast, employees as at 12.31.2003 and 06.30.03 numbered 41.

Jiangmen Emak Outdoor Power Equipment Co. Ltd

The new company, incorporated under Chinese law, has not yet started doing business (start-up is planned to take place towards the end of 2004). The period closes with a loss of 104 thousand euro due to production unit start-up costs.

The administrative and technical personnel employed by the company at 30 June 2004 numbered 8.





Intra-group transactions

The Group is controlled by Yama S.p.A.

The Yama Group mainly operates in the fields of agricultural-gardening machinery and equipment, engine components, finance and real estate. Some companies belonging to the Yama Group supply Emak with parts and materials, exploiting synergies linked to technological research. The majority of the components supplied by Group Companies are parts and materials of strategic importance, the purchasing policy of which is based on criteria of quality and cost-effectiveness. Emak S.p.A. supplies finished products to some trading companies of the Yama Group to allow them to complete their product range. All intra-group transactions, whether of a commercial or financial nature, were conducted strictly at normal market conditions. No transactions were conducted with related parties of an atypical or unusual nature when compared to the normal course of Company operations.

The main transactions with associated companies that took place during the period ending 30 June 2004, and the debit and credit balances as at the same date, are reported below.

Inter group transaction between Emak Group and Yama Group

Revenues and receivables (in euro thousands):						
Yama S.p.A. subsidiaries	Sales	Other income	Total	Receivables at 06.30.2004		
Arkos S.r.I.	20	8	28	50		
Comet S.p.A.	96		96	46		
Garmec S.p.A.	445	-	445	316		
Mac Sardegna Ind. S.r.l.	708	-	708	558		
Sabart S.p.A.	125	-	125	106		
Tecnol S.p.A.	2	1	3	2		
Selettra S.p.A.	1	1	2	1		
Tecomec S.p.A.	34	62	96	26		
Unigreen S.p.A.	40	-	40	10		
Yabe S.p.A.	-	-	-	1		
Totals	1,471	72	1,543	1,116		

Yama S.p.A. subsidiaries	Purchases of goods	Services and manufacturing	Debts as at 30.06.2004
Comet S.p.A.	359	1	343
Fima S.p.A.	500	2	456
Garmec S.p.A.	14	2	11
Mac Sardegna Ind. S.r.l.	-	1	-
Yama Immobiliare S.r.l.	-	35	-
Sabart S.p.A.	123	-	65
Selettra S.p.A.	1,823	12	1,366
Tecomec S.p.A.	539	-	413
Tecnol S.p.A.	1,720	17	1,228
Yabe S.p.A.	701	-	692
Unigreen S.p.A.	45	-	9
Totals	5,824	70	4,583





Treasury stock

As at June 30, 2004 treasury stock amounted to 46 thousand euro (72 euro thousand at December 31, 2003) and refers to 22,468 ordinary shares, equivalent to 0.081% of capital stock, at an average weighted price of 2.05 euro per share.

As provided for by article 2357-ter of the Italian Civil Code, a treasury stock valuation reserve has been created for the same amount.

Significant events occurring since the end of the six-month period

In July of this year the company sold 1,500 shares of treasury stock at an average unit price of 3.80 euro. As at August 31, 2004 there were therefore 20,968 shares in the treasury stock portfolio.

Further information

In compliance with the Low 675/96 and the DPR 319/99 the Company adopted a programmatic document on behalf which was included in the privacy code.

This document will be submitted to up date according to the sheet B of the D.Lgs. 196/06, about the technical prescription for the treatment of the personal and sensible data.

Transition to International Financial Reporting Standards

Our company has adopted measures to handle the transition from the current accounting principles utilised to prepare the annual and consolidated accounts in line with International Financial Reporting Standards (IFRS), which, in accordance with EU regulation 1606/2002 and art. 25 of the European community law approved on 23 October 2003, must be utilised by all listed companies starting from the financial statements for the year ending 31 December 2005.

Given that the regulation states that the financial statements for 2005, prepared in compliance with IFRS, must allow full comparison with the 2004 accounts, Emak is preparing its opening balance sheet at 1 January 2004 on the basis of the new standards.

In order to facilitate this transition, in the first months of 2004 Emak entrusted the project to a specially created workgroup composed of company personnel and external consultants; the initiative touches on all the business areas concerned: administration, finance, internal auditing, personnel, information systems and investor relations.





Business outlook.

The economic climate in Europe continues to be characterised by growth forecasts that have been subjected to downward revision for the second half of 2004. This situation, coupled with an effective fall in purchasing power and consumer confidence indexes, has exerted an inevitably negative influence on the demand for goods in general.

