(Translation from the Italian original which remains the definitive version)

Elica S.p.A.

Half-Year Report

at 30 June 2016

Contents

Corporate boards

Members of the Board of Directors

Francesco Casoli
Executive Chairman,
born in Senigallia (AN) on 5/6/1961, appointed by resolution of 29/04/2015.

Enrico Vita
Independent Director, born in Fabriano (AN) on 16/02/1969, appointed by resolution of 29/04/2015.

Giuseppe Perucchetti
Chief Executive Officer, born in Varese (VA) on 30/10/1958, appointed by resolution of 29/04/2015.

Elio Cosimo Catania
Independent Director, born in Catania on 05/06/1946, appointed by resolution of 29/04/2015.

Gianna Pieralisi
Executive Director, born in Monsano (AN) on 12/12/1934, appointed by resolution of 29/04/2015.

Katia Da Ros
Independent Director and Lead Independent Director, born in Conegliano (TV) on 30/03/1967, appointed by resolution of 29/04/2015.

Gennaro Pieralisi
Director, born in Monsano (AN) on 14/02/1938, appointed by resolution of 29/04/2015.

Davide Croff
Independent Director, born in Venice on 01/10/1947, appointed by resolution of 29/04/2015.

Members of the Board of Statutory Auditors

Gilberto Casali
Chairman, born in Jesi (AN) on 14/01/1954, appointed by resolution of 29/04/2015.

Leandro Tiranti
Alternate Auditor, born in Sassoferrato (AN) on 04/05/1966, appointed by resolution of 29/04/2015.

Franco Borioni
Standing Auditor, born in Jesi (AN) on 23/06/1945, appointed by resolution of 29/04/2015.

Serenella Spaccapaniccia
Alternate Auditor, born in Montesangiorgio (AP) on 04/04/1965, appointed by resolution of 29/04/2015.

Simona Romagnoli
Standing Auditor, born in Jesi (AN) on 02/04/1971, appointed by resolution of 29/04/2015.

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 Company Registration Number: 00096570429
Ancona REA No. 63006 – VAT Number 00096570429

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Laura Giovanetti
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Directors' Report

Key Financial Highlights

Definitions

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 income statement.

Net financial income/(charge) is the sum of the Share of profit/(loss) of associates, Financial income, Financial expense and Exchange rate gains and losses.

The earnings per share for H1 2016 and H1 2015 were calculated by dividing the profit attributable to the owners of the parent, as recognised in the Income Statement, by the number of outstanding shares at the respective reporting dates. The numbers of shares in circulation at the reporting date was unchanged from 30 June 2015 (62,047,302).

Managerial Working Capital is the sum of Trade receivables with Inventories, net of Trade payables, as presented in the Statement of Financial Position. Net Working Capital is the amount of Managerial Working Capital and Other net receivables/payables.

Other net receivables/payables comprise the current portion of Other receivables and Tax Receivables, net of the current portion of Provisions for risks and charges, Other payables and Tax payables, as presented in the Statement of Financial Position.

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.

H1 2016 performance

In Euro thousands	**H1 16**	**% revenue**	**H1 15**	**% revenue**	**16 Vs 15 %**
Revenue	215,560		203,212		6.1%
EBITDA	16,191	7.5%	13,412	6.6%	20.7%
EBIT	7,131	3.3%	4,873	2.4%	46.3%
Net financial charge	(1,513)	(0.7%)	(1,052)	(0.5%)	43.8%
Income taxes	(2,772)	(1.3%)	(2,206)	(1.1%)	25.7%
Profit from continuing operations	2,846	1.3%	1,615	0.8%	76.2%
Profit from continuing operations and discontinued operations	**2,846**	**1.3%**	**1,615**	**0.8%**	**76.2%**
Profit attributable to the owners of the Parent	2,607	1.2%	1,371	0.7%	90.2%
Basic earnings per share on continuing operations and discontinued operations (Euro/cents)	4.20		2.21		90.1%
Diluted earnings per share on continuing operations and discontinued operations (Euro/cents)	4.20		2.21		90.1%

In Euro thousands	**30 Jun 16**	**31 Dec 15**	**30 Jun 15**
Trade receivables	75,017	68,504	73,518
Inventories	65,984	62,701	63,851
Trade payables	(110,207)	(99,474)	(102,747)
Managerial Working Capital	**30,794**	**31,731**	**34,622**
as a % of annualised revenue	*7.1%*	*7.5%*	*8.5%*
Other net receivables/payables	(8,656)	(14,061)	(9,648)
Net Working Capital	**22,138**	**17,670**	**24,974**

In Euro thousands	**30 Jun 16**	**31 Dec 15**	**30 Jun 15**
Cash and cash equivalents	**36,335**	**34,463**	**26,976**
Finance leases and other lenders	(8)	(9)	(10)
Bank loans and borrowings	(39,864)	(44,048)	(25,575)
Non-current loans and borrowings	**(39,872)**	**(44,057)**	**(25,585)**
Finance leases and other lenders	(12)	(6)	(9)
Bank loans and borrowings	(58,301)	(43,405)	(65,149)
Current loans and borrowings	**(58,313)**	**(43,411)**	**(65,158)**
Net Financial Debt	**(61,850)**	**(53,005)**	**(63,767)**

In the first half of 2016 Elica Group consolidated revenue amounted to Euro 215.6 million - an increase of 6.1% on the same period of the previous year and of 6.8% at like-for-like exchange rates. Global range hood demand saw a turnaround with growth of 0.4%[1] in the period, after 8 consecutive quarters in decline, principally thanks to the Asian market recovery[2] (-1.3% in the half-year and +1.5% in the second quarter of 2016), Eastern Europe, which returned to positive territory (+0.5%), together with improved Western European (+3.8%) and North American (+4.5%) demand. The Latin American market contracted 1.2%, although also indicating signs of potential recovery.

Cooking segment revenue was up 8.2% on H1 2015, with strong own brand product sales (+13.8%), particularly for the Elica brand which for the first half of 2016 reported revenue growth of 23.4%, following brand-focused investment and the development of the distribution structure over the last 2 years. Third-party brand sales also supported the segment's growth (+4.4%).
The Motor segment in H1 2016 saw a revenue contraction of 5.6%, principally due to the heating area performance.

Analysing revenue by the principal markets[3], Europe reported 5.6% growth, although impacted by currency movements, with sales in the Americas also up (+7.7%), together with Asian[4] sales (+6.8%), although this latter impacted by the poor Chinese market performance.

