Elica S.p.A.

Interim Report

at December 31, 2011

Contents

Corporate boards

Members of the Board of Directors

Francesco Casoli
Executive Chairman, born in Senigallia (AN) on 5/6/1961, appointed a director by resolution dated 27/04/2009.

Andrea Sasso
Chief Executive Officer, born in Rome on 24/8/1965, appointed by resolution dated 27/04/2009.

Gianna Pieralisi
Executive Director, born in Monsano (AN) on 12/12/1934, appointed a director by resolution dated 27/04/2009.

Gennaro Pieralisi
Director, born in Monsano (AN) on 14/02/1938, appointed a director by resolution dated 27/04/2009.

Stefano Romiti
Independent Director and Lead Independent Director, born in Rome (RM) on 17/11/1957, appointed a director by resolution dated 27/04/2009.

Giuseppe Perrucchetti
Independent Director, born in Varese (VA) on 30/10/1958, appointed by resolution dated 25/08/2011.

Giovanni Frezzotti
Independent Director, born in Jesi (AN) on 22/02/1944, appointed by resolution dated 27/04/2009.

Luca Pacces
Independent Director, born in Rome on 16/02/1940, appointed by resolution dated 28/04/2011.

Members of the Board of Statutory Auditors

Corrado Mariotti
Chairman, born in Numana (AN) on 29/2/1944, appointed by resolution dated 27/4/2009.

Stefano Marasca
Statutory Auditor, born in Osimo (AN) on 9/8/1960, appointed by resolution dated 27/4/2009.

Gilberto Casali
Statutory Auditor, born in Jesi (AN) on 14/1/1954, appointed by resolution dated 27/04/2009.

Franco Borioni
Alternate Auditor, born in Jesi (AN) on 23/06/1945, appointed by resolution dated 27/4/2009.

Daniele Capecci
Alternate Auditor, born in Jesi (AN) on 03/04/1972, appointed by resolution dated 27/4/2009.

Internal Control Committee
Stefano Romiti
Gennaro Pieralisi
Giovanni Frezzotti

Remuneration Committee
Stefano Romiti
Gennaro Pieralisi
Giovanni Frezzotti
Luca Pacces

Independent Auditors
Deloitte & Touche S.p.A.

Registered office and Company Data
Elica S.p.A.
Registered office: Via Dante, 288 – 60044 Fabriano (AN)
Share capital: Euro 12,664,560.00
Tax Code and Companies' Register Number: 00096570429
Ancona REA No. 63006 – VAT Number 00096570429

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Laura Giovanetti
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Interim Directors' Report at December 31, 2011

Financial and operating review

In Euro thousands	**FY 2011**	**revenue margin**	**FY 2010**	**revenue margin**	**11 Vs 10 %**
Revenues	378,406		368,265		2.8%
EBITDA	26,542	7.0%	26,194	7.1%	1.3%
EBIT	12,039	3.2%	10,553	2.9%	14.1%
Financial income/(charges)	(5,687)	(1.5%)	(1,574)	(0.4%)	261.4%
Income taxes	(2,231)	(0.6%)	(3,402)	(0.9%)	(34.4%)
Net profit from continuing operations	4,116	1.1%	5,577	1.5%	(26.2%)
Net profit from continuing operations and discontinuing operations	4,116	1.1%	5,577	1.5%	(26.2%)
Group net profit	**4,162**	**1.1%**	**4,262**	**1.2%**	**(2.3%)**
Basic earnings per share on continuing operations and discontinuing operations	6.92		7.48		(7.5%)
Diluted earnings per share on continuing operations and discontinuing operations	6.59		7.48		(11.8%)

The earnings per share for FY 2011 and 2010 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	**Q4 11**	**revenue margin**	**Q4 10**	**revenue margin**	**11 Vs 10 %**
Revenues	96,702		100,963		(4.2%)
EBITDA	6,106	6.3%	5,990	5.9%	1.9%
EBIT	3,849	4.0%	2,512	2.5%	53.2%
Financial income/(charges)	(1,624)	(1.7%)	(575)	(0.6%)	182.7%
Income taxes	(875)	(0.9%)	(480)	(0.5%)	82.3%
Net profit from continuing operations	1,345	1.4%	1,457	1.4%	(7.7%)
Net profit from continuing operations and discontinuing operations	1,345	1.4%	1,457	1.4%	(7.7%)
Group net profit	**1,271**	**1.3%**	**334**	**0.3%**	**280.0%**
Basic earnings per share on continuing operations and discontinuing operations	2.11		0.59		260.0%
Diluted earnings per share on continuing operations and discontinuing operations	2.01		0.59		243.2%

