Elica S.p.A.

Interim Report

at September 30,2014

Contents

Corporate boards

Members of the Board of Directors

Francesco Casoli
Executive Chairman,
born in Senigallia (AN) on 05/06/1961, appointed by resolution of 27/04/2012.

Giuseppe Perucchetti
Chief Executive Officer, born in Varese (VA) on 30/10/1958, appointed a Director on 27/04/2012 and an Executive Director on 13/09/2012.

Gianna Pieralisi
Executive Director, born in Monsano (AN) 12/12/1934, appointed by resolution of 27/04/2012.

Gennaro Pieralisi
Director, born in Monsano (AN) on 14/02/1938, appointed by resolution of 27/04/2012.

Stefano Romiti
Independent Director and Lead Independent Director, born in Rome (RM) on 17/11/1957, appointed by resolution of 27/04/2012.

Andrea Sasso
Director, born in Rome on 24/08/1965, appointed by resolution of 27/04/2012.

Elena Magri
Independent Director, born in Brescia (BS) on 19/7/1946, appointed by resolution of 27/04/2012.

Evasio Novarese
Independent Director, born in Omegna (VA) on 25/08/1947, appointed by the Shareholders' Meeting of 24/04/2013 (deed of 7/05/2013).

Members of the Board of Statutory Auditors

Corrado Mariotti
Chairman, born in Numana (AN) on 29/02/1944, appointed by resolution of 27/04/2012.

Stefano Marasca
Statutory Auditor, born in Osimo (AN) on 09/08/1960, appointed by resolution of 27/04/2012.

Gilberto Casali
Statutory Auditor, born in Jesi (AN) on 14/01/1954, appointed by resolution of 27/04/2012.

Franco Borioni
Alternate Auditor, born in Jesi (AN) on 23/06/1945, appointed by resolution of 27/04/2012.

Daniele Capecci
Alternate Auditor, born in Jesi (AN) on 03/04/1972, appointed by resolution of 27/04/2012.

Internal control & risk management Cmte.

Stefano Romiti
Gennaro Pieralisi
Elena Magri

Appointments and Remuneration Committee

Stefano Romiti
Gennaro Pieralisi
Elena Magri

Independent Audit Firm
Deloitte & Touche 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
e-mail: l.giovanetti@elica.com Telephone: +39 0732 610727

Interim Report at September 30, 2014

Financial and operating review

In Euro thousands	**9M 14**	**% revenues**	**9M 13**	**% revenues**	**14 Vs 13 %**
Revenues	293,079		290,575		0.9%
EBITDA before restructuring charges	21,004	7.2%	19,751	6.8%	6.3%
EBITDA	19,128	6.5%	18,357	6.3%	4.2%
EBIT	6,599	2.3%	6,377	2.2%	3.5%
Financial income/(charges)	(3,040)	-1.0%	(3,443)	(1.2%)	(11.7%)
Income taxes	(1,608)	-0.6%	(1,546)	(0.5%)	4.0%
Net profit from continuing operations	1,951	0.7%	1,388	0.5%	40.6%
Net profit from continuing operations and discontinued operations	1,951	0.7%	1,388	0.5%	40.6%
Group Net Profit	**1,225**	**0.4%**	**1,412**	**0.5%**	**(13.2%)**
Basic earnings per share on continuing operations and discontinued operations (Euro/cents)	1.9700		2.2757		(13.4%)
Diluted earnings per share on continuing operations and discontinued operations (Euro/cents)	1.9700		2.2757		(13.4%)

The earnings per share for 9M 2014 and 9M 2013 were calculated by dividing the Group net result from continuing and discontinued operations by the number of outstanding shares at the respective reporting dates.

In Euro thousands	**Q3 2014 (*)**	**% revenues**	**Q3 2013 (*)**	**% revenues**	**14 Vs 13 %**
Revenues	97,336		95,482		1.9%
EBITDA before restructuring charges	7,986	8.2%	7,477	7.8%	6.8%
EBITDA	6,802	7.0%	6,083	6.4%	11.8%
EBIT	2,545	2.6%	2,114	2.2%	20.4%
Financial income/(charges)	(988)	(1.0%)	(1,055)	(1.1%)	-6.4%
Income taxes	(923)	(0.9%)	(869)	(0.9%)	6.2%
Net profit from continuing operations	634	0.7%	190	0.2%	233.7%
Net profit from continuing operations and discontinued operations	634	0.7%	190	0.2%	233.7%
Group Net Profit	**484**	**0.5%**	**60**	**0.1%**	**706.7%**
Basic earnings per share on continuing operations and discontinued operations (Euro/cents)	0.78		0.04		2108.7%
Diluted earnings per share on continuing operations and discontinued operations (Euro/cents)	0.78		0.04		2108.7%

The earnings per share for Q3 2014 and Q3 2013 were calculated by dividing the Group Net Result 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 write-downs of goodwill for losses in value. EBIT is the operating profit as reported in the consolidated income statement.