With regard to internal factors on our reference market we are witnessing an adjustment of stock levels in the distribution chain and hence a favourable situation in consideration of pre-seasonal sales in the second half of the year. The competitive scenario is gradually changing due to the penetration of Chinese-made products into Western markets: uncertainty among consumers in relation to poor quality levels and the lack of a supporting service network is being largely overcome by the hugely competitive pricing of the new brands.

The effect from the standpoint of Western manufacturers is intensive pressure on price lists, with a reduction of prices for entry-level products at the very same time that we are faced with substantial and unpredictable rises in the cost of raw materials.

Against this background Emak is committed to redoubling efforts to support development projects aimed at boosting our competitiveness in the mid-term and maintaining a rising trend of sales also throughout the second six months of the year.

Bagnolo in Piano (RE), Sepember 30, 2004

For the Board of Directors
The Chairman

Giacomo Ferretti





Consolidated Balance Sheet as at June 30, 2004

(in euro thousands)

31.12.2003		30.06.2004	30.06.2003
	Assets		
	Fixed assets		
3.387	Intangible fixed assets	3.693	2.984
28.868	Tangible fixed assets	30.270	28.060
1.020	Financial fixed assets	356	295
33.275	Total fixed assets	34.319	31.339
	Current assets		
46.174	Inventories	46.604	43.986
51.663	Accounts receivables	61.742	64.862
806	Financial assets not held as fixed assets	151	1.121
2.841	Cash	4.994	3.575
101.484	Total current assets	113.491	113.544
266	Accrued income and prepaid expenses	482	447
135.025	Total Assets	148.292	145.330
	Equity and Liabilities		
	Shareholders' Equity		
	Shareholders' equity of the Group		
7.190	Capital stock	7.190	7.190
21.047	Share-premium reserve	21.047	21.047
1.138	Revaluation reserves	1.138	1.138
1.438	Legal reserve	1.438	1.438
72	Treasury stock valuation	46	293
19.632	Other reserves	23.753	19.411
3.658	Retained earnings	5.132	3.699
4	Translation difference reserve	30	7
763	Consolidation reserve	763	763
	Profit of the year (before taxes)	11.863	12.708
9.575	Net profit		-
64.517	Total	72.400	67.694
575	Total minority interest	450	594
65.092	Total shareholders'equity of the Group	72.850	68.288
1.277	Provisions for risks and charges	1.160	1.452
5.239	Reserve for termination indemnities	5.334	4.933
62.590	Payables	68.108	69.822
827	Accrued expenses and deferred income	840	835
135.025	Total liabilities	148.292	145.330
	Memorandum account		
210	Suretyships granted to others	202	1.617
4.291	Purchase commitments for assets	1.243	684
6.056	Forward contracts for foreign currency to be received	5.579	3.927





Consolidated Income Statement as at June 30, 2004

(in euro thousands)

Year 2004		Half Year 2004	Half Year 2003
	Value of production		
152.681	Revenues from sales and services	94.274	91.593
1.499	Change in work in progress, semi-finished, finished product inventories	(2.025)	(1.059)
842	Other income and revenues	318	362
155.022	Total	92.567	90.896
	Costs of production		
(92.542)	Raw materials, supplies and merchandise	(55.913)	(56.062)
(18.302)	Services	(11.508)	(9.615)
(1.031)	Lease and rentanls	(564)	(553)
(21.003)	Personnel	(11.360)	(10.780)
(6.291)	Amortization, depreciation and write-downs	(2.912)	(2.867)
2.411	Change in raw materials, supplies and merchandise inventories	2.401	2.831
	Provisions for risks		<u> </u>
(82)	Other provisions	(5)	(60)
(633)	Other charges	(207)	(220)
(137.473)	Total	(80.068)	(77.326)
17.549	Difference between production value and cost	12.499	13.570
	Financial income and expenses		
4	Investment income	1	3
145	Income from securities held as current income	26	52
444	Other financial income	266	254
(1.297)	Interest and other financial charges	(745)	(720)
(12)	Gains/losses on rates	88	(4)
(716)	Total financial income and expenses	(364)	(415)
	Extraordinary income and expenses		
530	Income	232	128
(987)	Expenses	(416)	(460)
(457)	Total extraordinary income and expenses	(184)	(332)
16.376	Profit before taxes	11.951 (*)	12.823 (³
(6.747)	Taxes for the year	·	•
9.629	Income before minority interest		
(54)	Minority interests		
9.575	Net profit		

^(*) of which 11,863 euro thousand related to the Group as at 1H 2004 (12,708 euro thousand as at 1H 2003)













