



Elica S.p.A.

Interim Report

at December 31, 2015

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Corporate boards

Members of the Board of Directors

Francesco Casoli
Executive Chairman, born in Senigallia (AN) on 5/6/1961, appointed by resolution of 29/4/2015.

Enrico Vita
Independent Director, born in Fabriano (AN) on 16/2/1969, appointed by resolution of 29/4/2015.

Giuseppe Perucchetti
Chief Executive Officer, born in Varese (VA) on 30/10/1958, appointed by resolution of 29/4/2015.

Elio Cosimo Catania
Independent Director, born in Catania on 5/6/1946, appointed by resolution of 29/4/2015.

Gianna Pieralisi
Executive Director, born in Monsano (AN) on 12/12/1934, appointed by resolution of 29/4/2015.

Katia Da Ros
Independent Director and Lead Independent Director, born in Conegliano (TV) on 30/3/1967, appointed by resolution of 29/4/2015.

Gennaro Pieralisi
Director, born in Monsano (AN) on 14/2/1938, appointed by resolution of 29/4/2015.

Davide Croff
Independent Director, born in Venice on 1/10/1947, appointed by resolution of 29/4/2015.

Members of the Board of Statutory Auditors

Gilberto Casali
Chairman, born in Jesi (AN) on 14/1/1954, appointed by resolution of 29/4/2015.

Leandro Tiranti
Alternate Auditor, born in Sassoferrato (AN) on 4/5/1966, appointed by resolution of 29/4/2015.

Franco Borioni
Statutory Auditor, born in Jesi (AN) on 23/6/1945, appointed by resolution of 29/4/2015.

Serenella Spaccapaniccia
Alternate Auditor, born in Montesangiorgio (AP) on 4/4/1965, appointed by resolution of 29/4/2015.

Simona Romagnoli
Statutory Auditor, born in Jesi (AN) on 2/4/1971, appointed by resolution of 29/4/2015.

Internal Control & Risk Management Cmte.

Davide Croff (Chairman)
Elio Cosimo Catania
Enrico Vita

Appointments and Remuneration Committee

Elio Cosimo Catania (Chairman)
Davide Croff
Enrico Vita

Independent Audit Firm

KPMG S.p.A.

Registered office and Company Data

Elica S.p.A.
Registered office: Via Casoli, 2 – 60044 Fabriano (AN)
Share capital: Euro 12,664,560.00
Tax Code and Companies' Register Number: 00096570429
Ancona REA No. 63006 – VAT Number 00096570429

Investor Relations Manager

Laura Giovanetti
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Directors' Report at December 31, 2015**Key Financial Highlights**

<i>In Euro thousands</i>	2015	% revenue	2014	% revenue	15 Vs 14 %
Revenue	421,627		391,901		7.6%
EBITDA before restructuring charges	35,277	8.4%	30,770	7.9%	14.7%
EBITDA	33,526	8.0%	27,923	7.1%	20.1%
EBIT	16,176	3.8%	11,251	2.9%	43.8%
Net financial charges	(2,936)	(0.7%)	(4,360)	(1.1%)	(32.7%)
Income taxes	(5,795)	(1.4%)	(3,405)	(0.9%)	70.2%
Profit from continuing operations	7,445	1.8%	3,486	0.9%	113.6%
Profit from continuing operations and discontinued operations	7,445	1.8%	3,486	0.9%	113.6%
Profit attributable to the owners of the Parent	6,190	1.5%	2,592	0.7%	138.8%
Basic earnings per share on continuing operations and discontinued operations (Euro/cents)	9.98		4.18		138.8%
Diluted earnings per share on continuing operations and discontinued operations (Euro/cents)	9.98		4.18		138.8%

The earnings per share for 2015 and 2014 were calculated by dividing the profit attributable to the owners of the parent from continuing and discontinued operations by the number of outstanding shares at the respective reporting dates.

<i>In Euro thousands</i>	Q4 2015	% revenue	Q4 2014	% revenue	15 Vs 14 %
Revenue	113,288		98,822		14.6%
EBITDA before restructuring charges	11,813	10.4%	9,766	9.9%	21.0%
EBITDA	11,298	10.0%	8,795	8.9%	28.5%
EBIT	6,903	6.1%	4,652	4.7%	48.4%
Net financial charges	(1,081)	(1.0%)	(1,320)	(1.3%)	(18.1%)
Income taxes	(2,120)	(1.9%)	(1,797)	(1.8%)	18.0%
Profit from continuing operations	3,702	3.3%	1,535	1.6%	141.2%
Profit from continuing operations and discontinued operations	3,702	3.3%	1,535	1.6%	141.2%
Profit attributable to the owners of the Parent	2,846	2.5%	1,367	1.4%	108.2%
Basic earnings per share on continuing operations and discontinued operations (Euro/cents)	4.59		2.20		108.6%
Diluted earnings per share on continuing operations and discontinued operations (Euro/cents)	4.59		2.20		108.6%

The earnings per share for Q4 2015 and Q4 2014 were calculated by dividing the profit attributable to the owners of the parent from continuing and discontinued operations by the number of outstanding shares at the respective reporting dates.

EBITDA is the operating profit (EBIT) plus amortisation and depreciation and any impairment losses on goodwill. EBIT is the operating profit as reported in the consolidated income statement.

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14
Trade receivables	68,504	63,456
Inventories	62,701	57,609
Trade payables	(99,474)	(88,238)
Managerial Working Capital	31,731	32,827
as a % of annualised revenue	7.5%	8.4%
Other net receivables/payables	(14,061)	(11,854)
Net Working Capital	17,670	20,973

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14
Cash and cash equivalents	34,463	35,241
Finance leases and other lenders	(9)	(12)
Bank loans and borrowings	(44,048)	(29,277)
Non-current loans and borrowings	(44,057)	(29,289)
Finance leases and other lenders	(6)	(12)
Bank loans and borrowings	(43,405)	(57,364)
Current loans and borrowings	(43,411)	(57,376)
Net Financial Debt	(53,005)	(51,424)

Net Financial Debt is the sum of cash and cash equivalents less amounts due under finance leases and to other lenders (current and non-current), plus bank loans and borrowings (current and non-current), as reported in the statements of financial position.