In Euro thousands	**Sep 30, 14**	**June 30, 14**	**Dec 31, 13**	**Sep 30, 13**
Trade receivables	68,233	75,643	74,497	77,616
Inventories	60,931	59,876	52,327	54,518
Trade payables	(90,434)	(95,390)	(85,520)	(90,450)
Managerial Working Capital	**38,730**	**40,129**	**41,304**	**41,684**
as a % of annualised revenues	*9,9%*	*10,3%*	*10,5%*	*10,8%*
Other net receivables/payables	(15,158)	(15,145)	(13,237)	(6,416)
Net Working Capital	**23,572**	**24,984**	**28,067**	**35,268**

In Euro thousands	**Sep 30, 14**	**June 30, 14**	**Dec 31, 13**	**Sep 30, 13**
Cash and cash equivalents	**30,154**	**24,970**	**27,664**	**25,585**
Finance leases and other lenders	(12)	(13)	(14)	(15)
Bank loans and mortgages	(29,097)	(29,973)	(37,757)	(41,497)
Long-term debt	**(29,109)**	**(29,986)**	**(37,771)**	**(41,512)**
Finance leases and other lenders	(2)	(13)	(14)	(13)
Bank loans and mortgages	(58,773)	(55,900)	(46,554)	(46,370)
Short-term debt	**(58,775)**	**(55,913)**	**(46,568)**	**(46,383)**
Net Debt	**(57,730)**	**(60,929)**	**(56,675)**	**(62,310)**

Net Debt is the sum of cash and cash equivalents less amounts due under finance leases and other borrowings (current and non-current), plus bank loans and mortgages (current and non-current), as reported in the balance sheet.

Operating review Q3 2014

In Q3 2014 Elica Group consolidated revenues totalled Euro 97.3 million - an increase of 2.1% at like-for-like exchange rates and of 1.9% including the exchange rate effect on the same period of 2013. The Group in the quarter outperformed the general global market (-1.4%[1] in Q3 2014), which was impacted principally by Asia[2] (-2.4%) and Latin America (-4.3%). The European market overall lost 0.5%, although based on opposing trends in western Europe (+0.7%) and eastern Europe (-2.2%).

The Cooking segment reports growth of 1.8% on Q3 2013, featuring a significant increase both in own brand sales (+2.9%) and third party brand sales (+1.1%).
The Motor segment in Q3 2014 saw revenue growth of 2.4%, driven mainly by the white goods and ventilation segment.
Analysing revenues by the principal markets[3], the Americas and Asia[4] contributed strongly with respective growth of 10.9% and 5.8%. At like-for-like exchange rates Asian sales increased 7.3%. European revenues contracted slightly (-0.8%) on Q3 2013.

EBITDA before restructuring charges in Q3 2014 of Euro 8.0 million (8.2% margin on net revenues) increased 6.8% on Q3 2013, based on the combined effect of three major factors: an improved sales mix, a reduction in overhead costs and supply chain efficiencies. These effects were in part offset by a negative exchange effect. EBITDA net of restructuring charges totalled Euro 6.8 million - up 11.8% on the third quarter of the previous year.

[1] Global range hood market volumes.
[2] Concerning "Other Countries" demand - principally the Asian markets.
[3] Data concerns sales revenues by geographic area and therefore does not refer to the breakdown by operating segment according to the various Group company locations.
[4] Concerning revenues in "Other Countries" - principally the Asian markets.

EBIT of Euro 2.5 million improved 20.4% on Euro 2.1 million in Q3 2013.

Financial charges as a percentage of revenues in Q3 2014 were stable at 1.0% (1.1% in Q3 2013).

The Net Profit of Euro 0.6 million improved significantly (+233.7%) compared to Euro 0.2 million in Q3 2013.

The Managerial Working Capital on annualised revenues of 9.9% is lower than 10.8% at September 30, 2013 and also 10.5% at December 31, 2013.

The Net Debt at September 30, 2014 totalled Euro 57.7 million, reducing on Euro 62.3 million at September 30, 2013, principally thanks to improved cash generation from operating activities. It however increased slightly compared to Euro 56.7 million at December 31, 2013, in line with normal business seasonality.

In the first nine months of 2014, the average Euro exchange rate strengthened against all currencies to which the Group is exposed, with the exception of UK Sterling and the Polish Zloty.