The earnings per share for Q4 2011 and 2010 were calculated by dividing the Group net profit 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	31/12/2011	30/09/2011	31/12/2010
Trade receivables	82,207	85,187	89,276
Inventories	50,598	52,358	42,671
Trade payables	(89,806)	(86,160)	(88,742)
Managerial Working Capital	**42,999**	**51,385**	**43,205**
as a % of annualised revenues	*11.4%*	*13.7%*	*11.7%*
Other net receivables/payables	(2,930)	(153)	(3,869)
Net Working Capital	**40,069**	**51,232**	**39,336**
as a % of annualised revenues	*10.6%*	*13.6%*	*10.7%*

In Euro thousands	31/12/2011	30/09/2011	31/12/2010
Cash and cash equivalents	**20,026**	**23,721**	**25,102**
Finance leases and other lenders	(56)	(57)	(76)
Bank loans and mortgages	(45,105)	(50,529)	(30,457)
Long-term debt	**(45,161)**	**(50,586)**	**(30,533)**
Finance leases and other lenders	(25)	(25)	(23)
Bank loans and mortgages	(43,640)	(50,373)	(29,426)
Short-term debt	**(43,665)**	**(50,398)**	**(29,449)**
Net Debt	**(68,800)**	**(77,263)**	**(34,880)**

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 Q4 2011

Consolidated revenues contracted in Q4 2011 in line with the global market (-4.2% on Q4 2010). Both the Cooking and Motors area were impacted. A geographic-based analysis[1] reveals a particularly strong performance in the Americas – well ahead of the general market.
Consolidated revenues for the full year 2011 however grew 2.8% on the previous year. The Cooking area reports 2011 consolidated revenue growth of 1.9%. Own brand revenues increased by 7.3% - owing also to the sales of the Indian and Chinese companies[2]. The Motors Business Unit grew revenues by 7.4% on the same period of 2010, thanks in particular to the expansion of the "heating" segment and strong performances across all segments.

[1] 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.
[2] 2011 consolidated results including those of the Indian company Elica PB India Private Ltd. and the Chinese company Zhejiang Putian Electric Co. Ltd., consolidated respectively from July and October 2010.

Revenues in 2011 by principal geographic sales area[3] report a slight contraction of 1.4% in Europe with the Americas returning a significant increase of 20.1% - a performance mirrored by growth in the Rest of the World of 18.3% - principally due to the consolidation of the Indian and Chinese companies[4].

The EBITDA margin in Q4 of 6.3% increased significantly on the fourth quarter of 2010. The improvement in operating efficiency and the continued investment in innovation offset increased raw material costs and the revenue contraction in the quarter, resulting in an EBITDA of Euro 6.1 million (+1.9% on Q4 2010).

A review of the depreciation rate on Italian plant was the most significant factor contributing to the increased EBIT of 53.2% on Q4 2010.

In the quarter the Euro average exchange rate weakened against the US Dollar, UK Sterling, the Japanese Yen and the Chinese Yuan, while strengthening against the Polish Zloty, the Russian Rouble and the Mexican Peso.

	average 2011	**average 2010**	**%**	**Dec. 31, 2011**	**Dec. 31, 2010**	**%**
USD	1.39	1.33	4.7%	1.29	1.34	-3.4%
GBP	0.87	0.86	0.9%	0.84	0.86	-2.9%
JPY	110.96	116.24	-4.5%	100.20	108.65	-7.8%
PLN	4.12	3.99	3.3%	4.46	3.98	12.2%
MXN	17.29	16.74	3.3%	18.05	16.55	9.1%
INR	64.89	60.59	7.1%	68.71	59.76	15.0%
CNY	9.00	8.97	0.3%	8.16	8.82	-7.5%
Rub	40.88	40.26	1.6%	41.77	40.82	2.3%

Financial charges in Q4 increased due to higher debt, principally as a result of the acquisition activities of the Group in 2011.

The Group result improved significantly on Q4 2010.

The Managerial Working Capital on net annualised revenues at December 2011 of 11.4% reduced on December 2010, thanks to continued working capital efficiency improvements implemented across the Group companies.

The Net Debt at December 31, 2011 was Euro 68.8 million compared to Euro 34.9 million at the end of December 2010, significantly improving on Euro 77.3 million at June 30, 2011.