Q4 2015 operating review

In the fourth quarter of 2015, Elica returned record¹ consolidated revenues of Euro 113.3 million, up 14.6% on the same period of 2014, principally driven by strong organic growth (11.7%), in addition to favourable currency movements. Growth was achieved within a market which continues to contract, with global range hood demand decreasing also in the fourth quarter of 2015 (-1.8%) due to the collapse of the Eastern European market (-9.6%), still strongly impacted by the Russian performance and with Latin America losing 3.3% and the Asian market continuing to contract (-1.6%). On the other hand, fresh growth was reported both for the North American (5.0%) and the Western Europe markets (stabilising at 0.2%).

Significant development of the Cooking segment generated a 17.1% revenue increase on the fourth quarter of 2014, driven both by third party brand sales (+19.7%) and own brand sales (+13.5). The Elica brand continued to return exciting growth levels, improving 28.7% on the fourth quarter of 2014, as a direct result of the strategies and commercial actions adopted by the Company to boost the performance of the main brand.

Revenue for the Motor segment in Q4 2015 were substantially stable (+0.2%).

Analysing revenue by the principal markets², the Americas grew 54.0%, principally due to organic growth, while also benefitting from favourable currency movements. European revenues improved also (+9.6%), representing 67% of the Company's business, with Asia³ reporting a 4.2% increase, benefitting from currency movements.

EBITDA before restructuring charges in Q4 2015 of Euro 11.8 million (10.4% of Net Revenue) grew 21% on the same period of 2014, principally thanks to the significant increase in sales volumes, favourable currency movements, in particular of the US Dollar, together with the benefits from continued product cost optimisation programmes. EBITDA after restructuring charges totalled Euro 11.3 million - up 28.5% on the fourth quarter of the previous year. The restructuring charges in the quarter of Euro 0.5 million relate principally to the Italian companies.

EBIT of Euro 6.9 million improved 48.4% on Euro 4.7 million in Q4 2014.

In Q4 2015, the Euro average exchange rate weakened against all currencies to which the Group is exposed, with the exception of the Ruble, the Mexican Peso and the Polish Zloty.

¹ Highest quarterly consolidated revenue figure in the Company's history.

² Data concerns sales revenue by geographic area and therefore does not refer to the breakdown by operating segment according to the various Group company locations.

³ Concerning revenue in "Other Countries" - principally the Asian markets.

	average Q4 2015	average Q4 2014	%	Dec 31, 15	Dec 31, 14	%
USD	1.10	1.25	-12.4%	1.09	1.21	-9.9%
JPY	132.95	142.75	-6.9%	131.07	145.23	-9.8%
PLN	4.26	4.21	1.2%	4.26	4.27	-0.2%
MXN	18.35	17.31	6.0%	18.91	17.87	5.8%
INR	72.20	77.39	-6.7%	72.02	76.72	-6.1%
CNY	7.00	7.68	-8.9%	7.06	7.54	-6.4%
RUB	72.41	59.72	21.2%	80.67	72.34	11.5%
GBP	0.72	0.79	-8.5%	0.73	0.78	-6.4%

Net financial charges as a percentage of revenues in Q4 2015 reduced from 1.3% in Q4 2014 to 1.0% in Q4 2015, mainly due to the lower average cost of debt and currency movements.

The Net Profit for the period of Euro 3.7 million was up 141.2% on Euro 1.5 million in the fourth quarter of 2014.

The Managerial Working Capital on annualised revenues of 7.5% improved significantly both on 8.6% at September 30, 2015 and 8.4% at December 31, 2014. This excellent result is due to optimised resource allocation policies, in particular with regard to trade payables management.

The Net Financial Debt at December 31, 2015 of Euro 53.0 million increased on Euro 51.4 million at December 31, 2014, but decreased significantly on Euro 62.2 million at September 30, 2015, thanks to a robust generation of operating cash which offset the payment in 2015 of restructuring charges of Euro 8.4 million, mainly relating to the Restructuring Plan already concluded and expensed in 2013 and 2014.

Significant events in Q4 2015

On October 6, 2015, Elica S.p.A. participated at the Star Conference, organised in London by Borsa Italiana, through presentations and meetings with insitutional investors.

On November 12, 2015, the Board of Directors of Elica S.p.a. approved the Interim Report at September 30, 2015 and adopted the updated Elica S.p.A. organisation and management model, as per Legislative Decree 231/01, which was amended in line with the new offenses introduced by Law No. 186 of December 15, 2014 (anti money-laundering) and Law No. 68 of May 22, 2015 (Environmental Law). The amendments were incorporated also into the Ethics Code.

On the same date, in view of company growth levels and favourable currency movements, Elica S.p.A. updated the 2015 Guidance objectives and confirmed the growth estimate for Net Revenue of between 3% and 5% on 2014, the EBITDA before restructuring charges growth estimate of between 7% and 14% on 2014 and forecast a Net Financial Debt at December 31, 2015 of Euro 55 million.

Elica Group structure and consolidation scope

The Elica Group is currently the world's largest manufacturer of kitchen range hoods for domestic use and is leader in Europe in the sector of motors for boilers used in home heating systems.

Parent

o Elica S.p.A. - Fabriano (Ancona, Italy) is the parent company of the Group (in short Elica).