	Average 9M 2014	Average 9M 2013	%	Sep 30, 14	Dec 31, 13	%
USD	1.35	1.32	2.3%	1.26	1.38	-8.7%
JPY	139.49	127.38	9.5%	138.11	139.21	-0.8%
PLN	4.18	4.20	-0.5%	4.18	4.15	0.7%
MXN	17.77	16.71	6.3%	17.00	18.07	-5.9%
INR	82.26	75.76	8.6%	77.86	85.37	-8.8%
CNY	8.35	8.12	2.8%	7.73	8.35	-7.4%
RUB	48.02	41.68	15.2%	49.77	45.32	9.8%
GBP	0.81	0.85	-4.7%	0.78	0.83	-6.0%

Significant events in Q3 2014

On August 28, 2014, the Board of Directors of Elica S.p.A. approved the 2014 Half-Year Report, prepared in accordance with IFRS accounting standards.

On September 17, 2014, Elica S.p.A. was involved in the Italian Stock Market Opportunities event, organisaed in Milan by Banca IMI, through presentations and meetings with the financial community and investors.

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 Company

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

Subsidiary companies at September 30, 2014

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 Company 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 Company 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 (AN-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. Elica PB India Private Ltd. is involved in the production and sale of Group products.

o Zhejiang 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. Petersberg (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 the period.

o I.S.M. Poland Sp.zo.o – Wroclaw – (Poland) (in short I.S.M. Poland). Held 100%, acquired through the Polish subsidiary in the period and involved in mechanical processing.

Associates

o I.S.M. S.r.l. – Cerreto d'Esi (AN-Italia). 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

During the first nine months of 2014, the French subsidiary was incorporated and the subsidiary I.S.M. Poland was acquired through the subsidiary Elica Group Polska. There were no other changes in the consolidation scope compared to December 31, 2013.

Elica Group Inter-company and other related-party transactions

Transactions were entered into with subsidiaries, associated companies 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 the first nine months of 2014 weakened globally compared to the same period of the previous year - particularly in Asia and Latin America. Strong performances were however reported in North America and Western Europe.

On October 2, 2014, Elica S.p.A. participated at STAR Conference 2014, organised in London by Borsa Italiana, through presentations and meetings with the financial community and investors.

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 September 30, 2014

Consolidated Income Statement – YTD at September 30, 2014

In Euro thousands	***Note***	**Q3 14**	**Q3 13**	**9M 14**	**9M 13**
Revenues	**1.**	97,336	95,482	293,079	290,575
Other operating revenues	**2.**	449	605	4,571	1,980
Changes in inventories of finished and semi-finished goods	**3.**	376	693	4,226	3,006
Increase in internal work capitalised		1,124	663	3,695	2,373
Raw materials and consumables	**3.**	(53,464)	(53,456)	(164,248)	(162,280)
Services	**4.**	(16,124)	(16,283)	(48,966)	(51,036)
Labour costs	**5.**	(19,779)	(18,215)	(62,133)	(59,002)
Amortisation & Depreciation		(4,257)	(3,969)	(12,529)	(11,980)
Other operating expenses and provisions		(1,932)	(2,012)	(9,220)	(5,865)
Restructuring charges	**6.**	(1,184)	(1,394)	(1,876)	(1,394)
EBIT		**2,545**	**2,114**	**6,599**	**6,377**
Share of profit/(loss) from associates		(4)	(4)	(13)	(18)
Financial income	**7.**	(1)	52	209	157
Financial charges	**7.**	(1,109)	(1,041)	(3,235)	(3,054)
Exchange gains/(losses)	**7.**	126	(62)	(1)	(528)
Profit before taxes		**1,557**	**1,059**	**3,559**	**2,934**
Income taxes		(923)	(869)	(1,608)	(1,546)
Net profit from continuing operations		**634**	**190**	**1,951**	**1,388**
Net profit from discontinued operations		-	-	-	-
Net profit for the period		**634**	**190**	**1,951**	**1,388**
of which:					
Minority interests share		150	130	726	(24)
Group Net Profit		484	60	1,225	1,412
Basic earnings per Share (Euro/cents)		**0.7757**	**0.0789**	**1.9700**	**2.3300**
Diluted earnings per Share (Euro/cents)		**0.7757**	**0.0809**	**1.9700**	**2.3200**