Significant events in the fourth quarter of 2011

On November 14, 2011, the Board of Directors of Elica S.p.A. approved the Interim Report at September 30, 2011.
On December 19, 2011 the Board of Directors of Elica S.p.A. approved the utilisation of treasury shares held in portfolio by the Company. Elica S.p.A. therefore sold 1,266,456 shares (2% of the share capital) to IMMI Invest Srl, the Agarini family holding company, at a price of Euro 1.049 per share.

[3] See Note 1.
[4] See Note 2.

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

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

Subsidiary at December 31, 2011

- Elica Group Polska Sp.zo.o – Wroclaw – (Poland). This 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;

- Elicamex S.A. de C.V. – Queretaro (Mexico). The company was incorporated at the beginning of 2006 and is held 100%. 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;

- Leonardo Services S.A. de C.V. – Queretaro (Mexico). 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.;

- Ariafina CO., LTD – Sagamihara-Shi (Japan). 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 to provide further impetus to the development of the important Japanese market, where high-quality products are sold;

- Airforce S.p.A. – Fabriano (AN). This company operates in a special segment of the production and sale of hoods sector. The holding of Elica S.p.A. is 60%;

- Airforce Germany GmbH – Stuttgart (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";

- Elica Inc. – Chicago, Illinois (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.;

- Exklusiv Hauben Gutmann GmbH – Mulacker (Germany) - 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.

- Elica PB India Private Ltd. - Pune (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 sale of Group products

- Zhejiang Putian Electric Co. Ltd – Shengzhou (China), a Chinese company held 70% 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.

- Elica Trading LLC – St. Petersberg (Russian Federation), a Russian company held 70%, incorporated on June 28.

Associated companies

- I.S.M. Srl – Cerreto d'Esi (AN). 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

In 2011 the holding in the Chinese company Zhejiang Putian Electric Co. Ltd. increased to 70% from 55% at December 31, 2010.

At the end of June the Russian company Elica Trading LLC was incorporated, of which the Group owns 70%.

In Q4 2011 no further changes occurred.

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 business outlook

On January 9, 2012, the Board of Directors of Elica S.p.A. accepted the resignation of Mr. Vincenzo Maragliano from his role as CFO and Executive Responsible for the preparation of corporate accounting documents of Elica S.p.A. for personal reasons and with immediate effect.
The Board subsequently appointed Mr. Alberto Romagnoli as the Executive responsible for the preparation of corporate accounting documents of Elica S.p.A., while the Chief Executive Officer Mr. Andrea Sasso will for the interim period assume the role of Chief Financial Officer.
The Group closely monitors market demand on an ongoing basis, which in the initial months of 2012 followed the Q4 2011 performance on the Group's principal markets.
The ongoing focus continues on innovation and efficiency pursued by the Elica Group to strengthen further its global leadership footprint.

Compliance pursuant to Section VI of the regulation implementing legislative decree No. 58 of 24 February 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.

Consolidated financial statements at December 31, 2011

Consolidated Income Statement as at December 31, 2011

In Euro thousands	***Note***	**Q4 11**	**Q4 10 (*)**	**FY 2011**	**FY 2010**
Revenues	**1.**	96,702	100,963	378,406	368,265
Other operating revenues	**2.**	2,075	215	6,788	2,371
Changes in inventories of finished and semi-finished goods		257	(2,308)	10,958	3,838
Increase in internal work capitalised		508	1,068	2,350	2,633
Raw materials and consumables	**3.**	(54,111)	(52,734)	(215,697)	(193,686)
Services	**4.**	(19,025)	(19,201)	(73,228)	(73,873)
Labour costs		(17,664)	(18,028)	(73,657)	(72,397)
Amortisation & Depreciation		(2,257)	(3,478)	(14,503)	(15,641)
Other operating expenses and provisions		(2,436)	(3,249)	(9,178)	(10,221)
Restructuring charges		(200)	(736)	(200)	(736)
Write-down of Goodwill for loss of value		-	-	-	-
EBIT		**3,849**	**2,512**	**12,039**	**10,553**
Share of profit/(loss) from associates		(8)	(6)	(45)	(592)
Impairment of available-for-sale financial assets		-	40		-
Financial income	**5.**	39	55	229	1,383
Financial charges	**5.**	(1,246)	(739)	(4,260)	(2,678)
Exchange gains/(losses)	**5.**	(409)	75	(1,611)	313
Other non-operating income		(5)	-	(5)	-
Profit before taxes		**2,220**	**1,937**	**6,347**	**8,979**
Income taxes		(875)	(480)	(2,231)	(3,402)
Net profit from continuing operations		**1,345**	**1,457**	**4,116**	**5,577**
Net profit from discontinued operations		-		-	-
Net profit		**1,356**	**1,457**	**4,116**	**5,577**
of which:					
Minority interests share		74	1,123	(46)	1,315
Group net profit		1,271	334	4,162	4,262
Basic earnings per share					
From continuing and discontinued operations (Euro/cents)		2.15	0.59	7.09	7.48
From continuing operations (Euro/cents)		2.15	0.59	7.09	7.48
Diluted earnings per share					
From continuing and discontinued operations (Euro/cents)		1.81	0.59	6.75	7.48
From continuing operations (Euro/cents)		1.81	0.59	6.75	7.48