Subsidiaries

o Elica Group Polska Sp.zo.o – Wrocław – (Poland) (in short Elica Group Polska). This wholly-owned company has been operational since September 2005 in the production and sale of electric motors and from December 2006 in the production and sale of exhaust range hoods for domestic use;

o Elicamex S.A. de C.V. – Queretaro (Mexico) (in short Elicamex). The company was incorporated at the beginning of 2006 (The Parent owns 98% directly and 2% through Elica Group Polska). Through this company, the Group intends to concentrate the production of products for the American markets in Mexico and reap the benefits deriving from optimisation of operational and logistical activities;

- o Leonardo Services S.A. de C.V. – Queretaro (Mexico) (in short Leonardo). This wholly-owned subsidiary was incorporated in January 2006 (the Parent owns 98% directly and 2% indirectly through Elica Group Polska Sp.zo.o.). Leonardo Services S.A. de C.V. manages all Mexican staff, providing services to ELICAMEX S.A. de C.V.;
- o Ariaфина CO., LTD – Sagamihara-Shi (Japan) (in short Ariaфина). Incorporated in September 2002 as an equal Joint Venture with Fuji Industrial of Tokyo, the Japanese range hood market leader, Elica S.p.A. acquired control in May 2006 (51% holding) to provide further impetus to the development of the important Japanese market, where high-quality products are sold;
- o Airforce S.p.A. – Fabriano (Ancona, Italy) (in short Airforce). This company operates in a special segment of the production and sale of hoods sector. The holding of Elica S.p.A. is 60%;
- o Airforce Germany Hochleistungs-Dunstabzugssysteme GmbH – Stuttgart (Germany) (in short Airforce Germany). Airforce S.p.A. owns 95% of Airforce Germany G.m.b.h., a company that sells hoods in Germany through so-called “kitchen studios”;
- o Elica Inc – Chicago, Illinois (United States), offices in Bellevue, Washington (United States). The company aims to develop the Group’s brands in the US market by carrying out marketing and trade marketing with resident staff. The company is a wholly owned subsidiary of ELICAMEX S.A. de C.V.;
- o Exklusiv Hauben Gutmann GmbH – Mulacker (Germany) (in short Gutmann) - a German company entirely held by Elica S.p.A. and the German leader in the high-end kitchen range hood market, specialised in tailor made and high performance hoods.
- o Elica PB India Private Ltd. - Pune (India) (in short Elica India); in 2010, Elica S.p.A. signed a joint venture agreement, subscribing 51% of the share capital of the newly-incorporated Indian company and therefore attaining control.
Elica PB India Private Ltd. is involved in the production and sale of Group products.
- o Zhejiang Elica Putian Electric CO.,LTD. – Shengzhou (China) (in short Putian), a Chinese company held 66.76% and operating under the Puti brand, a leader in the Chinese home appliances sector, producing and marketing range hoods, gas hobs and kitchenware sterilisers. Putian is one of the main players in the Chinese range hood market and the principal company developing western style range hoods. The production site is located in Shengzhou, a major Chinese industrial district for the production of kitchen home appliances.
- o Elica Trading LLC – St. Petersburg (Russian Federation) (in short Elica Trading), a Russian company held 100%, incorporated on June 28, 2011.
- o Elica France S.A.S. - Paris (France) (in short Elica France), a wholly-owned French company incorporated in 2014.

Associates

- o I.S.M. S.r.l. – Cerreto d’Esi (AN-Italy). The company, of which Elica S.p.A. holds 49.385% of the Quota Capital, operates within the real estate sector.

Changes in the consolidation scope

There were no changes in the consolidation scope compared to December 31, 2014.

Related-party transactions

Transactions were entered into with subsidiaries, associates and other related parties during the period. All transactions were conducted on an arm’s length basis in the ordinary course of business.

Subsequent events and outlook

The Group carries out an ongoing and extensive monitoring of demand dynamics, which in 2015 weakened globally on 2014 (-2.3%) - particularly in Eastern Europe (-9.4%), Asia (-2.8%) and Latin America (-3.3%). On the other hand, demand growth was reported in North America (+4.6%) and Western Europe (+1.9%).

In view of the fourth quarter 2015 preliminary results, Elica has outperformed the 2015 Guidance objectives communicated to the market on February 12, 2015 and updated on November 12, 2015, returning a consolidated revenue increase of 7.6% (estimated at between 3% and 5%) and a consolidated EBITDA increase, before restructuring charges, of 14.6% (estimated at between 7% and 14%) compared to 2014, with a Net Financial Debt of Euro 53 million at the end of 2015 (estimated at Euro 55 million).

Against the results expected from the ongoing implementation of the long-term Group strategy and thanks to the continued innovations introduced to the market, Elica estimates an increase for 2016 in Consolidated revenue of between 5% and 9% and an increase in consolidated EBIT of between 13% and 26% on 2015, while targeting also a Net Financial Debt of Euro 58 million.

On January 27, 2016, Elica joined the Internet of Things market with the launch of a new product: SNAP, the first Air Quality Balancer. Thanks to three sensors and a sophisticated algorithm, SNAP monitors and automatically improves air quality, reducing in just 30 minutes the presence of polluting agents, odors and excess vapors in closed environments. With SNAP, Elica therefore continues to innovate as an air treatment specialist, unveiling its first IOT product for other household environments. The project will see the participation of 2 leading partners with significant IOT environment expertise: Vodafone, which contributed to the implementation of the APP for the launch of the SNAP remote control, providing also a SIM card which ensures an alternative connection of the product to Wi-Fi and IBM, owner of the cloud in which all of the data collated is stored.

On January 29, 2016, in accordance with Article 2.6.2, paragraph 1, letter b) of the Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A., Elica S.p.A. published the Financial Calendar for the year 2016.

Compliance pursuant to Section VI of the regulation implementing legislative decree No. 58 of February 24, 1998 concerning market regulations ("Market Regulations")

Elica S.p.A. confirms compliance with the conditions for listing pursuant to Articles 36 and 37 of Consob's Market Regulations. In particular, having control, directly or indirectly, over some companies registered in countries outside of the European Union, the financial statements of the above-mentioned companies, prepared for the purposes of the Elica Group Consolidated Financial Statements, were made available in accordance with the provisions required by the current regulations enacted on March 30, 2009.