Comprehensive Consolidated Income Statement – YTD to September 30, 2014

In Euro thousands	**Q3 2014**	**Q3 2013**	**9M 14**	**9M 13**
Net Profit	**634**	**190**	**1,951**	**1,388**
Other comprehensive profits/(losses) which may not be subsequently reclassified to net profit/(loss) for the period:				
Actuarial gains/(losses) of employee defined plans	(577)	42	(1,221)	551
Tax effect concerning the Other profits/(losses) which may not be subsequently reclassified to the net profit/(loss) for the period	135	(21)	345	(206)
Total other comprehensive profits/(losses) which may not be subsequently reclassified to net profit/(loss) for the period, net of the tax effect	**(442)**	**21**	**(876)**	**345**
Other comprehensive profits/(losses) which may be subsequently reclassified to net profit/(loss) for the period:				
Exchange differences on the conversion of foreign financial statements	2,786	(1,378)	2,937	(3,143)
Net change in cash flow hedges	(538)	165	(568)	111
Tax effect concerning the Other profits/(losses) which may be subsequently be reclassified to the net profit/(loss) for the period	151	(40)	156	(31)
Total other comprehensive profits/(losses) which may be subsequently reclassified to net profit/(loss) for the period, net of the tax effect	**2,399**	**(1,252)**	**2,525**	**(3,062)**
Total other comprehensive income statement items, net of the tax effect:	**1,957**	**(1,252)**	**1,649**	**(2,717)**
Total comprehensive profit/(loss)	**2,591**	**(1,041)**	**3,600**	**(1,329)**
of which:				
Minority interests share	476	(95)	1,163	(593)
Group comprehensive profit	2,112	(946)	2,437	(736)

Consolidated Balance Sheet at September 30, 2014

In Euro thousands	***Note***	**Sep 30, 14**	**Dec 31, 13**
Property, plant & equipment	**8.**	89,045	81,932
Goodwill	**9.**	44,885	41,584
Other intangible assets	**10.**	26,099	25,336
Investments in associated companies		1,441	1,383
Other receivables		200	190
Tax receivables		6	6
Deferred tax assets		16,716	13,608
AFS financial assets		156	156
Derivative financial instruments		1	1
Total non-current assets		**178,549**	**164,196**
Trade and financial receivables	**11.**	68,233	74,497
Inventories	**12.**	60,931	52,327
Other receivables		8,487	6,306
Tax receivables		10,452	7,747
Derivative financial instruments		-	519
Cash and cash equivalents		30,154	27,664
Current assets		**178,257**	**169,060**
Assets of discontinued operations		**-**	**2,395**
Total Assets		**356,806**	**335,651**
Liabilities for post-employment benefits		12,458	11,230
Provisions for risks and charges	**13.**	6,011	3,333
Deferred tax liabilities		5,152	5,117
Finance leases and other lenders		12	14
Bank loans and mortgages		29,097	37,757
Other payables		873	987
Tax liabilities		598	677
Derivative financial instruments		173	166
Non-current liabilities		**54,374**	**59,281**
Provisions for risks and charges	**13.**	4,326	4,172
Finance leases and other lenders		2	14
Bank loans and mortgages		58,773	46,554
Trade payables	**11.**	90,434	85,520
Other payables		20,904	15,801
Tax payables		8,867	7,317
Derivative financial instruments		1,185	251
Current liabilities		**184,491**	**159,629**
Share capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging, translation and stock option reserve		(6,210)	(8,525)
Reserve for actuarial gains/losses		(2,734)	(1,898)
Treasury shares		(3,551)	(3,551)
Retained earnings		39,855	40,294
Group Profit		1,225	1,357
Group shareholders' equity		**112,373**	**111,465**
Capital and reserves of minority interests		4,842	5,207
Minority interest profit		726	69
Minority interest equity		**5,568**	**5,276**
Consolidated shareholders' equity		**117,941**	**116,741**
Total liabilities and equity		**356,806**	**335,651**

Consolidated Cash Flow Statement at September 30, 2014

In Euro thousands	**Note**	**Sep 30, 14**	**Sep 30, 13**
Opening cash and cash equivalents		**27,664**	**29,551**
EBIT - Operating profit		6,599	6,377
Amortisation, depreciation and write-downs		12,529	11,980
Write-down of Goodwill for loss of value		0	0
EBITDA		19,128	18,357
Trade working capital		2,979	(3,954)
Other working capital accounts		(6,400)	3,088
Income taxes paid		(3,147)	(3,588)
Change in provisions		2,487	2,364
Other changes		(968)	(1,367)
Cash flow from operating activity		**14,080**	**14,899**
Net increases		(12,023)	(11,991)
Intangible assets		(4,403)	(3,266)
Property, plant & equipment		(7,562)	(8,725)
Equity investments and other financial assets		(58)	0
Acquisition/Sale of investments	**15.**	44	0
Cash flow from investments		**(11,979)**	**(11,991)**
(Acquisition)/Sale of treasury shares		0	1,928
Other movements in share capital		0	0
Dividends		(2,413)	(700)
Increase (decrease) financial payables		3,221	(3,500)
Net changes in other financial assets/liabilities		1,345	(919)
Interest paid		(2,749)	(2,645)
Cash flow from financing activity		**(595)**	**(5,835)**
Change in cash and cash equivalents		**1,505**	**(2,927)**
Effect of exchange rate change on liquidity		**986**	**(1,039)**
Closing cash and cash equivalents		**30,155**	**25,585**