(*) in line with the 2010 Consolidated Financial Statements

Comprehensive Consolidated Income Statement at December 31, 2011

In Euro thousands	Q4 11	Q4 10 (*)	FY 2011	FY 2010
Net profit	**1,345**	**1,457**	**4,116**	**5,577**
Other comprehensive income statement items:				
Exchange differences on the conversion of foreign financial statements	2,223	1,586	(2,565)	3,922
Net change in cash flow hedges	(96)	73	(331)	93
Income taxes on other comprehensive income statement items	21	(16)	72	(20)
Total other comprehensive income statement items, net of tax effects:	**2,148**	**1,643**	**(2,824)**	**3,995**
Total comprehensive profit/(loss)	**3,493**	**3,100**	**1,292**	**9,572**
of which:				
Minority interests share	465	1,404	591	1,577
Group comprehensive net profit	3,028	1,696	701	7,995

(*) in line with the 2010 Consolidated Financial Statements

Consolidated Balance Sheet at December 31, 2011

In Euro thousands	***Note***	**31/12/11**	**31/12/10**
Property, plant & equipment	**6.**	85,165	83,680
Goodwill	**7.**	41,765	41,168
Other intangible assets	**8.**	24,424	23,868
Investments in associated companies		1,377	1,717
Other financial assets		-	30
Other receivables		276	1,920
Tax receivables		6	6
Deferred tax assets		10,032	9,357
AFS financial assets		672	614
Derivative financial instruments		29	189
Total non-current assets		**163,746**	**162,549**
Trade and financial receivables	**9.**	82,207	89,276
Inventories	**10.**	50,598	42,671
Other receivables		6,036	4,281
Tax receivables		5,943	7,589
Derivative financial instruments		813	649
Cash and cash equivalents		20,026	25,102
Current assets		**165,623**	**169,568**
Assets of discontinued operations		**1,065**	
Total Assets		**330,434**	**332,117**
Liabilities for post-employment benefits		8,907	9,182
Provisions for risks and charges	**11.**	2,505	8,254
Deferred tax liabilities		6,772	7,890
Finance leases and other lenders		56	76
Bank loans and mortgages		45,105	30,457
Other payables		1,859	1,510
Tax payables		888	978
Derivative financial instruments		60	
Non-current liabilities		**66,152**	**58,347**
Provisions for risks and charges	**11.**	1,883	953
Finance leases and other lenders		25	23
Bank loans and mortgages		43,640	29,426
Trade payables		89,806	88,742
Other payables		10,211	9,022
Tax payables		2,814	5,764
Derivative financial instruments		1,004	310
Current liabilities		**149,383**	**134,240**
Share capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging, translation and stock option reserve		(5,668)	(3,411)
Treasury shares		(8,815)	(17,629)
Retained earnings		34,684	64,210
Group profit		4,162	4,262
Group shareholders' equity		**108,151**	**131,220**
Capital and reserves of minority interests		6,794	6,995
Minority interest profit		(46)	1,315
Minority interest equity		**6,748**	**8,310**
Consolidated shareholders’ equity		**114,899**	**139,530**
Total liabilities and equity		**330,434**	**332,117**

Consolidated Cash Flow Statement at December 31, 2011

In Euro thousands		31/12/2011	31/12/2010
Opening cash and cash equivalents		**25,102**	**19,235**
EBIT- Operating profit		12,039	10,553
Amortisation, depreciation and write-downs		14,503	15,641
EBITDA		26,542	26,194
Trade working capital		(534)	5,673
Other working capital accounts		(4,093)	2,663
Income taxes paid		(3,894)	(2,007)
Change in provisions		(5,563)	1,437
Other changes		949	630
Cash flow from operating activity		**13,407**	**34,589**
Net increases		(19,405)	(23,798)
Intangible assets		(5,318)	(6,559)
Property, plant & equipment		(14,213)	(11,026)
Equity investments and other financial assets		126	(6,213)
Acquisition of Putian investment	**13.**	(29,785)	(10,127)
Cash flow from investments		**(49,190)**	**(33,925)**
(Acquisition)/Sale of treasury shares		4,444	0
Other movements in share capital		0	120
Dividends		(1,478)	0
Increase (decrease) financial payables		28,969	6,627
Net changes in other financial assets/liabilities		2,575	(815)
Interest paid		(3,632)	(1,796)
Cash flow from financing activity		**30,878**	**4,135**
Change in cash and cash equivalents		**(4,904)**	**4,799**
Effect of exchange rate change on liquidity		**(172)**	**1,068**
Closing cash and cash equivalents		**20,026**	**25,102**