Obligations in accordance with Article 70, paragraph 8 and Article 71, paragraph 1-bis of the "Issuers' Regulation"

In accordance with Article 70, paragraph 8 and Article 71, paragraph 1-*bis* of the Consob Issuers' Regulation, on January 16, 2013, Elica announced that it would employ the exemption from publication of the required disclosure documents concerning significant merger, spin-off, and share capital increase operations through conferment of assets in kind, acquisitions and sales.

Interim Report at December 31, 2015**Consolidated financial statements at December 31, 2015****Consolidated Income Statement - Q4 & FY 2015**

<i>In Euro thousands</i>	<i>Note</i>	Q4 2015	Q4 2014	2015	2014
Revenue	1.	113,288	98,822	421,627	391,901
Other operating income	2.	1,873	846	4,178	5,417
Changes in inventories of finished and semi-finished goods	3.	(1,876)	(784)	3,180	3,442
Increase in internal work capitalised		1,854	1,289	5,852	4,984
Raw materials and consumables	3.	(59,257)	(53,191)	(230,111)	(217,439)
Services	4.	(20,333)	(17,292)	(75,871)	(66,258)
Labour costs	5.	(20,963)	(19,130)	(82,080)	(81,263)
Amortisation & Depreciation		(4,395)	(4,143)	(17,350)	(16,672)
Other operating expenses and provisions	6.	(2,773)	(794)	(11,498)	(10,014)
Restructuring charges	14.	(515)	(971)	(1,751)	(2,847)
Operating profit		6,903	4,652	16,176	11,251
Share of profit/(loss) from associates		(3)	(4)	(10)	(17)
Impairment of AFS financial assets		-	-	(100)	-
Financial income	7.	93	38	211	247
Financial charges	7.	(952)	(1,052)	(3,754)	(4,287)
Exchange rate gains/(losses)	7.	(219)	(302)	717	(303)
Profit before taxes		5,822	3,332	13,240	6,891
Income taxes		(2,120)	(1,797)	(5,795)	(3,405)
Profit from continuing operations		3,702	1,535	7,445	3,486
Profit from discontinued operations		-	-	-	-
Profit for the period		3,702	1,535	7,445	3,486
of which:					
Attributable to non-controlling interests		856	168	1,255	894
Attributable to the owners of the Parent		2,846	1,367	6,190	2,592
<u>Basic earnings per Share (Euro/cents)</u>		4.59	2.21	9.98	4.18
<u>Diluted earnings per Share (Euro/cents)</u>		4.59	2.21	9.98	4.18

Statement of Comprehensive Income - Q4 & FY 2015

<i>In Euro thousands</i>	Q4 2015	Q4 2014	2015	2014
Profit for the period	3,702	1,535	7,445	3,486
Other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the period:				
Actuarial gains/(losses) of employee defined plans	237	(534)	300	(1,755)
Tax effect concerning the Other income/(expense) which may not be subsequently reclassified to the profit/(loss) for the period	10	41	(2)	385
Total other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the period, net of the tax effect	247	(494)	298	(1,370)
Other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the period:				
Exchange differences on the conversion of foreign financial statements	377	(2,946)	307	(9)
Net change in cash flow hedges	(920)	(183)	(2,043)	(751)
Tax effect concerning the Other income/(expense) which may be subsequently be reclassified to the profit/(loss) for the period	253	53	562	207
Total other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the period, net of the tax effect	(290)	(3,076)	(1,174)	(553)
Total other comprehensive income/(expense), net of the tax effect:	(43)	(3,569)	(876)	(1,923)
Total comprehensive income/(expense) for the period	3,659	(2,034)	6,569	1,563
of which:				
Attributable to non-controlling interests	994	92	1,826	1,255
Attributable to the owners of the parent	2,666	(2,129)	4,744	308

Statement of Financial Position at December 31, 2015

<i>In Euro thousands</i>	<i>Note</i>	Dec 31, 15	Dec 31, 14
Property, plant & equipment	8.	88,779	88,014
Goodwill	9.	45,712	44,911
Other intangible assets	10.	28,676	26,660
Investments in associates		1,423	1,437
Other receivables		330	182
Tax assets		-	5
Deferred tax assets		16,185	15,265
AFS financial assets		56	156
Derivative financial instruments		-	1
Total non-current assets		181,162	176,631
Trade receivables and loan assets	11.	68,504	63,456
Inventories	12.	62,701	57,609
Other receivables		7,370	6,935
Tax assets		7,825	7,330
Derivative financial instruments		223	146
Cash and cash equivalents		34,463	35,241
Current assets		181,088	170,717
Assets of discontinued operations		-	-
Total assets		362,250	347,348
Liabilities for post-employment benefits		10,619	12,752
Provisions for risks and charges	13.	3,854	5,441
Deferred tax liabilities		4,749	4,910
Finance leases and other lenders		9	12
Bank loans and borrowings		44,048	29,277
Other payables		3,277	4,786
Tax liabilities		442	568
Derivative financial instruments		166	146
Non-current liabilities		67,164	57,892
Provisions for risks and charges	13.	7,398	3,006
Finance leases and other lenders		6	12
Bank loans and borrowings		43,405	57,364
Trade payables	11.	99,474	88,238
Other payables		14,133	16,394
Tax liabilities		7,726	6,719
Derivative financial instruments		3,736	2,113
Current liabilities		175,878	173,846
Liabilities of discontinued operations		-	-
Share capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging, translation and stock option reserve		(11,408)	(9,585)
Reserve for actuarial gains/losses		(2,907)	(3,188)
Treasury shares		(3,551)	(3,551)
Retained earnings		40,630	39,894
Profit attributable to the owners of the parent		6,190	2,592
Equity attributable to the owners of the parent		112,742	109,950
Capital and reserves attributable to non-controlling interests		5,211	4,766
Profit attributable to non-controlling interests		1,255	894
Equity attributable to non-controlling interests		6,466	5,660
Total equity		119,208	115,610
Total liabilities and equity		362,250	347,348