Notes to the Interim Report at September 30, 2014

Group structure and brief description of its activities

The operational 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 companies Sp.zo.o and I.S.M. Poland 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 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 revenues are 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 revenues include revenues 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 presentation currency of Elica and all of the consolidated companies, except for the foreign subsidiaries Elica Group Polska Sp.zo.o, I.S.M. Poland 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 Putian Electric Co. Ltd and Elica Trading LLC which prepare their financial statements in the Polish Zloty (Elica Group Polska Sp.zo.o and I.S.M. Poland 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 9M 2014	Average 9M 2013	%	Sep 30, 14	Dec 31, 13	%
USD	1.35	1.32	2.3%	1.26	1.38	-8.7%
JPY	139.49	127.38	9.5%	138.11	139.21	-0.8%
PLN	4.18	4.20	-0.5%	4.18	4.15	0.7%
MXN	17.77	16.71	6.3%	17.00	18.07	-5.9%
INR	82.26	75.76	8.6%	77.86	85.37	-8.8%
CNY	8.35	8.12	2.8%	7.73	8.35	-7.4%
RUB	48.02	41.68	15.2%	49.77	45.32	9.8%

Criteria for the preparation of the Interim Report

The Interim Directors' Report at September 30, 2014 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 November 13, 2014 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 September 30, 2014 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, 2013.
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.
The current interim report is presented in Euro 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, 2013. No new accounting standards were adopted during the period with impacts on the present consolidated financial statements.
Specifically, the new IFRS or amendments with efficacy from January 1, 2014 applicable by the Group are the following.
On May 12, 2011, the IASB issued IFRS 10 – Consolidated Financial Statements which will replace SIC-12 Consolidation – Special Purpose Entities and parts of IAS 27 – Consolidated and Separate Financial Statements (which was renamed Separate Financial Statements) and governs the inclusion of investments in the separate financial statements. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
On June 28, 2012, the IASB also issued the document "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests and Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12). The document clarifies the transition rules of IFRS 10 - Consolidated financial statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of Interests in Other Entities. The standard is effective retrospectively from January 1, 2014.
The adoption of this new standard had no effects on the Group consolidation scope.
On May 12, 2011, the IASB issued IFRS 11 – Joint arrangements which replaces IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly controlled entities – non monetary contributions by ventures. The new standard establishes the criteria for the classification of joint arrangements based on the rights and obligations of the agreement rather than on the legal form and establishes the equity method as the only method to be applied to holdings in joint ventures in the consolidated financial statements. Following the

issue of IAS 28 – Investments in Associates, IFRS 11 was amended to include in its application, from the date of efficacy of the standard, also holdings in joint ventures. The adoption of this standard did not have any effects on the disclosure provided in the present Report.
On May 12, 2011, the IASB issued IFRS 12 – Disclosure of interests in other entities which is a new and complete standard on additional information to be provided on all types of investments, including those in subsidiaries, joint arrangements, associated companies, special purpose entities and other non consolidated vehicle companies.
On December 16, 2011, the IASB issued certain amendments to IAS 32 – Financial Instruments: presentation, to clarify the application of certain offsetting criteria for financial assets and financial liabilities in IAS 32. The amendments are applicable for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. Their adoption did not have any impact.
On May 29, 2013, the IASB issued an amendment to IAS 36 – Disclosure on recoverable amount of non-financial assets, which governs the disclosure on the recoverable value of impaired assets, if this amount is based on the fair value net of costs to sell. The amendments must be applied retrospectively from periods beginning from January 1, 2014. The adoption of the amendment did have any impact on disclosure.
On June 27, 2013, the IASB issued some minor amendments to IAS 39 – Financial Instruments: recognition and measurement, entitled "Novations of derivatives and continuity of Hedge Accounting". The amendments permit continuation of hedge accounting in the case in which a derivative financial instrument, designated as a hedge instrument, is replaced following the application of law or regulations in order to replace the original counterparty so as to guarantee the fulfilment of the obligation assumed and where certain conditions are satisfied. The same amendment will also be included in IFRS 9 – Financial instruments. These amendments must be applied retrospectively from periods beginning from January 1, 2014. There was no impact from the adoption of these amendments.

Utilisation of estimates
In the preparation of the condensed half-year 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 book value of the relative items.

The account items principally concerned by uncertainty are: goodwill, the doubtful debt and inventory obsolescence provisions, non-current assets (tangible and intangible), 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 the present condensed half-year financial statements for the details relating to the estimates stated above.

Composition and main changes in the Income Statement and Balance Sheet

1. Revenues

In Euro thousands	9M 14	9M 13	Changes
Total revenues	**293,079**	**290,575**	**2,503**

For the comments relating to the changes in revenues, reference should be made to the paragraph "Operating review Q3 2014". The growth of Euro 2.5 million represents a 0.9% increase. Sales information by sector is reported in note 14.