Notes to the Interim Report at December 31, 2011

Group structure and brief description of its activities

In 2011, the Group reviewed the Corporate Reporting system, and which remains under review, without substantial amendments to the set of internal reports reviewed periodically by management, but with greater emphasis placed on the geographic breakdown of data rather than analysis by product. As per IFRS 8, from the half-year report the segment disclosure is reviewed and reported in line with that utilised by management for the undertaking of operational decisions. For the purposes of comparison, the disclosure relating to the previous year was restated.
The present reporting is in line with management strategy which increasingly has a global focus, with a direct presence now established in Europe, America and Asia. In this manner the Group can provide information which enables readers of the financial statements to evaluate the nature and effects on the financial statements of the strategies undertaken and of the general economic context.

The new operational segments are as follows:

- "Europe": production and sale of range hoods, accessories and electric motors developed by the 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 and the Russian company Elica Trading LLC;

- "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 and Russia, in America, i.e. in Mexico and in the United States, and in Asia, respectively in China, India and Japan.

The Euro is the functional and reporting currency for Elica S.p.A and all consolidated companies, except for such foreign subsidiaries as Elica Group Polska Sp.zo.o, Elica Trading LLC., Elicamex S.A. de C.V., Leonardo S.A. de C.V., Elica Inc., Ariafina CO., LTD., Elica PB India Private Ltd. and Zhejiang Putian Electric, which prepare their accounts in Polish Zloty, Russian Roubles, Mexican Pesos, US Dollars, Japanese Yen, Indian Rupees and the Chinese Renminbi 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 2011		average 2010	%	31/12/2011	31/12/2010	%
USD	1.39		1.33	4.7%	1.29	1.34	-3.4%
GBP	0.87		0.86	0.9%	0.84	0.86	-2.9%
JPY	110.96		117.21	-5.3%	100.20	108.65	-7.8%
PLN	4.12		3.99	3.3%	4.46	3.98	12.2%
MXN	17.29		16.74	3.3%	18.05	16.55	9.1%
INR	64.89		60.45	7.3%	68.71	59.76	15.0%
CNY	9.00		9.04	-0.5%	8.16	8.82	-7.5%
Rub	41.96	(*)	n/a	n/a	41.77	n/a	n/a

(*) the average exchange rate of the Russian Rouble was calculated for the period in which the Russian subsidiary was consolidated.

Criteria for the preparation of the Interim Report

The Interim Directors' Report at December 31, 2011 was prepared in accordance with article 154 ter, paragraph 5 of the Consolidated Finance Act ("CFA") introduced by Legislative Decree 195/2007 enacting EU Directive 109/2004 ("Transparency Directive").
The report was approved by the Board of Directors of Elica S.p.A. on February 14, 2012 and the board authorised its publication on the same date.

Accounting principles, consolidation criteria and estimate changes

The accounting principles utilised for the preparation of the financial statements as at December 31, 2011 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, 2010.
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 standards

The financial statements utilised are the same as those used for the preparation of the consolidated financial statements at December 31, 2010.

The only new accounting standard applied for the first time by the Group from January 1, 2011 was the revised version of IAS 24 – Related party disclosures, issued on November 4, 2009 by the IASB, which simplifies the type of information required in the case of transactions with related parties controlled by the State and clarifies the definition of related parties. The adoption of this amendment does not have any effect in relation to the valuation of the financial statement items and has limited effects on the disclosure of transactions with related parties.
The following amendments, improvements and interpretations, with effect from January 1, 2011, concern facts and events not present for the Group at the date of the present Report but which may have accounting effects on future transactions or agreements:

- Amendment to IAS 32 - Financial Instruments: Presentation: Classification of rights issued;
- Amendment to IFRIC 14 – Minimum funding requirements;
- IFRIC 19 – Extinguishing financial liabilities with equity instruments;
- Improvements to IAS/IFRS (2010).