EBITDA of Euro 16.2 million (7.5% of Net Revenue) rose 20.7% on the same period of 2015, principally generated by significantly improved sales volumes and raw material and component procurement efficiencies, together with increased productivity. The increase in overhead costs, related in part to the major own brand focus and the development of the distribution structure, impacted margins, while guaranteeing however the general development of the business.

EBIT of Euro 7.1 million increased 46.3% on Euro 4.9 million in the same period of 2015, reflecting the strong underlying business dynamics outlined above.

In H1 2016, the Euro average exchange rate strengthened against all currencies to which the Group is exposed, with the exception of the Japanese Yen.

	average H1 2016	**average H1 2015**	**%**	**30 Jun 16**	**31 Dec 15**	**%**
USD	1.12	1.12	0.0%	1.11	1.09	1.8%
JPY	124.41	134.20	-7.3%	114.05	131.07	-13.0%
PLN	4.37	4.14	5.6%	4.44	4.26	4.2%
MXN	20.17	16.89	19.4%	20.63	18.91	9.1%
INR	75.00	70.12	7.0%	74.96	72.02	4.1%
CNY	7.30	6.94	5.2%	7.38	7.06	4.5%
RUB	78.30	64.64	21.1%	71.52	80.67	-11.3%
GBP	0.78	0.73	6.8%	0.83	0.73	13.7%

Net financial charge as a percentage of revenue at 0.7% was substantially in line with the first half of 2015.

[1] Global range hood market volumes calculated by the Company.
[2] Concerning "Other Countries" demand - principally the Asian markets.
[3] 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.
[4] Concerning revenue in "Other Countries" - principally the Asian markets.

The Profit for the period of Euro 2.8 million was up a significant 76.2% on Euro 1.6 million in the first half of 2015.

Managerial Working Capital on annualised revenue of 7.1% is significantly lower than 8.5% at 30 June 2015 and a further improvement on 7.5% at 31 December 2015. This excellent result for each individual component of Managerial Working Capital follows Elica's continual focus on optimising resource allocation.

The Net Financial Debt at 30 June 2016 of Euro 61.9 million increased on Euro 53.0 million at 31 December 2015, although compares to Euro 63.8 million at 30 June 2015.

Significant events in H1 2016

On 27 January 2016, Elica joined the Internet of Things market with the launch of a new product: SNAP, the first Air Quality Balancer. With SNAP, Elica continues to innovate as an air treatment specialist, unveiling its first IOT product for other household environments. The project sees the participation of 2 leading partners: 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 29 January 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.

On 12 February 2016, the Board of Directors of Elica S.p.A. approved the 2015 Fourth Quarter Report prepared in accordance with IFRS, communicated to the market also the 2016 Objectives which forecast an increase 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 15 March 2016, Elica participated in the 2016 STAR Conference organised in Milan by Borsa Italiana.

On 22 March 2016, the Board of Directors of Elica S.p.A approved the 2015 Consolidated Financial Statements and the 2015 Separate Financial Statements of Elica S.p.A., prepared in accordance with IFRS, proposed the distribution of a dividend of Euro 0.0098 per share and approved the 2015 Corporate Governance and Ownership Structure Report and the Remuneration Report, in addition to the Directors' Report to the Shareholders' AGM on the proposal to authorise the buy-back and utilisation of treasury shares. The Board of Directors also approved the proposal to the Shareholders' AGM of a long-term incentive plan called the 2016-2022 Phantom Stock & Voluntary Co-investment Plan in favour of certain directors and employees of Elica S.p.A. and/or its subsidiaries, in accordance with the Disclosure Document published on the same date.
The Board of Directors of Elica S.p.A. called the Shareholders' AGM for 28 April 2016 at 9AM in single call.

On 6 April 2016, Elica S.p.A. announced that the Annual Report of Elica S.p.A. comprising the Separate and Consolidated Financial Statements at 31 December 2015, the Directors' Report and the Statement as per Article 154-bis, paragraph 5 of Legs. Decree No. 58/1998, together with the Board of Statutory Auditors' Report, the Independent Auditors' Report, the Corporate Governance and Ownership Structure Report and the Remuneration Report, in accordance with the legally required means for each document, were made available to the public. On the same date, the Board of Directors' Illustrative Report to the Shareholders' AGM, concerning the proposal to purchase and utilise treasury shares, in addition the Annual Accounts and/or the Financial Statements of the subsidiaries and associates of Elica S.p.A. as per Article 2429 of the Italian Civil Code and the Financial Statements of the subsidiaries as per Article 36 of the Market Regulation, were made available to the public.

On 28 April 2016, the Shareholders of Elica S.p.A. approved the 2015 separate financial statements of Elica S.p.A., the Directors' Report, the Board of Statutory Auditors' Report and the Independent Auditors' Report. The Shareholders also noted the consolidated results for 2015. The Shareholders approved the distribution of a dividend of Euro 0.0098 per share. The adoption of the phantom stock option incentive plan for the 2016-2022 period was also approved (the "2016-2022 Phantom Stock & Voluntary Co-investment Plan"). In accordance with Article 123-*ter*, paragraph 6 of Legs. Decree No. 58/1998, the Shareholders of Elica S.p.A. noted the content of the Remuneration Report and approved the First Section. The Shareholders also approved, following revocation of the previous authorisation of 29 April 2015, the authorisation to purchase and utilise treasury shares, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code.

The Board of Directors on 12 May 2016 approved the 2016 Interim Report at 31 March 2016, prepared in accordance with IFRS.

On 24 May 2016, the parent was involved in the Italian Stock Market Opportunities Conference, organised in Paris by Banca IMI, through presentations and meetings with the financial community and institutional investors.

Elica Group structure and consolidation scope

The Elica Group is currently the world's[5] 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 of the Group (in short Elica).

Subsidiaries
o Elica Group Polska Sp.zo.o – Wroclaw – (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 Ariafina CO., LTD – Sagamihara-Shi (Japan) (in short Ariafina). 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 Hochleigstungs-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.

[5] Data calculated by the parent.

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 28 June 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 Share Capital, operates within the real estate sector.

Changes in the consolidation scope
There were no changes in the consolidation scope compared to 31 December 2015.

Related party transactions

In the first half of 2016, transactions were entered into with subsidiaries, associates and other related parties. All transactions were conducted on an arm's length basis in the ordinary course of business.