2. Other operating revenues

(in Euro thousands)	9M 14	9M 13	Changes
Rental income	2	30	(28)
Operating grants	612	754	(142)
Ordinary gains on disposal	3,309	332	2,977
Claims and insurance payouts	215	273	(58)
Expenses recovered	(11)	68	(79)
Other revenue and income	444	523	(79)
Total	**4,571**	**1,980**	**2,591**

The account increased by Euro 2,591 thousand. This principally concerned Ordinary Gains, mainly relating to the sale to third parties of the warehouse of Serra San Quirico (AN), previously classified as an Asset held-for-sale until December 2013.

3. Raw materials and consumables and change of finished and semi-finished product inventories

In Euro thousands	9M 14	9M 13	Changes
Purchase of raw materials	(143,534)	(141,051)	(2,483)
Shipping expenses on purchases	(3,520)	(2,991)	(529)
Purchases of consumable materials	(2,134)	(1,537)	(597)
Packaging	(1,956)	(3,128)	1,172
Purchases of supplies	(518)	(587)	69
Purchases of semi-finished materials	(11,654)	(10,821)	(833)
Purchase of finished products	(4,573)	(4,796)	223
Other purchases	(553)	(484)	(69)
Change in inventory of raw materials, consumables and good for re-sale	4,194	3,115	1,079
Raw materials and consumables	**(164,248)**	**(162,280)**	**(1,968)**
Changes in inventories of finished and semi-finished goods	**4,226**	**3,006**	**1,220**
Total	**(160,022)**	**(159,274)**	**(748)**

The account, although increasing slightly, reduced to 54.6% of revenues (vs. 54.8%).

4. Services

In Euro thousands	9M 14	9M 13	Changes
Outsourcing expenses	(15,224)	(18,393)	3,169
Transport	(6,485)	(6,137)	(348)
Finished goods inventories	(3,986)	(2,709)	(1,277)
Consulting	(3,323)	(3,202)	(121)
Other professional services	(6,703)	(6,508)	(195)
Maintenance	(890)	(1,689)	799
Utilities	(3,510)	(3,708)	198
Commissions	(1,574)	(1,647)	73
Travel expenses	(2,036)	(2,360)	324
Advertising	(1,781)	(1,479)	(302)
Insurance	(836)	(962)	126
Directors & Statutory Auditor fees	(1,214)	(1,038)	(176)
Trade fairs and promotional events	(710)	(593)	(117)
Industrial services	(355)	(346)	(9)
Banking commissions and charges	(339)	(265)	(74)
Total Services	**(48,966)**	**(51,036)**	**2,070**

The account decreased by approx. Euro 2 million. Service expenses as a percentage of revenues decreased from 17.6% in 2013 to 16.7% in 2014. This is as a result of the introduction of the cost reduction plan by the Group. The impact on the altered consolidation scope on this account was Euro 2.1 million, particularly concentrated in Outsourcing expenses following the entry of I.S.M. Poland to the group.

5. Labour costs

Labour costs incurred by the Group were as follows:

In Euro thousands	9M 14	9M 13	Changes
Wages and salaries	(45,278)	(43,333)	(1,945)
Social security	(12,197)	(11,767)	(430)
Post-employment benefits	(2,160)	(2,112)	(48)
Other costs	(2,498)	(1,790)	(708)
Total labour costs	**(62,133)**	**(59,002)**	**(3,130)**

The increase in the account relates to the items Wages and Salaries and Social security charges. The effect of the change in the consolidation scope on this account was Euro 1.6 million. As a percentage on revenues these costs increased from 20.3% in 2013 to 21.2% in 2014.

6. Restructuring charges

Restructuring charges concern corporate restructuring in the period. These actions concerned the reduction of the workforce over a 24-month period from Q4 2013 and the collective transfer of the workforce from the Serra San Quirico hub, following the Board of Directors decision of Elica S.p.A. to reconvert it from a productive hub to a logistical hub.

7. Net financial charges

In Euro thousands	9M 14	9M 13	Changes
Financial income	209	157	52
Financial charges	(3,235)	(3,054)	(181)
Exchange gains/(losses)	(1)	(528)	527
Total net financial charges	**(3,027)**	**(3,425)**	**398**

The reduction in total net financial charges principally reflects exchange rate movements.

8. Property, plant & equipment

The breakdown of property, plant and equipment at September 30, 2014 and December 31, 2013 is detailed below.

In Euro thousands	Sep 30, 14	Dec 31, 13	Changes
Land, land usage rights and buildings	47,590	45,495	2,095
Plant and machinery	21,066	20,002	1,064
Commercial and industrial equipment	15,327	12,632	2,695
Other assets	3,392	3,153	239
Assets in progress and advances	1,670	651	1,019
Total property, plant and equipment	**89,045**	**81,932**	**7,113**

Property, plant and equipment increased from Euro 81,932 thousand at December 31, 2013 to Euro 89,045 thousand at September 30, 2014, an increase of Euro 7,113 thousand as a result of the sales, purchases and of depreciation recorded in the income statement of Euro 8,719 thousand. The alteration to the consolidation scope impacted for Euro 3.6 million.