The Parent Company Emak S.p.A. Balance Sheet as at June 30, 2004

(in euro thousands)

31.12.2003 30.06.2004 30.06.2003

Intangible fixed assets - Start up and capital costs		
 Start up and capital costs 		
	_	28
98 Research, development and advertising costs	404	407
720 Industrial patent and intellectual property rights	695	202
8 Concessions, licenses, trade marks and similar rights	10	7
427 Goodwill	403	450
511 Assets in progress and advances	346	523
5 Other intangible fixed assets	3	11
1,769 Total	1,861	1,628
Tangible fixed assets		
3,251 Land and buildings	3,165	3,622
1,609 Plant and machinery	1,436	1,685
3,338 Industrial and commercial equipment	3,601	3,424
1,004 Other assets	1,040	919
2,051 Construction in progress and advances	3,727	549
11,253 Total	12,969	10,199
Financial fixed assets		
Shareholdings in		
7788 - subsidiaries	8,305	7,792
223 - other companies	223	
Receivables		
4,394 - from subsidiaries - beyond 12 months	4,569	4,595
132 - from others - beyond 12 months	105	175
12,537 Total	13,202	12,562
25,559 Totale immobilizzazioni	28,032	24,389
Current assets		-
Inventories:		
16.395 Raw materials, supplies and merchandises	15.274	15.976
16,395 Raw materials, supplies and merchandises 5.036 Work in progress and semi-finished products	15,274 5,228	15,976 4,569
5,036 Work in progress and semi-finished products	5,228	4,569
5,036 Work in progress and semi-finished products 10,556 Finished products and good for resale	5,228 8,458	4,569 8,583
5,036 Work in progress and semi-finished products 10,556 Finished products and good for resale Advances	5,228 8,458 3	4,569 8,583 15
5,036 Work in progress and semi-finished products 10,556 Finished products and good for resale Advances 31,987 Total	5,228 8,458	4,569 8,583
Sociation Work in progress and semi-finished products 10,556	5,228 8,458 3 28,963	4,569 8,583 15 29,143
Solution Work in progress and semi-finished products	5,228 8,458 3 28,963 38,887	4,569 8,583 15 29,143 43,911
Solution Solution	5,228 8,458 3 28,963 38,887 6,827	4,569 8,583 15 29,143 43,911 10,078
5,036 Work in progress and semi-finished products 10,556 Finished products and good for resale Advances 31,987 Total Receivables: 37,287 Trade receivables - within 12 months 4,931 Receivables from subsidiaries - within 12 months Current tax receivables - within 12 months Current tax receivables - within 12 months	5,228 8,458 3 28,963 38,887 6,827 2,278	4,569 8,583 15 29,143 43,911 10,078 2,487
5,036 Work in progress and semi-finished products Finished products and good for resale Advances 31,987 Total Receivables: 37,287 Trade receivables - within 12 months 4,931 Receivables from subsidiaries - within 12 months 943 Current tax receivables - within 12 months 70 Deferred tax assets - within 12 months	5,228 8,458 3 28,963 38,887 6,827 2,278 70	4,569 8,583 15 29,143 43,911 10,078 2,487 95
5,036 Work in progress and semi-finished products 10,556 Finished products and good for resale Advances 31,987 Total Receivables: 37,287 Trade receivables - within 12 months 4,931 Receivables from subsidiaries - within 12 months Quirrent tax receivables - within 12 months Current tax receivables - within 12 months Deferred tax assets - within 12 months To Deferred tax assets - within 12 months - beyond 12 months	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429
5,036 Work in progress and semi-finished products Finished products and good for resale Advances 31,987 Total Receivables: 37,287 Trade receivables - within 12 months 4,931 Receivables from subsidiaries - within 12 months Current tax receivables - within 12 months 70 Deferred tax assets - within 12 months 475 Deferred tax assets - within 12 months - beyond 12 months - beyond 12 months - within 12 months - beyond 12 months - within 12 months - beyond 12 months	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475 261	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429 264
Society	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429
5,036 Work in progress and semi-finished products Finished products and good for resale Advances 31,987 Total Receivables: 37,287 Trade receivables - within 12 months 4,931 Receivables from subsidiaries - within 12 months Ourrent tax receivables - within 12 months 70 Deferred tax assets - within 12 months 475 - within 12 months 118 Others - within 12 months 118 Others - within 12 months Total Financial assets not held as fixed assets:	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475 261 48,798	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429 264 57,264
Social Finished products Finished products	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475 261 48,798	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429 264 57,264
Work in progress and semi-finished products	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475 261 48,798	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429 264 57,264
Work in progress and semi-finished products	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475 261 48,798	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429 264 57,264
Work in progress and semi-finished products	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475 261 48,798 46 46	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429 264 57,264 293 293
Society	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475 261 48,798 46 46	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429 264 57,264 293 293
S,036 Work in progress and semi-finished products	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475 261 48,798 46 46 3,438 3	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429 264 57,264 293 293 990 5
S,036 Work in progress and semi-finished products	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475 261 48,798 46 46 3,438 3 3,441 81,248	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429 264 57,264 293 293 293 990 5 995 87,695
S,036 Work in progress and semi-finished products	5,228 8,458 3 28,963 38,887 6,827 2,278 70 475 261 48,798 46 46 3,438 3	4,569 8,583 15 29,143 43,911 10,078 2,487 95 429 264 57,264 293 293 990 5