Events after the reporting period and outlook

On 6 July 2016, Elica S.p.A. announced the initiation of a top management transition process with a focus on continuity and growth. After four years in office, Giuseppe Perucchetti and the parent have mutually agreed that, having achieved the targeted objectives, the appropriate conditions have developed for a transition of leadership which particularly focuses on growth and an improved Group competitive capacity. Therefore, an agreement has been reached by which Giuseppe Perucchetti will remain as company Chief Executive Officer until 25 August 2016. The settlement includes a total indemnity of Euro 1.5 million gross, with approx. 50% to be paid by 15 July 2016 and the remainder by 15 September 2016. The agreement does not provide for the maintenance of benefits or successive rights not established by the remuneration policy. The Board of Directors on the same date tasked the Appointments and Remuneration Committee, together with the Chairman of the Board of Directors, and in accordance with the executive director succession plan adopted by the company, to activate the succession process for the selection of the new Chief Executive Officer.

The Group carries out an ongoing and extensive monitoring of demand dynamics[6], which in 2016 is expected to improve in the Americas[7] by 3% and in Europe by 2%; on the other hand, a contraction of approx. 3% is expected in Asia.
Against the results expected from the implementation of the parent's 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.

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

Elica S.p.A. confirms compliance with the conditions for listing pursuant to Articles 36 and 37 of Consob's Market Regulation. 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 regulation enacted on 30 March 2009.

[6] Global range hood market volumes calculated by the Company.
[7] Includes North, Central and South America

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 16 January 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.

Elica S.p.A.

Condensed Interim Consolidated Financial Statements

as at and for the six months ended

30 June 2016

Consolidated financial statements at 30 June 2016

H1 2016 Income Statement

In Euro thousands	***Note***	**H1 16**	**H1 15**
Revenue	1	215,560	203,212
Other operating income	2	1,161	1,386
Changes in inventories of finished and semi-finished goods	3	2,860	3,675
Increase in internal work capitalized		2,417	3,081
Raw materials and consumables	3	(118,241)	(112,990)
Services	4	(38,752)	(37,121)
Labour costs	5	(43,445)	(41,939)
Amortisation & Depreciation		(9,060)	(8,539)
Other operating expenses and provisions	6	(5,297)	(4,950)
Restructuring charges		(72)	(942)
Operating profit		**7,131**	**4,873**
Share of profit/(loss) of associates		(6)	(5)
Financial income	7	130	72
Financial	7	(1,730)	(1,849)
Exchange rate gains/(losses)	7	93	730
Profit before taxes		**5,618**	**3,821**
Income taxes		(2,772)	(2,206)
Profit from continuing operations		**2,846**	**1,615**
Profit from discontinued operations		-	-
Profit for the period		**2,846**	**1,615**
of which:			
Attributable to non-controlling interests		239	244
Attributable to the owners of the Parent		2,607	1,371
Basic earnings per Share (Euro/cents)		**4.20**	**2.21**
Diluted earnings per Share (Euro/cents)		**4.20**	**2.21**

H1 2016 Statement of Comprehensive Income

In Euro thousands	***Note***	***H1 16***	***H1 15***
Profit for the period		**2,846**	**1,615**
Other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the period:			
Actuarial gains/(losses) on defined benefit plans		(1,267)	189
Tax effect concerning the Other income/(expense) which may not be subsequently reclassified to the profit/(loss) for the period		57	(44)
Total other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the period, net of the tax effect	**16**	**(1,210)**	**145**
Other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the period:			
Exchange differences on the translation of foreign financial statements	19	(3,465)	3,769
Net change in hedging reserve	19	1,441	(128)
Tax effect concerning the Other income/(expense) which may be subsequently be reclassified to the profit/(loss) for the period		(250)	35
Total other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the period, net of the tax effect		**(2,274)**	**3,676**
Total other comprehensive income/(expense), net of the tax effect:		**(3,483)**	**3,821**
Total comprehensive income/(expense) for the period		**(637)**	**5,436**
of which:			
Attributable to non-controlling interests		400	758
Attributable to the owners of the parent		(1,038)	4,678

Statement of Financial Position at 30 June 2016

In Euro thousands	***Note***	**30 Jun 16**	**31 Dec 15**
Property, plant & equipment	8	89,885	88,779
Goodwill	9	45,258	45,712
Other intangible assets	10	28,694	28,676
Investments in associates	11	1,419	1,423
Other receivables	17	245	330
Deferred tax assets	12	15,420	16,185
AFS financial assets		56	56
Total non-current assets		**180,978**	**181,162**
Trade receivables	13	75,017	68,504
Inventories	14	65,984	62,701
Other receivables	17	10,611	7,370
Tax assets	18	9,246	7,825
Derivative financial instruments		672	223
Cash and cash equivalents	20	36,335	34,463
Current assets		**197,866**	**181,088**
Assets related to discontinued operations		-	-
Total assets		**378,844**	**362,250**
Liabilities for post-employment benefits	16	11,899	10,619
Provisions for risks and charges	15	3,738	3,854
Deferred tax liabilities	12	3,963	4,749
Finance leases and other lenders	20	8	9
Bank loans and borrowings	20	39,864	44,048
Other payables	17	2,535	3,277
Tax liabilities	18	377	442
Derivative financial instruments		398	166
Non-current liabilities		**62,782**	**67,164**
Provisions for risks and charges	15	2,816	7,398
Finance leases and other lenders	20	12	6
Bank loans and borrowings	20	58,301	43,405
Trade payables	13	110,207	99,474
Other payables	17	16,948	14,133
Tax liabilities	18	8,750	7,726
Derivative financial instruments		2,637	3,736
Current liabilities		**199,671**	**175,878**
Liabilities associated with discontinued operations			
Share capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging, translation and stock option reserve		(13,896)	(11,408)
Reserve for actuarial gains/losses		(4,064)	(2,907)
Treasury shares		(3,551)	(3,551)
Retained earnings		45,881	40,630
Profit attributable to owners of the parent		2,607	6,190
Equity attributable to the owners of the parent	19	**110,765**	**112,742**
Capital and reserves attributable to non-controlling interests		5,387	5,211
Profit attributable to non-controlling interests		239	1,255
Equity attributable to non-controlling interests	19	**5,626**	**6,466**
Total equity		**116,391**	**119,208**
Total liabilities and equity		**378,844**	**362,250**