9. Goodwill

In Euro thousands	Sep 30, 14	Dec 31, 13	Changes
Goodwill recorded by subsidiaries	44,885	41,584	3,301
Total goodwill	**44,885**	**41,584**	**3,301**

The account increased Euro 2.7 million following the acquisition of I.S.M. Poland. The residual change relates to exchange rate movements.

10. Other intangible assets

The breakdown of the "Other intangible assets" at September 30, 2014 and December 31, 2013 is shown below.

In Euro thousands	Sep 30, 14	Dec 31, 13	Changes
Development Costs	7,241	6,713	528
Industrial patents and intellectual property rights	7,152	8,249	(1,097)
Concessions, licenses, trademarks & similar rights	1,566	1,620	(54)
Assets in progress and advances	6,040	4,274	1,766
Other intangible assets	4,100	4,480	(380)
Total other intangible fixed assets	**26,099**	**25,336**	**763**

Other intangible assets increased from Euro 25,336 thousand at December 31, 2013 to Euro 26,099 thousand at September 30, 2014, with an increase of Euro 763 thousand as a result of the purchases, sales and amortisation recorded to the income statement of Euro 3,810 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 the recording both of technologies 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:

(in Euro thousands)	Sep 30, 14	Dec 31, 13	Changes
Trade and financial receivables	68,233	74,497	(6,264)
Trade payables	(90,434)	(85,520)	(4,914)
Total	**(22,201)**	**(11,023)**	**(11,178)**

Receivables are recorded net of the doubtful debt provision based on an analysis of the credit risk on receivables and on the basis of historical data on credit losses, considering that a substantial portion of the receivables are insured by primary international insurance companies. Management considers that the value approximates the fair value of the receivables.

12. Inventories

In Euro thousands	Sep 30, 14	Dec 31, 13	Changes
Raw material, ancillary and consumables	26,454	22,850	3,604
Raw materials obsolescence provision	(1,506)	(1,348)	(158)
Total	24,948	21,502	3,446
Products in work-in-progress and semi-finished	14,154	12,431	1,723
Semi-finished product obsolescence provision	(829)	(760)	(69)
Total	13,325	11,671	1,654
Finished products and goods	24,003	20,430	3,573
Finished products obsolescence provision	(1,354)	(1,293)	(61)
Total	22,649	19,137	3,512
Advances	9	17	(8)
Total inventories	**60,931**	**52,327**	**8,604**

The account increased from Euro 52,327 thousand at December 31, 2013 to Euro 60,931 thousand at September 30, 2014.
They 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 use of some categories of raw and semi-finished materials based on assumptions made by management.

13. Provisions for risks and charges

The details are shown below.

(in Euro thousands)	Sep 30, 14	Dec 31, 13	Changes
Supplementary agent termination benefits	503	418	85
Product warranty provisions	1,604	1,519	85
Provisions for risks	2,791	1,428	1,363
Restructuring provision	1,000	750	250
Personnel Fund	1,799	1,903	(104)
LTI provision	2,512	1,399	1,113
Other Provisions	128	87	41
Total	**10,337**	**7,505**	**2,833**
of which			
Non-current	6,011	3,333	2,678
Current	4,326	4,172	154
Total	**10,337**	**7,505**	**2,833**

The Supplementary agent 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 and other risks provision relates to likely costs and charges to be incurred as a result of ongoing legal disputes. The provisions have been determined based on the best possible estimates, considering the available information.

The restructuring provision concerns the reduction of the workforce over a 24-month period from Q4 2013 and the collective transfer of the workforce from the Serra San Quirico hub, following the Board of Directors decision of Elica S.p.A. to reconvert it from a productive hub to a logistical hub.

The Personnel Fund includes the higher cost estimated by the company 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.

The Long Term Incentive Plan provision is based on estimates made by the actuaries Tower&Watson concerning 2013 and the first nine months of 2014 in relation to the plan.

14. Segment information

The operational 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 companies Sp.zo.o and I.S.M. Poland 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 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.