2015 Consolidated Statement of Cash Flow

<i>In Euro thousands</i>	<i>Note</i>	2015	2014
Opening cash and cash equivalents		35,241	27,664
Operating profit - EBIT		16,176	11,251
Amortisation, depreciation and impairment losses		17,350	16,672
EBITDA		33,526	27,923
Trade working capital		820	7,820
Other working capital accounts		(4,581)	(2,595)
Income taxes paid		(4,587)	(5,786)
Change in provisions		712	281
Other changes		178	(2,856)
Cash flow from operating activities		26,067	24,785
Net increases		(19,868)	(15,293)
	Intangible assets	(8,306)	(6,523)
	Property, plant & equipment	(11,561)	(8,770)
	Equity investments and other financial assets	-	-
Acquisition/Sale of investments		-	44
Cash flow used in investing activities		(19,868)	(15,248)
Dividends		(2,551)	(2,413)
Increase (decrease) in loans and borrowings		301	1,893
Net changes in other financial assets/liabilities		(1,638)	2,095
Interest paid		(3,306)	(3,649)
Cash flow used in financing activities		(7,193)	(2,073)
Change in cash and cash equivalents		(994)	7,463
Effect of exchange rate change on liquidity		217	112
Closing cash and cash equivalents		34,463	35,241

Notes to the Interim Report at December 31, 2015***Group structure and brief description of its activities***

The operating segments are as follows:

- "Europe": production and sale of range hoods, accessories and electric motors developed by the Group companies based in Europe, i.e. the Italian companies Elica S.p.A. and Airforce S.p.A., the German companies Exklusiv Hauben Gutmann GmbH and Airforce Germany GmbH, the Polish company Elica Group Polska Sp.zo.o, the Russian company Elica Trading LLC and the French company Elica France S.A.S.;
- "America": production and sale of range hoods and accessories, developed by the Group companies based in America, i.e. the Mexican companies Elicamex S.A. de C.V. and Leonardo S.A. de C.V. and the US company Elica Inc;
- "Asia and the Rest of the World": production and sale of range hoods, accessories and other products, developed by the Group companies located in Asia, i.e. the Chinese company Zhejiang Putian Electric Co. Ltd., the Indian company Elica PB India Private Ltd. and the Japanese company Aria fina CO., LTD.

The activities are based in the same geographic areas and therefore in Europe, specifically in Italy, Poland, Germany, Russia and France, in America, i.e. in Mexico and in the United States, and in Asia, respectively in China, India and Japan.

Segment revenue is determined based on the geographic area to which the respective companies belong. Segment results are determined by taking into account all the costs that can be allocated directly to sales in a specific segment. Costs not allocated to the segments include all costs not directly attributable to the area, including manufacturing, sales, general, administrative costs, as well as financial income and charges and taxes.

Inter-segment revenue includes revenue between Group segments that are consolidated on a line-by-line basis in relation to sales made to other segments.

Assets, liabilities and investments are allocated directly on the basis of their classification in a specific geographic area.

The Euro is the functional and reporting currency for Elica and all consolidated companies, except for such foreign subsidiaries as Elica Group Polska Sp.zo.o, Elicamex S.A. de C.V., Leonardo Services S.A. de C.V., Aria fina CO., LTD, Elica Inc., Elica PB India Private Ltd., Zhejiang Elica Putian Electric Co. Ltd. and Elica Trading LLC, which prepare their financial statements in the Polish Zloty (Elica Group Polska Sp.zo.o), the Mexican Peso (Elicamex S.A. de C.V. and Leonardo Services S.A. de C.V.), Japanese Yen, US Dollar, Indian Rupee, Chinese Renminbi and Russian Ruble respectively.

The exchange rates used for the translation to Euro of the financial statements of companies consolidated in a currency other than the consolidation currency, compared with those used in the previous periods, are shown in the table below:

	average 2015	average 2014	%	Dec 31, 15	Dec 31, 14	%
USD	1.11	1.33	-16.5%	1.09	1.21	-9.9%
JPY	134.31	140.31	-4.3%	131.07	145.23	-9.8%
PLN	4.18	4.18	0.0%	4.26	4.27	-0.2%
MXN	17.62	17.66	-0.2%	18.91	17.87	5.8%
INR	71.20	81.04	-12.1%	72.02	76.72	-6.1%
CNY	6.97	8.19	-14.9%	7.06	7.54	-6.4%
RUB	68.07	50.95	33.6%	80.67	72.34	11.5%

Criteria for the preparation of the Interim Report

The Interim Report at December 31, 2015 was prepared in accordance with Article 154 ter, paragraph 5 of the Consolidated Finance Act ("CFA") introduced by Legislative Decree 195/2007, enacting EU Directive 109/2004 ("Transparency Directive").

The report was approved by the Board of Directors of Elica S.p.A. on February 12, 2016 and the board authorised its publication on the same date.

Accounting principles, consolidation criteria and estimate changes

The accounting principles utilised for the preparation of the financial statements as at December 31, 2015 are the IAS/IFRS issued by the IASB and approved by the European Union at the date of the Report. IAS/IFRS refers to the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and all the interpretive documents issued by the IFRIC (formally the Standing Interpretations Committee). In their preparation, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements as at December 31, 2014.

The interim report was prepared on the basis of the historical cost principle, except for some financial instruments which are recognised at fair value. The financial statement accounts have been measured in accordance with the general criteria of prudence and accruals and on a going concern basis, and also take into consideration the economic function of the assets and liabilities.

The preparation of interim financial statements requires the use of estimates and assumptions based on the best evaluations of management. If in the future these estimates and assumptions should be different from the actual circumstances, they will obviously be modified appropriately in the period in which the circumstances change.

In particular, with reference to the determination of any loss in value of non-current assets, tests are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available, except where there are specific indications of impairment which require an immediate valuation of any loss in value or when facts arise requiring an impairment test.

This interim report is presented in Euros and all the amounts are rounded to the nearest thousand, unless otherwise specified.