H1 Statement of Cash Flows

In Euro thousands		**H1 16**	**H1 15**
Opening cash and cash equivalents		**34,463**	**35,241**
Operating profit - EBIT		7,131	4,873
Amortisation, depreciation and impairment losses		9,060	8,539
EBITDA		16,191	13,412
Trade working capital		202	(1,343)
Other working capital accounts		500	(4,099)
Income taxes paid		(3,771)	(2,362)
Change in provisions		(4,709)	(2,677)
Other changes		(486)	177
Cash flow from operating activities		**7,928**	**3,108**
Net increases		(12,808)	(10,081)
	Intangible assets	(3,674)	(3,785)
	Property, plant & equipment	(9,134)	(6,296)
	Equity investments and other financial assets	-	-
Cash flow used in investing activities		**(12,808)**	**(10,081)**
Dividends		(1,831)	(2,551)
Increase (decrease) in loans and borrowings		11,279	3,435
Net changes in other financial assets/liabilities		(756)	(1,423)
Interest paid		(1,479)	(1,656)
Cash flow from (used in) financing activities		**7,213**	**(2,195)**
Change in cash and cash equivalents		**2,333**	**(9,167)**
Effect of exchange rate change on liquidity		**(461)**	**902**
Closing cash and cash equivalents		**36,335**	**26,976**

Statement of changes in Equity at 30 June 2016

In Euro thousands	Share capital	Share premium reserve	Acquis./ Sale treasury shares	Retained earnings	Hedge, trans. & post-employ ben. res.	Profit for the year/period	Equity attr. to the owners of parent	Equity attr. to non-control. int.	Total
Balance at 31 December 2014	**12,665**	**71,123**	**(3,551)**	**39,894**	**(12,773)**	**2,592**	**109,950**	**5,660**	**115,610**
Change in cash flow hedges net of the tax effect					(100)		**(100)**		**(100)**
Actuarial profits/(losses) on post-employment benefits					136		**136**	6	**143**
Differences arising from translation of foreign subsidiaries' financial statements					3,261		**3,261**	508	**3,769**
Total gains/(losses) recognised directly to equity					3,297		**3,297**	**514**	**3,812**
Profit for the period						1,371	**1,371**	244	**1,615**
Total gains/(losses) recognised in profit or loss						1,371	**1,371**	244	**1,615**
Allocation of profit for the period				2,592		(2,592)			
Other movements				68			**68**	(209)	**(140)**
Dividends				(1,762)			**(1,762)**	(789)	**(2,551)**
Balance at 30 June 2015	**12,665**	**71,123**	**(3,551)**	**40,792**	**(9,475)**	**1,371**	**112,925**	**5,421**	**118,346**
Balance at 31 December 2015	**12,665**	**71,123**	**(3,551)**	**40,630**	**(14,315)**	**6,190**	**112,742**	**6,466**	**119,208**
Change in cash flow hedges net of the tax effect					1,191		**1,191**		**1,191**
Actuarial profits/(losses) on post-employment benefits					(1,157)		**(1,157)**	(53)	**(1,210)**
Differences arising from translation of foreign subsidiaries' financial statements					(3,679)		**(3,679)**	214	**(3,465)**
Total gains/(losses) recognised directly to equity					(3,645)		**(3,645)**	**161**	**(3,483)**
Profit for the period						2,607	**2,607**	239	**2,846**
Total gains/(losses) recognised in the income statement						2,607	**2,607**	239	**2,846**
Allocation of profit for the period				6,190		(6,190)			
Other movements				(331)			**(331)**	(17)	**(348)**
Dividends				(608)			**(608)**	(1,223)	**(1,831)**
Balance at 30 June 2016	**12,665**	**71,123**	**(3,551)**	**45,881**	**(17,960)**	**2,607**	**110,765**	**5,626**	**116,391**

Notes to the Condensed Interim Consolidated Financial Statements at 30 June 2016

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 Ariafina CO., LTD.

The activities are based in the same geographic segments 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 segment 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 segment.

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., Ariafina 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 H1 2016	average H1 2015	%	30 Jun 16	31 Dec 15	%
USD	1.12	1.12	0.0%	1.11	1.09	1.8%
JPY	124.41	134.20	-7.3%	114.05	131.07	-13.0%
PLN	4.37	4.14	5.6%	4.44	4.26	4.2%
MXN	20.17	16.89	19.4%	20.63	18.91	9.1%
INR	75.00	70.12	7.0%	74.96	72.02	4.1%
CNY	7.30	6.94	5.2%	7.38	7.06	4.5%
RUB	78.30	64.64	21.1%	71.52	80.67	-11.3%

Approval of the Half-Year Report at 30 June 2016
The report as at and for the six-month period ended 30 June 2016 was approved by the Board of Directors on 25 August 2016.

Accounting policies and basis of consolidation
The annual consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union through Regulation No. 1606/2002.

These condensed interim consolidated financial statements were prepared, in summary form, in conformity with IAS 34 "Interim Financial Reporting" and in conformity with the requirements of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments and integrations.
The condensed interim consolidated financial statements therefore do not include all the information published in the annual report and must be read together with the consolidated financial statements at 31 December 2015.

The accounting and consolidation policies adopted for the preparation of the current condensed interim consolidated financial statements are unchanged compared to those adopted for the preparation of the Group's annual consolidated financial statements as at and for the year ended 31 December 2015.

The Condensed Interim Consolidated Financial Statements were prepared on the basis of the historical cost principle, except for some financial instruments which are recognised at fair value. The financial statements items 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 Condensed Consolidated Interim Financial Statements at June 30, 2016 consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and notes thereto. The condensed interim consolidated financial statements are compared with the corresponding period of the previous year for the income statement, statement of cash flows and statement of changes in equity and with the consolidated statement of financial position at December 31, 2015.

The present condensed interim consolidated financial statements are presented in thousands of Euro and all the amounts are rounded to the nearest thousandth, unless otherwise specified.

Changes in accounting policies

The financial schedules utilised are the same as those used for the preparation of the consolidated financial statements at 31 December 2015. No new accounting policies with significant impact on these condensed interim consolidated financial statements were adopted in the period.

As required by IAS 8 - Accounting policies, changes in accounting estimates and errors - the main new accounting standards and interpretations, in addition to amendments to the existing standards and interpretations already applicable, not yet in force or not yet endorsed by the European Union (EU), which could be applied in the future to the financial statements, are illustrated below. Management is assessing their potential impact on future financial statements.

IFRS 16 *Leases*. The International Accounting Standards Board (IASB) issued IFRS 16 Leases in January 2016. The standard defines the principles for the recognition, measurement, presentation and disclosure of leases, for both parties of the lease, therefore concerning the customer ("lessee") and the supplier ("lessor"). IFRS 16 will be effective from 1 January 2019. Companies may choose to apply the standard before this date, although only if applying also IFRS 15 Revenue from Contracts with Customers. IFRS 16 completes the IASB project to improve the financial reporting of leases. It replaces the previous Standard IAS 17 Leases and the related Interpretations. The principal effect of application of the new standard for a lessee will be that all leases of a company will imply a right to use the asset from the beginning of the contract and, where the relative payments are expected in a specific period, also recognition of a corresponding financial payable. Therefore, IFRS 16 eliminates the breakdown of leases into operating leases and finance leases, as previously the case under IAS 17, introducing a single measurement model. Applying this model, a lessee should recognise: (a) assets and liabilities for all leases with a duration of greater than 12 months, except where the value of the underlying asset is minimal; and (b) amortisation of leased assets separately from interest on lease payables, to the income statement.