The following tables contain segment information by business segment as defined above:

Income statement data by segment *(in thousands of Euro)*

INCOME STATEMENT	Europe		America		Asia and Rest of World		Unallocated and eliminations		Consolidated	
	9M 14	9M 13	9M 14	9M 13	9M 14	9M 13	9M 14	9M 13	9M 14	9M 13
Segment revenue:										
Third parties	217,280	218,976	**41,897**	39,366	**33,902**	32,232	-	-	**293,079**	290,574
Inter-segment	10,296	10,886	**4**	3	**1,140**	142	(11,440)	(11,031)	**-**	-
Total revenues	**227,576**	**229,862**	**41,901**	**39,370**	**35,042**	**32,374**	**(11,440)**	**(11,031)**	**293,079**	**290,574**
Segment result:	**14,214**	**19,441**	**7,191**	**5,423**	**1,285**	**(6)**	**-**	**-**	**22,691**	**24,858**
Unallocated overheads									**(16,092)**	**(18,481)**
EBIT									**6,599**	**6,377**
Share of profit/(loss) from associates							**(13)**	**(18)**	**(13)**	**(18)**
Financial income							**209**	**157**	**209**	**157**
Financial charges							**(3,235)**	**(3,054)**	**(3,235)**	**(3,054)**
Exchange gains/(losses)							**(1)**	**(528)**	**(1)**	**(528)**
Profit before taxes							**3,559**	**2,934**	**3,559**	**2,934**
Income taxes							**(1,608)**	**(1,546)**	**(1,608)**	**(1,546)**
Net profit from normal operations							**1,951**	**1,388**	**1,951**	**1,388**
Net profit from discontinued operations									**-**	**-**
Net Profit									**1,951**	**1,388**

Balance sheet data by segment *(in thousands of Euro)*

BALANCE SHEET	Europe		America		Asia and the Rest of World		Unallocated and eliminations		Consolidated	
	Sep 14	Dec 13	Sep 14	Dec 13	Sep 14	Dec 13	Sep 14	Dec 13	Sep 14	Dec 13
Assets:										
Segment assets:	235,577	230,073	37,051	33,879	45,806	37,163	(8,320)	(13,518)	310,114	287,597
Investments								1,383	1,441	1,383
Unallocated assets							45,252	44,275	45,252	44,275
Total operational assets	**235,577**	**230,073**	**37,051**	**33,879**	**45,806**	**37,163**	**36,932**	**32,140**	**356,806**	**333,255**
Total assets of discount. operations		**2,395**	**-**	**-**			**-**	**-**	**-**	**2,395**
Total Assets	**235,577**	**232,468**	**37,051**	**33,879**	**45,806**	**37,163**	**36,932**	**32,140**	**356,806**	**335,650**
Liabilities										
Segment liabilities	(123,842)	(112,034)	(14,464)	(13,746)	(20,826)	(17,514)	8,147	8,723	(150,985)	(134,571)
Unallocated liabilities							(87,880)	(84,338)	(87,880)	(84,338)
Shareholder' Equity							(117,941)	(116,732)	(117,941)	(116,741)
Total operational liabilities	**(123,842)**	**(112,034)**	**(14,464)**	**(13,746)**	**(20,826)**	**(17,514)**	**(197,674)**	**(192,348)**	**(356,806)**	**(335,650)**
Total liabilities of discontinued operations			-	-	-	-				
Total liabilities	**(123,842)**	**(112,034)**	**(14,464)**	**(13,746)**	**(20,826)**	**(17,514)**	**(197,674)**	**(192,348)**	**(356,806)**	**(335,650)**

15. Acquisitions

During the period the subsidiary Elica Group Polska Elica acquired 100% of the Polish company I.S.M. Poland located in Wroclaw (Poland). This company therefore entered the consolidation scope. The effects of the operation at the date of acquisition of control are summarised in the following table:

In Euro thousands	**Carrying value based on Group principles**	**Fair value adjustments**	**Fair value**
Property, plant & equipment	2,809	1,086	3,895
Other intangible assets	1		1
Trade receivables	764		764
Inventories	1		1
Other receivables	108		108
Deferred tax assets	26		26
Cash and cash equivalents	44		44
Deferred tax liabilities	(40)	(206)	(246)
Trade payables	(610)		(610)
Other payables	(1,509)		(1,509)
Provisions for risks and charges	(45)		(45)
Tax liabilities	(136)		(136)
Total Shareholders' Equity	**1,413**	**880**	**2,293**
Share acquired (100%)			**2,293**
Goodwill			2,683
Total acquisition cost			**4,976**
Payable to former shareholder			(4,976)
Cash and cash equivalents acquired			44
Net cash flow from the acquisition			**44**

These figures are still provisional as valuations are ongoing.

Fabriano, November 13, 2014

The Chairman
Francesco Casoli

Declaration of the executive responsible for the preparation of the corporate accounting documents in accordance with Article 154 *bis*, paragraph 5 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 in the present Interim Report at September 30, 2014 corresponds to the underlying accounting documents, records and accounting entries.

Fabriano, November 13, 2014

The Chief Executive Officer
Giuseppe Perucchetti

Executive responsible for the preparation
of corporate accounting documents
Alberto Romagnoli