Composition and main changes in the Income Statement and Balance Sheet

1. Revenues

In Euro thousands	FY 2011	FY 2010	Change
Revenues from product sales	378,332	367,854	10,478
Service revenues	74	411	(337)
Total revenues	**378,406**	**368,265**	**10,141**

For the comments relating to the changes in revenues, reference should be made to the paragraph "Operating review Q4 2011". The effect of the consolidation of the Chinese, Indian and Russian subsidiaries on the present account was Euro 21.5 million, net of inter-company revenues. Sales information by sector is reported in note 12.

2. Other operating revenues

(in Euro thousands)	FY 2011	FY 2010	Change
Rental income	94	40	54
Operating grants	2,604	98	2,506
Ordinary gains on disposal	451	234	217
Claims and insurance payouts	416	340	76
Expenses recovered	158	258	(100)
Other revenues and income	3,065	1,402	1,663
Total	**6,788**	**2,371**	**4,417**

The main increase was in the account "Operating grants", principally due to the portion matured of the 2015 industrial project and the photovoltaic plant project.

3. Raw materials and consumables

In Euro thousands	FY 2011	FY 2010	Change
Purchase of raw materials	(182,866)	(163,489)	(19,377)
Shipping expenses on purchases	(3,493)	(2,737)	(756)
Purchases of consumable materials	(1,865)	(1,774)	(91)
Packaging	(3,134)	(8,322)	5,188
Purchases of supplies	(648)	(872)	224
Purchases of semi-finished materials	(11,628)	(5,607)	(6,021)
Purchase of finished products	(10,073)	(3,967)	(6,106)
Other purchases	(828)	(552)	(276)
Change in inventory of raw materials, consumables and goods for re-sale	(1,163)	(6,366)	5,203
Total	**(215,697)**	**(193,686)**	**(22,011)**

Raw materials and consumables increased by approx. Euro 22 million due both to the increase in production volumes and the increase in the raw material cost, in particular of metals, copper and oil-based materials, whose costs increased on the back of rising oil prices. The effect of the consolidation of the Chinese, Indian and Russian subsidiaries on the present account was approx. Euro 11.8 million, net of inter-company revenues.

4. Services

In Euro thousands	**FY 2011**	**FY 2010**	**Change**
Outsourcing expenses	(27,062)	(30,262)	3,200
Transport	(7,876)	(7,503)	(373)
Finished goods inventories	(4,174)	(3,951)	(223)
Consulting	(5,334)	(6,644)	1,310
Other professional services	(8,158)	(7,367)	(791)
Maintenance	(2,409)	(2,280)	(129)
Utilities	(4,201)	(3,983)	(218)
Commissions	(2,702)	(2,513)	(189)
Travel expenses	(2,870)	(2,748)	(122)
Advertising	(3,806)	(2,118)	(1,688)
Insurance	(1,246)	(1,349)	103
Directors & Statutory Auditor fees	(1,224)	(1,112)	(112)
Trade fairs and promotional events	(1,358)	(1,006)	(352)
Industrial services	(413)	(599)	186
Banking commissions and charges	(396)	(438)	42
Total Services	**(73,228)**	**(73,873)**	**645**

Service costs remained stable, however with increased revenues reduced as a percentage of revenues from 20% to 19%.

5. Net financial income (charges)

In Euro thousands	**FY 2011**	**FY 2010**	**Change**
Financial income	229	1,383	(1,154)
Financial charges	(4,260)	(2,678)	(1,582)
Exchange gains/(losses)	(1,611)	313	(1,925)
Total net financial income/(charges)	**(5,642)**	**(982)**	**(4,660)**

Net financial charges increased by Euro 4.7 million. "Financial income" in 2010 included Euro 949 thousand related to the fee from Whirlpool for the acquisition of 1,899,684 shares of the Company in accordance with the Second Modifying Agreement of the Share Option Agreement of June 15, 2009 and the Supplementary Agreement of March 8, 2010. These agreements concern, among other issues, the purchase of shares of the Company by Whirlpool until February 23, 2010 and subject to the payment of Euro 0.50 on each share purchased. Further information on the modifying agreement is contained in the Annual Corporate Governance and Shareholder Report available on the website www.elicagroup.com. On the other hand "financial charges" increased, principally related to the loan for the acquisition of the holding in the company Putian. Finally, exchange rate movements had a negative impact on the Group result.

6. Property, plant & equipment

The breakdown of property, plant and equipment at December 31, 2011 and December 31, 2010 is detailed below.