IFRS 15 - Revenue from contracts with customers. On 28 May 2014, the IASB published the new standard IFRS 15. It replaces the previous standard IAS 18, in addition to IAS 11, concerning construction contracts and the relative interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. IFRS 15 sets out the principles for the recognition of revenue from contracts with customers, except for those contracts falling within the scope of the standards concerning leases, insurance contracts and financial instruments. The new standard establishes an overall framework to identify the moment and the amount of revenue recognition. Under the new standard, the amount that the entity recognises as revenue should reflect the consideration which it has a right to receive following the exchange of the assets transferred to the customer and/or services provided, to be recognised upon fulfilment of the contractual obligations. In addition, for recognition of the revenue, the requirement of probable obtainment/receipt of the economic benefits linked to the income is emphasised; for a contract in progress, currently governed by IAS 11, a requirement to recognise revenue taking account of any discounting effect from payments deferred over time is introduced. IFRS 15 shall be applied from 1 January 2018. On first application, where retrospective application of the new standard is not possible, an alternative approach ("modified approach") is provided for, on the basis of which the effects from application of the new standard should be recognised to opening equity in the period of first application.

IFRS 9 - Financial Instruments. In July 2014, the IASB issued the definitive version of IFRS 9, in replacement of the current IAS 39 for the recognition and valuation of financial instruments. IFRS 9 shall be applied from 1 January 2018. The standard introduces new classification and measurement rules for financial instruments and a new financial asset impairment model, in addition to rules upon the recognition of "hedge accounting" operations.

Use of estimates

In the preparation of the condensed interim consolidated financial statements, the Group's management made accounting 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 financial statements and the notes to the present condensed interim consolidated 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

In Euro thousands	H1 16	H1 15	Changes
Revenue	215,560	203,212	12,348
Total revenue	**215,560**	**203,212**	**12,348**

For the comments relating to the changes in revenue, reference should be made to the paragraph "H1 2016 performance" in the Director' Report. Customers who comprise more than 10% of total revenue constituted 15.5% of revenue in the first six months of 2016 compared to 15.1% in the first half of 2015. The following tables contain segment reporting 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	
	H1 16	H1 15	H1 16	H1 15	H1 16	H1 15	H1 16	H1 15	H1 16	H1 15
Segment revenue:										
Third parties	161,424	151,300	32,405	30,476	21,709	21,436	21	-	215,560	203,212
Inter-segment	6,148	7,119	1	9	3,062	1,170	(9,211)	(8,297)	-	-
Total revenue	**167,572**	**158,419**	**32,406**	**30,485**	**24,772**	**22,606**	**(9,190)**	**(8,297)**	**215,560**	**203,212**
Segment result:	**14,467**	**14,763**	**6,296**	**2,778**	**869**	**757**			**21,632**	**18,299**
Unallocated overheads									**(14,501)**	**(13,426)**
Operating Profit									**7,131**	**4,873**
Share of profit/(loss) of associates									(6)	(5)
Financial income									130	72
Financial charges									(1,730)	(1,849)
Exchange rate gains/(losses)									93	730
Profit before taxes									**5,618**	**3,821**
Income taxes									(2,772)	(2,206)
Profit from continuing operations									**2,846**	**1,615**
Profit from discontinued operations									-	-
Profit for the period									**2,846**	**1,615**

STATEMENT OF FINANCIAL POSITION	Europe		America		Asia and the Rest of World		Unallocated items and eliminations		Consolidated	
	Jun 16	Dec 15	Jun 16	Dec 15	Jun 16	Dec 15	Jun 16	Dec 15	Jun 16	Dec 15
Assets:										
Segment assets	251,580	236,253	33,499	32,724	52,336	52,144	(12,871)	(11,374)	324,544	309,747
Investments							1,419	1,423	1,419	1,423
Unallocated assets							52,881	51,080	52,881	51,080
Total operational assets	**251,580**	**236,253**	**33,499**	**32,724**	**52,336**	**52,144**	**41,429**	**41,129**	**378,844**	**362,250**
Total assets of discount. operations	-	-	-	-	-	-	-	-	-	-
Total assets	**251,580**	**236,253**	**33,499**	**32,724**	**52,336**	**52,144**	**41,429**	**41,129**	**378,844**	**362,250**
Liabilities										
Segment liabilities	(138,301)	(129,151)	(19,149)	(15,610)	(21,081)	(21,961)	14,263	11,148	(164,268)	(155,575)
Unallocated liabilities							(98,185)	(87,468)	(98,185)	(87,468)
Equity							(116,391)	(119,208)	(116,391)	(119,208)
Total operational liabilities	**(138,301)**	**(129,151)**	**(19,149)**	**(15,610)**	**(21,081)**	**(21,961)**	**(200,313)**	**(195,528)**	**(378,844)**	**(362,250)**
Total liabilities of discontinued operations	-	-	-	-	-	-	-	-	-	-
Total liabilities	**(138,301)**	**(129,151)**	**(19,149)**	**(15,610)**	**(21,081)**	**(21,961)**	**(200,313)**	**(195,528)**	**(378,844)**	**(362,250)**

2. Other operating income

(in Euro thousands)	**H1 16**	**H1 15**	**Changes**
Grants related to income	529	418	111
Ordinary gains	112	196	(84)
Claims and insurance payouts	113	181	(68)
Other revenue and income	407	591	(184)
Total	**1,161**	**1,386**	**(225)**

The account decreased by Euro 225 thousand. This decrease concerned Other revenue and income, net of the increase in Grants related to income.

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

In Euro thousands	**H1 16**	**H1 15**	**Changes**
Purchase of raw materials	(94,279)	(98,650)	4,371
Shipping expenses on purchases	(3,069)	(2,691)	(378)
Purchases of consumable materials	(1,659)	(2,214)	555
Packaging	(1,014)	(781)	(233)
Purchases of supplies	(378)	(377)	(1)
Purchases of semi-finished products	(7,696)	(6,548)	(1,148)
Purchase of finished goods	(11,038)	(2,990)	(8,048)
Other purchases	(641)	(529)	(112)
Change in inventory of raw materials, consumables and goods	1,533	1,790	(257)
Raw materials and consumables	**(118,241)**	**(112,990)**	**(5,251)**
Changes in inventories of finished and semi-finished goods	**2,860**	**3,675**	**(815)**
Total	**(115,381)**	**(109,315)**	**(6,066)**

The account increased in absolute terms by approx. Euro 6 million, although decreasing as a percentage of revenue from 53.8% to 53.5%. This aggregate includes also the risk assessment by Management upon inventory obsolescence.