Changes in accounting principles

The financial statements utilised are the same as those used for the preparation of the consolidated financial statements at December 31, 2014. No new accounting principles with significant impact on the consolidated financial statements were adopted in the period. We report below the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union adopted from January 1, 2015:

- Improvements to IFRS (2010-2012 cycle):
 - IFRS 2 Share-based payments. Amendments were made to the definitions of "vesting conditions" and "market conditions" and further definitions were added for "performance conditions" and "service conditions" (previously included in general "vesting conditions");
 - IFRS 3 Business combinations. The amendments clarify that a contingent consideration classified as an asset or as a liability must be measured at fair value at each reporting date, whether the contingent consideration is a financial instrument in application of IAS 39 or a non-financial asset or liability. The changes in the fair value must be recognised to the profit/(loss) for the period.
 - IFRS 8 Operating segments. The amendments require an entity to provide disclosure on the judgements made by Management in the application of the operating segment aggregation, including a description of the aggregated operating segments and of the economic indicators considered in determining whether these operating segments have "similar economic characteristics". The amendments also clarify that the reconciliation between the total assets of the operating segments and the total assets of the entity must be presented only if the total assets of the operating segments are regularly reviewed by the chief operating decision maker.
 - IAS 24 Related party disclosures. A company which provides key management personnel is considered a related party.
- Improvements to IFRS (2011-2013 cycle):

- IFRS 3 Business combinations. It is established that the standard is not applicable to all joint control agreements and not only joint ventures.
- IFRS 13 Fair value, concerning financial instruments. Clarification is provided on the scope of application of the exception for the measurement at fair value on a net basis of a portfolio of assets and liabilities. IFRS 13.52 (portfolio exception), in the current version, limits to only financial assets and liabilities included within the application of IAS 39 the possibility to undertake fair value measurement on the basis of their net value. The amendment clarifies that the possibility of fair value measurement on the basis of their net value also refers to contracts within the application of IAS 39 but which does not satisfy the definition of financial assets and liabilities within IAS 32, such as contracts for the purchase and sale of commodities which may be settled in cash for their net value.
- IAS 40 Investment property: The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and in determining whether the acquisition of a real estate asset enters within the application of IFRS 3, reference should be made to the specific indications provided by IFRS 3; on the other hand, when determining whether the acquisition is within the application of IAS 40, reference should be made to the specific indications of IAS 40.
- IFRS 1 First-time adoption of International Financial Reporting Standards: The amendment clarifies that an entity which adopts IFRS for the first time, as an alternative to the application of a standard currently in force at the date of the first IFRS financial statements, may opt for the early application of a new standard which will replace the standard in force. The option is permitted when the new standard allows for early application. In addition, the same version of the standard must be applied for all periods presented in the first IFRS financial statements.
- Defined benefit plans: employee contributions (amendments to IAS 19). It is clarified that the contribution by employees or third parties may be deducted, at certain conditions, from employee costs.
- IFRIC 21 - Levies. It is clarified that a levy is not recognised until the obligating event according to the applicable regulation occurs, even in the case in which there is not a realistic opportunity to avoid the obligation.

Use of estimates

In the preparation of the Interim Report, the Group's management made judgements, estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. The actual results may differ from these estimates. The estimates and assumptions are revised periodically and the effects of any change are promptly reflected in the financial statements.

In this context it is reported that the situation caused by the current economic and financial crisis resulted in the need to make assumptions on a future outlook characterised by significant uncertainty, for which it cannot be excluded that results in the coming years will be different from such estimates and which therefore could require adjustment, currently not possible to estimate or forecast, which may even be significant, to the carrying amount of the relative items.

The account items principally concerned by uncertainty are: goodwill, the allowance for impairment and inventory obsolescence provision, non-current assets (property, plant and equipment and intangible assets), pension funds and other post-employment benefits, provisions for risks and charges and deferred tax assets and liabilities.

Reference is made to the previous year annual accounts and the notes to these financial statements for the details relating to the estimates stated above.

Composition and main changes in the Income Statement and Statement of Financial Position

1. Revenue

<i>In Euro thousands</i>	2015	2014	Changes
Revenue	421,627	391,901	29,726
Total revenue	421,627	391,901	29,726

For the comments relating to the changes in revenue, reference should be made to the paragraph "Operating review Q4 2015" of the Directors' Report.

The following tables contain segment information as defined in the "Group structure and brief description of its activities" paragraph.

INCOME STATEMENT	Europe		America		Asia and the Rest of World		Unallocated items and eliminations		Consolidated	
	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14
Segment revenue:										
Third parties	307,826	291,698	67,177	54,210	46,624	45,992	-	-	421,627	391,901
Inter-segment	14,464	13,378	14	11	3,380	1,660	(17,858)	(15,048)	-	-
Total revenue	322,290	305,076	67,191	54,221	50,004	47,652	(17,858)	(15,048)	421,627	391,901
Segment result:	27,274	22,060	10,102	7,936	3,321	1,975			40,696	31,972
Unallocated overheads									(24,520)	(20,721)
Operating Profit									16,176	11,251
Share of profit/(loss) from associates									(10)	(17)
Financial income									211	247
Financial charges									(3,754)	(4,287)
Write-downs AFS financial assets									(100)	-
Exchange rate gains/(losses)									717	(303)
Profit before taxes									13,240	6,891
Income taxes									(5,795)	(3,405)
Profit from continuing operations									7,445	3,486
Profit from discontinued operations									-	-
Profit for the year									7,445	3,486