In Euro thousands	31/12/2011	31/12/2010	Change
Land, land usage rights and buildings	50,142	51,573	(1,431)
Plant and machinery	19,973	19,087	885
Industrial and commercial equipment	10,271	8,878	1,393
Other assets	3,866	3,282	584
Intangible assets under development and advances	913	860	53
Total fixed assets	**85,165**	**83,680**	**1,485**

Property, plant and equipment increased from Euro 83,680 thousand at December 31, 2010 to Euro 85,165 thousand at December 31, 2011, an increase of Euro 1,485 thousand as a result of the sales, purchases and of depreciation recorded in the income statement of Euro 9,964 thousand.

7. Goodwill

In Euro thousands	31/12/2011	31/12/2010	Change
Goodwill recorded by subsidiaries	41,765	41,167	598
Total goodwill	**41,765**	**41,167**	**598**

The account did not substantially change on December 31, 2010. The increase of Euro 598 thousand is due to the movement of the Euro against the Chinese currency.

8. Other intangible assets

In Euro thousands	31/12/2011	31/12/2010	Change
Development Costs	2,855	2,575	280
Industrial patents and intellectual property rights	9,120	9,793	(674)
Concessions, licenses, trade marks & similar	1,856	1,989	(133)
Intangible assets under development and advances	4,428	2,491	1,936
Other intangible assets	6,166	7,018	(853)
Total other intangible fixed assets	**24,424**	**23,868**	**556**

This account did not change significantly. The other intangible assets increased from Euro 23,868 thousand at December 31, 2010 to Euro 24,424 thousand at December 31, 2011, an increase of Euro 556 thousand as a result of the purchases, sales and amortisation recorded to the income statement of Euro 4,539 thousand. 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.

9. Trade and financial receivables

(in Euro thousands)	31/12/2011	31/12/2010	Change
Trade receivables	82,104	89,269	(7,165)
Receivables from associated companies	103	7	96
Total	**82,207**	**89,276**	**(7,069)**

This account does not include any receivables due after more than five years at the period-end. 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.

10. Inventories

In Euro thousands	31/12/2011	31/12/2010	Change
Raw material, ancillary and consumables	21,817	18,597	3,220
Products in work-in-progress and semi-finished	10,815	11,220	(405)
Finished products and goods for resale	17,893	12,341	5,552
Advances	72	513	(440)
Total	**50,598**	**42,671**	**7,927**

Inventories increased from Euro 42,671 thousand at December 31, 2010 to Euro 50,598 thousand at December 31, 2011. 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.

11. Provisions for risks and charges

(in Euro thousands)	31/12/2011	31/12/2010	Change
Supplementary agent termination benefits	529	551	(22)
Directors' termination benefits	109	109	(0)
Product warranty provisions	1,218	866	352
Provisions for risks	1,865	3,409	(1,544)
Restructuring provisions	200	1,278	(1,078)
Personnel Fund	424	2,907	(2,483)
Other Provisions	43	86	(43)
Total	**4,388**	**9,207**	**(4,819)**
of which			
Non-current	2,505	8,254	(5,749)
Current	1,883	953	930
Total	**4,388**	**9,207**	**(4,819)**

"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 "Provisions for risks" 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" shows a balance of Euro 200 thousand following utilisations and provisions made in 2011.
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.

12. Segment information

As outlined in the paragraph "Group structure and activities" in 2011 the Group reviewed the Corporate Reporting system, and which remains under review, without substantial amendments to the set of internal reports reviewed periodically by management, but with greater emphasis placed on the geographic breakdown of data rather than analysis by product. As per IFRS 8, from the present report the segment disclosure is reviewed and reported in line with that utilised by management for the undertaking of operational decisions. For the purposes of comparison, the disclosure relating to the previous periods was restated.
The present reporting is in line with group management strategy which increasingly has a global focus, with a direct presence now established in Europe, America and Asia. In this manner the Group can provide information which enables readers of the financial statements to evaluate the nature and effects on the financial statements of the strategies undertaken and of the general economic context.

The new operational segments are as follows:

- "Europe": production and sale of range hoods, accessories and electric motors developed by the 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 and the Russian company Elica Trading LLC;

- "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 Services 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.