4. Services

In Euro thousands	**H1 16**	**H1 15**	**Changes**
Outsourcing expenses	(13,077)	(12,805)	(272)
Transport	(4,737)	(4,539)	(198)
Finished goods inventories management	(2,660)	(2,382)	(278)
Consulting	(2,689)	(2,577)	(112)
Other professional services	(4,010)	(4,670)	660
Maintenance	(1,160)	(1,288)	128
Utilities	(2,199)	(2,448)	249
Commissions	(938)	(928)	(10)
Travel expenses	(1,667)	(1,549)	(118)
Advertising	(1,535)	(1,260)	(275)
Insurance	(629)	(584)	(45)
Directors' & Statutory Auditors' fees	(1,637)	(760)	(877)
Trade fairs and promotional events	(1,302)	(867)	(435)
Industrial services	(264)	(240)	(24)
Banking commissions and charges	(248)	(224)	(24)
Total Services	**(38,752)**	**(37,121)**	**(1,631)**

The account increased in absolute terms by approx. Euro 1.6 million. This increase relates for Euro 0.9 million to Directors' and statutory auditors' fees, for Euro 0.4 million to trade fairs and promotional events and for Euro 0.3 million to Finished goods inventories management. On the other hand, Other professional services decreased by approx. Euro 0.7 million. Its percentage of revenue decreased from 18.3% to 18.0%.

5. Labour costs

Labour costs incurred by the Group were as follows:

In Euro thousands	H1 16	H1 15	Changes
Wages and salaries	(32,020)	(30,949)	(1,071)
Social security charges	(8,475)	(8,250)	(225)
Post-employment benefits	(1,279)	(1,197)	(82)
Other costs	(1,671)	(1,543)	(128)
Total	**(43,445)**	**(41,939)**	**(1,505)**

The account increased by approx. Euro 1.5 million due to the expanded workforce. As a percentage of revenue however this expense decreased from 20.6% in H1 2015 to 20.2% in H1 2016.

6. Other operating expenses and provisions

In Euro thousands	H1 16	H1 15	Changes
Leases and rental	(1,201)	(1,100)	(101)
Rental of cars and industrial vehicle	(1,264)	(1,211)	(53)
Hardware, software and patents	(442)	(420)	(22)
Other taxes	(569)	(549)	(20)
Magazine and newspaper subscriptions	(14)	(11)	(3)
Various equipment	(164)	(156)	(8)
Catalogues and brochures	(205)	(231)	26
Losses on receivables and accruals for risks	(346)	(133)	(213)
Other prior year charges and losses	(1,091)	(1,139)	48
Total	**(5,297)**	**(4,950)**	**(347)**

This account in H1 2016 principally comprises lease and rental charges for Euro 1.2 million, rental of cars and industrial vehicles for Euro 1.3 million and accruals for risks and charges and provisions for the fair value measurement of receivables for Euro 0.3 million. This account reflects the conclusion of the analysis by Group management on the recoverability of receivables and on possible losses related to other risks.

7. Net financial charges

In Euro thousands	H1 16	H1 15	Changes
Financial income	130	72	58
Financial charges	(1,730)	(1,849)	119
Exchange rate gains/(losses)	93	730	(637)
Total net financial charges	**(1,507)**	**(1,047)**	**(460)**

The financial management performance principally reflects currency movements relating to the currencies utilised by the Group, net of the increase in financial income and decrease in financial expense.

8. Property, plant & equipment

The breakdown of property, plant and equipment at 30 June 2016 and 31 December 2015 is detailed below.

In Euro thousands	30 Jun 16	31 Dec 15	Changes
Land, land usage rights and buildings	44,704	46,678	(1,974)
Plant and machinery	20,568	21,113	(545)
Industrial and commercial equipment	18,189	15,805	2,384
Other assets	3,818	3,654	164
Assets under construction and payments on account	2,606	1,529	1,077
Total property, plant and equipment	**89,885**	**88,779**	**1,106**

Property, plant and equipment increased from Euro 88,779 thousand at 31 December 2015 to Euro 89,885 thousand at 30 June 2016, an increase of Euro 1,106 thousand as a result of sales and purchases and the depreciation recognised under profit or loss of Euro 5,773 thousand. The change includes exchange losses of approx. Euro 2.2 thousand. The net increases principally concerned Elica S.p.A. for Euro 3.8 million, Elica Group Polska for Euro 2.6 million and Elicamex for Euro 1 million.

9. Goodwill

In Euro thousands	30 Jun 16	31 Dec 15	Changes
Goodwill	45,258	45,712	(454)
Total goodwill	**45,258**	**45,712**	**(454)**

The account decreased almost exclusively due to exchange rate movements. No transactions in the six-month period produced additional goodwill compared to December 2015.
Based on the information currently available, no impairment indicators were evident at 30 June 2016. In particular, Management confirms Guidance 2016, on the basis of which the Elica Group estimates Consolidated revenue growth of between 5% and 9% and an improvement in Consolidated EBIT of between 13% and 26% compared to 2015, with a Net Financial Debt at year-end of Euro 58 million.
The Management of the Group will continue to constantly monitor the circumstances and the events which form the basis of the future development of the business and will carry out at 31 December 2016 a more extensive analysis in relation to an impairment test.

10. Other intangible assets

The breakdown of the "Other intangible assets" at 30 June 2016 and 31 December 2015 is shown below.

In Euro thousands	30 Jun 16	31 Dec 15	Changes
Development Costs	8,023	9,309	(1,286)
Industrial patents and intellectual property rights	8,083	8,746	(663)
Concessions, licenses, trademarks & similar rights	1,499	1,539	(40)
Other	2,593	3,036	(443)
Assets under development and payments on account	8,496	6,046	2,450
Total other intangible assets	**28,694**	**28,676**	**18**

Other intangible assets increased from Euro 28,676 thousand at 31 December 2015 to Euro 28,694 thousand at 30 June 2016, an increase of Euro 18 thousand as a result of purchases and sales and the amortisation recognised under profit or loss of Euro 3,287 thousand.
"Assets under development and payments on account" 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 customer portfolio of the German subsidiary Exklusiv Hauben Gutmann GmbH.

11. Investments in Associates

The change in the account, which decreased from Euro 1,423 thousand at 31 December 2015 to Euro 1,419 thousand at 30 June 2016, relates to the performance of the company I.S.M. S.r.l..