STATEMENT OF FINANCIAL POSITION	Europe		America		Asia and the Rest of World		Unallocated items and eliminations		Consolidated	
	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14
Assets:										
Segment assets	236,253	228,115	32,724	34,168	52,144	44,079	(11,374)	(11,184)	309,747	295,178
Investments							1,423	1,437	1,423	1,437
Unallocated assets							51,080	50,733	51,080	50,733
Total operational assets	236,253	228,115	32,724	34,168	52,144	44,079	41,129	40,987	362,250	347,348
Total assets of discount. operations										
Total assets	236,253	228,115	32,724	34,168	52,144	44,079	41,129	40,987	362,250	347,348
Liabilities										
Segment liabilities	(129,151)	(123,872)	(15,610)	(12,875)	(21,961)	(19,466)	11,148	11,140	(155,575)	(145,073)
Unallocated liabilities							(87,468)	(86,665)	(87,468)	(86,665)
Equity							(119,208)	(115,610)	(119,208)	(115,610)
Total operational liabilities	(129,151)	(123,872)	(15,610)	(12,875)	(21,961)	(19,466)	(195,528)	(191,135)	(362,250)	(347,348)
Total liabilities of discontinued operations										
Total liabilities	(129,151)	(123,872)	(15,610)	(12,875)	(21,961)	(19,466)	(195,528)	(191,135)	(362,250)	(347,348)

2. Other operating income

<i>(in Euro thousands)</i>	2015	2014	Changes
Rental income	2	2	-
Grants related to income	1,015	1,098	(83)
Ordinary gains on disposal	343	3,402	(3,059)
Claims and insurance payouts	874	330	544
Other revenue and income	1,944	585	1,359
Total	4,178	5,417	(1,239)

The account decreased by Euro 1,239 thousand. The decrease principally concerned the Ordinary Gains account, which in 2014 included the gain from the sale to third parties of the warehouse of Serra San Quirico (Ancona - Italy).

3. Raw materials and consumables and changes in inventories of finished and semi-finished goods

<i>In Euro thousands</i>	2015	2014	Changes
Purchase of raw materials	(198,279)	(187,591)	(10,688)
Shipping expenses on purchases	(6,034)	(4,763)	(1,271)
Purchases of consumable materials	(3,966)	(2,988)	(978)
Packaging	(1,718)	(2,469)	751
Purchases of supplies	(619)	(634)	15
Purchases of semi-finished materials	(14,662)	(15,276)	614
Purchase of finished products	(6,120)	(5,898)	(222)
Other purchases	(1,160)	(814)	(346)
Change in inventory of raw materials, consumables and goods for re-sale	2,446	2,994	(548)
Raw materials and consumables	(230,112)	(217,439)	(12,673)
Changes in inventories of finished and semi-finished goods	3,180	3,442	(262)
Total	(226,932)	(213,997)	(12,935)

The account increased in absolute terms by approx. Euro 12.9 million, although it decreased as a percentage of revenue from 54.6% to 53.8%.

4. Services

<i>In Euro thousands</i>	2015	2014	Changes
Outsourcing expenses	(25,320)	(20,573)	(4,747)
Transport	(9,333)	(8,633)	(700)
Finished goods inventories management	(4,738)	(4,312)	(426)
Consulting	(4,963)	(4,654)	(309)
Other professional services	(9,833)	(8,916)	(917)
Maintenance	(2,610)	(2,295)	(315)
Utilities	(4,734)	(4,717)	(17)
Commissions	(1,912)	(2,036)	124
Travel expenses	(3,185)	(2,640)	(545)
Advertising	(3,141)	(2,833)	(308)
Insurance	(1,151)	(1,137)	(14)
Directors & Statutory Auditor fees	(2,009)	(1,681)	(328)
Trade fairs and promotional events	(2,012)	(891)	(1,121)
Industrial services	(461)	(491)	30
Banking commissions and charges	(469)	(449)	(20)
Total Services	(75,871)	(66,258)	(9,613)

The account increased in absolute terms by approx. Euro 9.6 million. This increase is principally due for Euro 4.7 million to Outsourcing expenses, for Euro 0.7 million to Transport, for Euro 0.9 to Other professional services and for Euro 1.1 million to Trade Fairs and promotional events. The percentage on revenues increased from 16.9% to 18.0%.

5. Labour costs

Labour costs incurred by the Group were as follows:

<i>In Euro thousands</i>	2015	2014	Changes
Wages and salaries	(59,458)	(59,030)	(428)
Social security charges	(16,003)	(15,769)	(234)
Post-employment benefits	(2,592)	(2,791)	199
Other costs	(4,027)	(3,673)	(354)
Total labour costs	(82,080)	(81,263)	(816)

The account increased by Euro 0.8 million. As a percentage of revenues these costs decreased from 20.7% in 2014 to 19.5% in 2015.

6. Other operating expenses and provisions

<i>In Euro thousands</i>	2015	2014	Changes
Leasing and rental	(2,413)	(2,038)	(375)
Rental of vehicles and industrial equipment	(2,420)	(2,413)	(7)
Hardware, software and patents licences	(809)	(783)	(26)
Other taxes	(1,180)	(1,084)	(96)
Magazine and newspaper subscriptions	(22)	(26)	4
Various equipment	(327)	(296)	(31)
Catalogues and brochures	(373)	(325)	(48)
Losses and allowances for impairments	(500)	(679)	179
Provisions for risks and charges	(726)	(1,150)	424
Other prior year charges and losses	(2,728)	(1,219)	(1,509)
Total	(11,498)	(10,013)	(1,485)

The account increased by approx. Euro 1.5 million. As a percentage of revenues these costs increased from 2.6% in 2014 to 2.7% in 2015.

7. Net financial charges

<i>In Euro thousands</i>	2015	2014	Changes
Financial income	211	247	(36)
Financial charges	(3,754)	(4,287)	533
Exchange rate gains/(losses)	717	(303)	1,020
Total net financial charges	(2,826)	(4,343)	1,517

Financial activities benefitted from exchange rate movements concerning the currencies utilised by the Group.

8. Property, plant & equipment

The breakdown of property, plant and equipment at December 31, 2015 and December 31, 2014 is detailed below.

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14	Changes
Land, land usage rights and buildings	46,678	47,577	(899)
Plant and machinery	21,113	21,454	(341)
Industrial and commercial equipment	15,805	15,274	531
Other assets	3,654	3,387	267
Assets in progress and advances	1,529	323	1,206
Total property, plant and equipment	88,779	88,014	764

Property, plant and equipment increased from Euro 88,014 thousand at December 31, 2014 to Euro 88,779 thousand at December 31, 2015, an increase of Euro 764 thousand as a result of the sales, purchases and a depreciation charge of Euro 11,152 thousand.