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

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

INCOME STATEMENT	Europe		The Americas		Asia		Not allocated and eliminations		Consolidated	
	FY 11	FY 10 (*)	FY 11	FY 10 (*)	FY 11	FY 10 (*)	FY 11	FY 10 (*)	FY 11	FY 10 (*)
Segment revenue:										
third parties	304,239	312,925	35,411	29,177	38,718	26,098	38		378,406	368,265
Inter-segment	10,076	8,629	8	254	1,682	439	(11,766)	(9,256)	-	-
Total revenues	**314,315**	**321,554**	**35,418**	**29,430**	**40,400**	**26,537**	**(11,728)**	**(9,256)**	**378,406**	**368,265**
Segment result:	**31,754**	**32,432**	**2,781**	**1,034**	**696**	**4,325**			**35,231**	**37,791**
Overheads not allocated									**(23,192)**	**(27,238)**
Operating profit									**12,039**	**10,553**
Share of profit/(loss) from associates							(45)	(592)	(45)	(592)
Financial income							229	1,383	229	1,383
Financial charges							(4,260)	(2,677)	(4,260)	(2,677)
Exchange gains/(losses)							(1,616)	313	(1,616)	313
Profit before taxes							**6,347**	**8,978**	**6,347**	**8,978**
Income taxes							(2,231)	(3,402)	(2,231)	(3,402)
Net profit from normal operations							**4,116**	**5,576**	**4,116**	**5,576**
Net profit from discontinued operations							-	-	-	-
Net profit for the year							**4,116**	**5,576**	**4,116**	**5,576**

***(*)** The data relating to the previous year was restated for comparability with December 31, 2011.*

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

BALANCE SHEET	Europe		The Americas		Asia and Rest of the World		Not allocated and eliminations		Consolidated	
	Dec 11	Dec 10 (*)	Dec 11	Dec 10 (*)	Dec 11	Dec 10 (*)	Dec 11	Dec 10 (*)	Dec 11	Dec 10 (*)
Activities:										
Segment assets	234,948	234,097	30,253	29,292	33,540	31,134	(6,777)	(4,724)	291,964	289,800
Investments	74,299	44,854		-		-	(72,922)	(43,138)	1,377	1,717
Unallocated assets				-		-	36,029	40,599	36,029	40,599
Total operational assets	**309,248**	**278,951**	**30,253**	**29,292**	**33,540**	**31,134**	**(43,671)**	**(7,263)**	**329,370**	**332,115**
Total assets of discontinued operations	**1,065**		**-**		**-**		**-**		**1,065**	
Total Assets	**310,312**	**278,951**	**30,253**	**29,292**	**33,540**	**31,134**	**(43,671)**	**(7,263)**	**330,434**	**332,115**
Liabilities										
Segment liabilities	(109,795)	(115,672)	(10,898)	(8,820)	(12,779)	(12,314)	6,763	4,202	(126,709)	(132,603)
Liabilities not allocated		-		-		-	(88,827)	(59,982)	(88,827)	(59,982)
Shareholders' Equity		-		-		-	(114,899)	(139,531)	(114,899)	(139,531)
Total operational liabilities	**(109,795)**	**(115,672)**	**(10,898)**	**(8,820)**	**(12,779)**	**(12,314)**	**(196,962)**	**(195,310)**	**(330,434)**	**(332,115)**
Total liabilities of discontinued operations			-		-					
Total equity and Liabilities	**(109,795)**	**(115,672)**	**(10,898)**	**(8,820)**	**(12,779)**	**(12,314)**	**(196,962)**	**(195,310)**	**(330,434)**	**(332,115)**

***(*)** The data relating to the previous year was restated for comparability with December 31, 2011.*

13. Acquisitions and asset transfers

Acquisition of 15% of Zhejiang Putian Electric

In 2011, Elica acquired a further 15% stake in the share capital of the Chinese company Zhejiang Putian Electric. The effects of this operation are summarised in the table below:

(in Euro thousands)	Carrying value based on Group principles	Fair value adjustments	Fair value
Property, plant & equipment	3,868	3,093	6,961
Land usage rights	551	5,127	5,678
Other intangible assets	97	-	97
Trade receivables	1,216	-	1,216
Inventories	2,218	-	2,218
Other receivables	87	-	87
Deferred tax assets	130	-	130
Cash and cash equivalents	2,225	-	2,225
Deferred tax liabilities	(601)	(2,055)	(2,656)
Trade payables	(2,343)	-	(2,343)
Other payables	(467)	-	(467)
Tax payables	(187)	-	(187)
Total Shareholders' Equity	**6,794**	**6,165**	**12,959**
Share acquired (15%)			**1,944**
Reduction Group & Consolidated Group net equity			27,841
Total acquisition cost			**29,785**

Fabriano, February 14, 2012

The Chairman

Francesco Casoli

Declaration of the executive responsible for the preparation of the corporate accounting documents in accordance with Article 154 bis, paragraph 2 of Legislative Decree 58/1998

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

Fabriano, February 14, 2012

The Chief Executive Officer
Andrea Sasso

Executive responsible for the preparation
of corporate accounting documents
Alberto Romagnoli