12. Deferred tax assets – Deferred tax liabilities

In Euro thousands	30 Jun 16	31 Dec 15	Changes
Deferred tax assets	15,420	16,185	(766)
Deferred tax liabilities	(3,963)	(4,749)	786
Total	**11,457**	**11,436**	**20**

Deferred taxes are overall in line with 31 December 2015.
The deferred tax assets were recorded as they are considered recoverable in relation to the assessable results for the periods in which deferred taxes will reverse in the financial statements and as Group management considers that such commitments will be respected.

13. Trade receivables and payables

Trade receivables and trade payables were as follows:

In Euro thousands	30 Jun 16	31 Dec 15	Changes
Trade receivables	75,017	68,504	6,513
Trade payables	(110,207)	(99,474)	(10,733)
Total	**(35,190)**	**(30,970)**	**(4,220)**

The increase in the two accounts on 31 December 2015 relates principally to seasonal factors.
Trade receivables are recorded net of the allowance for impairment of Euro 4,436 thousand (Euro 4,529 thousand at 31 December 2015) made following an analysis of the credit risk on receivables and on the basis of historical data on losses on receivables, considering that a substantial portion of the receivables are insured by prime international insurance companies.
Management considers that the value approximates the fair value of the receivables.

14. Inventories

In Euro thousands	30 Jun 16	31 Dec 15	Changes
Raw materials, and ancillaries and consumables	26,842	26,236	606
Inventory obsolescence provision – raw materials	(2,213)	(1,747)	(466)
Total	24,629	24,489	140
Work-in-progress and semi-finished products	15,258	15,013	245
Inventory obsolescence provision – semi-finished products	(901)	(875)	(26)
Total	14,357	14,138	219
Finished goods	28,322	25,381	2,941
Inventory obsolescence provision – finished goods	(1,336)	(1,312)	(24)
Total	26,986	24,069	2,917
Advances	12	5	7
Total inventories	**65,984**	**62,701**	**3,283**

The account increased from Euro 62,701 thousand at 31 December 2015 to Euro 65,984 thousand at 30 June 2016.
Inventories are stated net of the obsolescence provisions of Euro 4,450 thousand (Euro 3,934 thousand at 31 December 2015), in order to take into consideration the effect of waste, obsolete and slow moving items and the risk estimates of the use of some categories of raw materials and semi-finished products based on assumptions made by management.
Inventories also include materials and products that were not physically held by the Group at the reporting date. These items were held by third parties on display, for processing or for examination.
The quantification of the inventory obsolescence provision for raw materials, semi-finished products and finished goods amounts to 6.32% of inventories (5.9% at 31 December 2015).

15. Provisions for risks and charges

The details are reported below.

In Euro thousands	30 Jun 16	31 Dec 15	Changes
Agents' termination benefits	534	523	11
Product Warranty Provisions	1,148	1,435	(286)
Legal, tax and other risks provision	3,154	3,183	(30)
Personnel provision	1,161	1,550	(389)
Long Term Incentive Plan provision	-	3,886	(3,886)
Other Provisions	557	675	(117)
Total	**6,554**	**11,252**	**(4,698)**
of which			
Non-current	3,738	3,854	(116)
Current	2,816	7,398	(4,582)
Total	**6,554**	**11,252**	**(4,698)**

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, according to the best possible estimates considering the available information. They include allocations required to comply with the waste disposal regulation.

The Personnel provision includes the higher cost estimated by the Group for contractual indemnity and for employee bonuses. This provision decreased following the payment of the higher costs related to the previous year and increased following the provision made for this cost for the current period.

During the period, the amount due to beneficiaries was settled by the parent, provisioned until 31 December 2015 in the Long Term Incentive Plan Provision, whose balance at 30 June 2016 is therefore zero.

16. Post-employment benefits

The most recent actuarial calculation of the present value of post-employment benefits was performed at 31 December 2015 and 30 June 2016 by the services company Towers Watson. The changes for the period regarding the present value of post-employment benefits obligations were as follows:

In Euro thousands	**30 Jun 16**	**31 Dec 15**	**Changes**
Opening balance	**10,619**	**12,752**	**(2,133)**
Costs relating to current employee services	1,266	2,588	(1,322)
Actuarial gains and losses	1,267	(270)	1,537
	2,533	**2,318**	**215**
Financial expense	115	233	(118)
Pension fund	(1,189)	(2,475)	1,286
Benefits provided	(179)	(2,209)	2,030
	(1,253)	**(4,451)**	**3,198**
Post-employment benefits	**11,899**	**10,619**	**1,280**

The increase in the provision of Euro 1,280 thousand and the relative reserve of Euro 1,210 thousand is principally due to the decrease in the discount rate from 2.2% in December 2015 to 1.3% in June 2016.

17. Other Receivables and Other Payables

In Euro thousands	**30 Jun 16**	**31 Dec 15**	**Changes**
Other receivables (non-current)	245	330	(85)
Other receivables (current)	10,611	7,370	3,241
Total	**10,856**	**7,700**	**3,156**

The increase in Other receivables, principally relating to the Parent, concerns the current portion and is mainly due to the increase in prepayments and accrued income caused by the seasonality of contracts, such as for example those concerning maintenance, insurance and rental charges.

In Euro thousands	**30 Jun 16**	**31 Dec 15**	**Changes**
Other payables (non-current)	2,535	3,277	(742)
Other payables (current)	16,948	14,133	2,815
Total	**19,483**	**17,410**	**2,073**

The decrease in the non-current portion of Other payables principally relates to the Polish subsidiary and the payable to third parties for the acquisition of I.S.M. Poland, thereafter merged with Elica Group Polska.

The increase in the current portion of Other payables concerns in particular employee payables, mainly relating to the parent, in particular for untaken holidays and leave, in addition to the portion matured for the thirteenth month.

18. Tax Receivables and Payables

In Euro thousands	30 Jun 16	31 Dec 15	Changes
Tax receivables (current)	9,246	7,825	1,421
Total	**9,246**	**7,825**	**1,421**

In Euro thousands	30 Jun 16	31 Dec 15	Changes
Tax payables (non-current)	377	442	(65)
Tax payables (current)	8,750	7,726	1,024
Total	**9,127**	**8,168**	**959**

The increase in tax receivables, as for tax payables, concerns the current portion, with both principally relating to the Mexican subsidiary.