9. Goodwill

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14	Changes
Goodwill recorded by subsidiaries	45,712	44,911	801
Total goodwill	45,712	44,911	801

The account increased almost exclusively due to exchange rate movements. No operations in the period produced additional goodwill compared to December 2014.

10. Other intangible assets

The breakdown of the Other intangible assets at December 31, 2015 and December 31, 2014 is shown below.

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14	Changes
Development Costs	9,309	8,183	1,126
Industrial patents and intellectual property rights	8,746	10,206	(1,460)
Concessions, licenses, trademarks & similar rights	1,539	1,558	(19)
Assets in progress and advances	6,046	2,851	3,195
Other intangible assets	3,036	3,862	(826)
Total other intangible assets	28,676	26,660	2,016

Other intangible assets increased from Euro 26,660 thousand at December 31, 2014 to Euro 28,676 thousand at December 31, 2015, with an increase of Euro 2,016 thousand as a result of the purchases, sales and amortisation recorded to the income statement of Euro 6,198 thousand.

"Assets in progress and advances" refer in part to advances and the development of projects for the implementation of new IT platforms and the design, development and creation of new software applications, and also the development of new products.

The account "Other intangible assets" relates principally to both the technology developed and the client portfolio of the German subsidiary Exklusiv Hauben Gutmann GmbH.

11. Trade receivables and payables

Trade receivables and trade payables were as follows:

<i>(in Euro thousands)</i>	Dec 31, 15	Dec 31, 14	Changes
Trade receivables and loan assets	68,504	63,456	5,048
Trade payables	(99,474)	(88,238)	(11,236)
Total	(30,970)	(24,782)	(6,188)

Trade receivables are recorded net of the allowance for impairment, made following an analysis of the credit risk on receivables and on the basis of historical data on impairment losses, considering that a substantial portion of the receivables is insured by prime international insurance companies.

Management considers that the value approximates the fair value of the receivables.

12. Inventories

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14	Changes
Raw materials, ancillary and consumables	24,489	23,685	804
Work-in-progress and semi-finished goods	14,138	12,994	1,144
Finished products and goods	24,069	20,925	3,144
Advances	5	5	-
Total	62,701	57,609	5,092

The account increased from Euro 57,609 thousand at December 31, 2014 to Euro 62,701 thousand at December 31, 2015.

Inventories are stated net of the obsolescence provisions in order to take into consideration the effect of waste, obsolete and slow moving items and the risk estimates of the non-existent value in use of some categories of raw materials and semi-finished goods based on assumptions made by management.

13. Provisions for risks and charges

The details are reported below.

<i>(in Euro thousands)</i>	Dec 31, 15	Dec 31, 14	Changes
Agents' termination benefits	523	514	9
Product warranty provisions	1,435	1,550	(115)
Legal, tax and other risks provision	3,183	1,973	1,210
LTIP provision	3,886	2,875	1,011
Other Provisions	2,225	1,536	689
Total	11,252	8,447	2,805
of which			
Non-current	3,854	5,441	(1,587)
Current	7,398	3,006	4,392
Total	11,252	8,447	2,805

Agents' termination benefits are intended to cover possible charges upon termination of relations with agents and sales representatives.

Product warranty provisions represent an estimate of the costs likely to be incurred to repair or replace items sold to customers. These provisions reflect the average warranty costs historically incurred by the Group as a percentage of sales still covered by warranty.

The legal, tax and other risks provision relates to likely costs and charges to be incurred as a result of ongoing legal and tax disputes. The provisions have been determined based on the best possible estimates, considering the available information. They include allocations required to comply with the waste disposal regulation.

The Long Term Incentive Plan provision refers to the accrued liability at December 31, 2015, approved by the Board of Directors on November 14, 2013.

Other Provisions include the Personnel provision which incorporates the higher cost estimated by the Group for contractual indemnity and for employee bonuses.

14. Significant non-recurring events and operations

A summary of the non-recurring operations, considered significant, during the period and with their relative impact on the Equity and Profit for the period are shown below.

<i>In Euro thousands</i>	Equity		Profit for the year	
	Amount	%	Amount	%
Reported amount	119,208		7,445	
Restructuring charges	(1,751)	-1%	(1,751)	-24%
Taxes concerning restructuring charges	419	0%	419	6%
Taxes concerning tax assessments	(330)	0%	(330)	-4%
Taxes concerning the change in the IRES rate in 2017	(250)	0%	(250)	-3%
Gross notional amount	121,120		9,357	

Restructuring charges and the relative tax impact relate principally to the reorganisation plan in place. The income taxes concerning the tax assessment were recognised by the Parent in settlement of the amount due.

The taxes concerning the change in the IRES rate in 2017 are calculated for the Italian scope in line with legislative changes.

15. Transactions and balances with related parties

The income statement and statement of financial position amounts deriving from the transactions carried out as per IAS 24 with related parties are in line with the past and reference should therefore be made to the Annual Report.

In accordance with IAS 24, compensation paid to Directors, Statutory Auditors and Key Management Personnel are included in transactions with related parties, and their amounts are in line with previous periods; reference should be made to the Annual Report in this regard.

Fabriano, February 12, 2016

The Chairman
Francesco Casoli

Statement of the corporate financial reporting manager in accordance with Article 154 *bis*, paragraph 2 of Legislative Decree 58/1998

The undersigned Giuseppe Perucchetti as Chief Executive Officer and Alberto Romagnoli as Executive responsible for the preparation of the corporate accounting documents of Elica S.p.A., declares in accordance with Article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting and corporate information corresponds to the underlying accounting documents, records and accounting entries.

Fabriano, February 12, 2016

The Chief Executive Officer
Giuseppe Perucchetti

Executive responsible for the preparation
of corporate accounting documents
Alberto Romagnoli