31.12.2003	Liabilities		30.06.2004	30.06.2003
	Equity			
7,190	Share capital		7,190	7,190
21,047	Share premium reserve		21,047	21,047
1,138	Revaluation reserve		1,138	1,138
1,438	Legal reserve		1,438	1,438
72	Reserve for own shares in portfolio		46	293
19,632	Other reserves		23,753	19,411
8,100	Net income (loss) for the year		9,087	10,024
58,617	Total		63,699	60,541
58,617	Total		63,699	60,541
	Accruals			
421	Paccruals for pensions and similar oblig	gations	449	430
-	Deferred taxes		-	25
93	Other accruals		93	124
514	Total		542	579
5,047	Deferred compensation		5,113	4,773
	Debts:			
2,584	Bank loans and overdrafts	- within 12 months	1,248	4,990
7,416		- beyond 12 months	6,796	8,036
79	Other financial debts	- within 12 months	145	42
25	Advances	- within 12 months	1	11
22,202	Trade payables	- within 12 months	26,830	27,839
3,317	Payables to subsidiaries	- within 12 months	1,865	2,173
57	Payables to parent company	- within 12 months	57	63
584	Tax payables	- within 12 months	370	578
891	Social security payables	- within 12 months	824	815
1,584	Other payables	- within 12 months	2,157	2,105
38,739	Total		40,293	46,652
66	Deferred income		92	23
102,983	Total equity, accruals and liability	ties	109,739	112,568





The Parent Company Emak S.p.A. Income Statements as at June 30, 2004

(in euro thousands)

Year 2003		Half Year 2004	Half Year 2003
	VALUE OF PRODUCTION		
126,015	Revenues from sales and services	73,676	75,688
1,458	Change in work in progress, semi-finished, finished product inventories	(1,871)	(984
562	Other income and revenues	151	197
128,035	Totale	71,956	74,901
	COSTS OF PRODUCTION		
	Raw materials, supplies and merchandise	(43,453)	(48,534)
(14,132)	Services	(7,775)	(7,235)
(1,196)	Lease and rentanls	(589)	(610)
	Personnel		
(10,991)	- wages and salaries	(5,981)	(5,696)
(3,572)	- social contributions	(1,942)	(1,846)
(901)	- deferred compensation	(430)	(413)
(255)	- other costs		(43)
	Amortization, depreciation and write-downs		
(592)	- amortization on intangible assets	(281)	(181)
(2,810)	- depreciation on tangible assets	(1,378)	(1,288)
(290)	- other write downs of current assets	(105)	(138)
1,702	Change in raw materials, supplies and merchandise inventories	(1,121)	1,284
	Provisions for risks	-	
-	Other provisions	_	(60)
(446)	Other charges	(94)	(71)
113,640)	Total	(63,149)	(64,831)
14,395	Difference between production value and costs	8,807	10,070
	FINANCIAL INCOME AND EXPENSES		
	Investment income		
233	- from subsidiaries	467	232
	Other financial income:		
	- from long-term receivables:		
141	. from subsidiaries	56	85
4	. others	1	3
145	- financial income from secutities not held as fixed assets	26	52
	- Other income:		
1,115	. others	228	241
	Interests and other financial charges		
(1)	- from parent company	-	(1)
. ,	- others	(414)	(370)
	Exchange gain (loss)	21	20
294		385	262
	ADJUSTMENTS ON FINANCIAL ASSETS		
(740)	Write downs	-	-
(740)	Total	0	C
	EXTRAORDINARY ITEMS		
	Credits	190	101
(622)	Charges	(295)	(409)
			(200)
(179)	Total	(105)	(308)
(179) 13,770	Total Income before taxes	(105) 9,087	10,02





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