19. Equity

Equity attributable to the owners of the parent at 30 June 2016 amounted to Euro 110,765 thousand (Euro 112,742 thousand at 31 December 2015). Movements in the six-month period principally concerned the distribution of dividends, the translation reserve, the hedging reserve and the Post-employment benefits reserve. For further details, reference should be made to the Statement of changes in Equity. The change in the translation reserve, negative at consolidated level for Euro 3,465 thousand and at Group level for Euro 3,679 thousand, mainly relates to the Mexican subsidiary Elicamex and therefore to the performance of the Mexican Peso and US Dollar.

The change in the hedging reserve is positive for Euro 1,191 thousand, with Euro 1,441 thousand for valuations and a tax impact of Euro 250 thousand. The change related to a positive impact of Euro 0.8 million due to the valuation of the commodities and a positive impact from the valuation of currency derivatives, only partially offset by the negative valuation of interest rate derivatives.

Equity attributable to non-controlling interests at 30 June 2016 amounted to Euro 5,626 thousand (Euro 6,466 thousand at 31 December 2015). The movements in the item during the period principally related to: an increase of Euro 239 thousand following the recognition of the profit for the period, an increase of Euro 214 thousand relating to changes in the translation reserve and a decrease of Euro 1,223 thousand concerning the distribution of dividends.

20. Net Financial Debt

The Net Financial Debt at 30 June 2016 and at 31 December 2015 is detailed below:

In Euro thousands	30 Jun 16	31 Dec 15	30 Jun 15
Cash and cash equivalents	**36,335**	**34,463**	**26,976**
Finance leases and other lenders	(8)	(9)	(10)
Bank loans and borrowings	(39,864)	(44,048)	(25,575)
Non-current loans and borrowings	**(39,872)**	**(44,057)**	**(25,585)**
Finance leases and other lenders	(12)	(6)	(9)
Bank loans and borrowings	(58,301)	(43,405)	(65,149)
Current loans and borrowings	**(58,313)**	**(43,411)**	**(65,158)**
Net Financial Debt	**(61,850)**	**(53,005)**	**(63,767)**

The Net Financial Debt at 30 June 2016 amounted to Euro 61.8 million compared to Euro 53.0 million at 31 December 2015.

Covenants exist on the medium-long term credit lines existing at 30 June based on the Condensed Interim Consolidated Financial Statements. At 30 June 2016 and until the preparation of the present report, the covenants had all been fulfilled.
Management believes that at the present moment, the funds available, in addition to those that will be generated from operating and financial activities, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and repayment of debt in accordance with their maturities.
The following table shows the expected cash flows in relation to the contractual expiries of financial liabilities:

In Euro thousands	30 Jun 16	31 Dec 15	Changes
Bank loans and borrowings	98,165	87,453	10,712
Total	**98,165**	**87,453**	**10,712**
Bank loans and borrowings have the following repayment schedules:			
On demand or within one year	58,301	43,405	14,896
Within two years	12,264	14,551	(2,287)
Within three years	12,229	10,927	1,302
Within four years	12,171	10,952	1,219
Within five years	3,200	7,243	(4,043)
Beyond 5 years	-	375	(375)
Total	**98,165**	**87,453**	**10,712**
Less amounts to be repaid within one year	58,301	43,405	14,896
Due beyond one year	**39,864**	**44,048**	**(4,184)**

21. Significant non-recurring events and transactions

A summary of the non-recurring transactions during the period, considered significant, is presented below.

In Euro thousands	30 Jun 16	30 Jun 15 (*)	Changes
Taxes concerning tax assessments	(486)	(330)	(156)
Total	**(486)**	**(330)**	**(156)**

The taxes concerning the tax assessment were recognised by the Parent in settlement of the amount due.
(*) We have restated the value at 30 June 2015 in light of ESMA/2015/1415it point 25 which explicitly states that restructuring costs may not be defined as non-recurring.

22. Related party transactions and balances

Inter-company transactions are eliminated in the Condensed Interim Consolidated Financial Statements and therefore not shown in this note.
Related party transactions were carried out in accordance with law and based on reciprocal business needs. The income statement and statement of financial position amounts deriving from the related party transactions carried out as per IAS 24 are summarised below.

Elica Group vs Related parties

In Euro thousands	Payables	Receivables	Costs	Revenue and income
Fastnet S.p.A.	8	-	28	-
I.S.M. S.r.l.	-	1	-	1
	8	**1**	**28**	**1**

In accordance with IAS 24, remuneration paid to Directors, Statutory Auditors and Key Management Personnel are included in related party transactions, and their amounts are in line with previous periods; reference should be made to the Annual Report in this regard. There are no balances with the parents Fan and Fintrack.

23. Contingent liabilities

Group companies have valued the contingent liabilities that could arise from pending judicial proceedings and have made appropriate provisions in their financial statements on a prudent basis.

The allocation within the Legal, tax and other risks provision included in the Group's condensed interim consolidated financial statements at 30 June 2016 for contingent risks and charges relating to legal disputes amounts to Euro 1,378 thousand and is mainly held by the Parent.

Management considers that the provision for risks in order to cover possible liabilities from pending or potential disputes is, on the whole, adequate.

24. Positions or transactions arising from exceptional and/or unusual transactions

In the first half of 2016, no transactions classifiable in this category were recorded.

25. Events after the reporting period

For information on events after 30 June 2016, reference should be made to the Directors' Report.

Fabriano, 25 August 2016

The Chairman
Francesco Casoli

Statement of the corporate financial reporting manager in accordance with Article 154 *bis*, paragraph 5 of Legislative Decree 58/1998

The undersigned Giuseppe Perucchetti, as Chief Executive Officer, and Alberto Romagnoli, Corporate Financial Reporting Manager of Elica S.p.A., declare, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
- the accuracy of the information on company operations and
- the effective application of the administrative and accounting procedures for the compilation of the condensed half-year consolidated financial statements in the first half-year of 2016.

In addition, we declare that the condensed consolidated half-year financial statements:
a) were prepared in accordance with international accounting standards, endorsed by the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
b) correspond to the underlying accounting documents and records;
c) provide a true and fair view of the financial position and results of operations of the issuer and of the companies included in the consolidation.

The Directors' Report on the First Half 2016 includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The condensed consolidated half-year financial statements also contain a reliable analysis of the significant transactions with related parties.

Fabriano, 25 August 2016

The Chief Executive Officer
Giuseppe Perucchetti

(signed on the original)

Corporate Financial
Reporting Manager
Alberto Romagnoli
(signed on the original)

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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Elica S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Elica Group, comprising the income statement and the statements of comprehensive income, financial position, cash flows and changes in equity and notes thereto, as at and for the six months ended 30 June 2016. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Elica Group as at and for the six months ended 30 June 2016 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Ancona, 25 August 2016

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit