Elica S.p.A.

Interim Report

at December 31, 2013

Contents

Corporate boards

Members of the Board of Directors

Francesco Casoli
Executive Chairman,
born in Senigallia (AN) on 5/6/1961, appointed by resolution of 27/4/2012.

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 13/9/2012.

Gianna Pieralisi
Executive Director, born in Monsano (AN) 12/12/1934, appointed by resolution of 27/4/2012.

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 27/4/2012.

Andrea Sasso
Director, born in Rome on 24/8/1965, appointed by resolution of 27/4/2012.

Elena Magri
Independent Director, born in Brescia (BS) on 19/7/1946, appointed by resolution of 27/4/2012.

Evasio Novarese
Independent Director, born in Omegna (VA) on 25/08/1947, appointed by the Shareholders' Meeting of 24/04/2013 (deed of 7/5/2013).

Members of the Board of Statutory Auditors

Corrado Mariotti
Chairman, born in Numana (AN) on 29/2/1944, appointed by resolution of 27/4/2012.

Stefano Marasca
Statutory Auditor, born in Osimo (AN) on 9/8/1960, appointed by resolution of 27/4/2012.

Gilberto Casali
Statutory Auditor, born in Jesi (AN) on 14/1/1954, appointed by resolution of 27/4/2012.

Franco Borioni
Alternate Auditor, born in Jesi (AN) on 23/6/1945, appointed by resolution of 27/4/2012.

Daniele Capecci
Alternate Auditor, born in Jesi (AN) on 3/4/1972, appointed by resolution of 27/4/2012.

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 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

Investor Relations Manager
Laura Giovanetti
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Interim Report at December 31, 2013

Following the application of the amendments to IAS 19, the 2012 figures have been restated.

Financial and operating review

In Euro thousands	2013	% revenues	2012 restated	% revenues	13 Vs 12 %
Revenues	391,849		384,892		1.8%
EBITDA before restructuring costs	28,853	7.4%	26,962	7.0%	7.0%
EBITDA	22,857	5.8%	26,962	7.0%	(15.2%)
EBIT	6,869	1.8%	12,062	3.1%	(43.1%)
Financial income/(charges)	(4,455)	(1.1%)	(4,206)	(1.1%)	5.9%
Income taxes	(988)	(0.3%)	(2,794)	(0.7%)	(64.6%)
Net profit from continuing operations	1,426	0.4%	5,062	1.3%	(71.8%)
Net profit from continuing operations and discontinuing operations	1,426	0.4%	5,062	1.3%	(71.8%)
Group Net Profit	**1,357**	**0.4%**	**5,011**	**1.3%**	**(72.9%)**
Basic earnings per share on continuing operations and discontinuing operations (Euro/cents)	2.19		8.33		(73.7%)
Diluted earnings per share on continuing operations and discontinuing operations (Euro/cents)	2.19		8.30		(73.7%)

The earnings per share for 2013 and 2012 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 2013	% revenues	Q4 2012 restated	% revenues	13 Vs 12 %
Revenues	101,274		100,045		1.2%
EBITDA before restructuring costs	9,102	9.0%	9,047	9.0%	0.6%
EBITDA	4,500	4.4%	9,047	9.0%	(50.3%)
EBIT	492	0.5%	5,243	5.2%	(90.6%)
Financial income/(charges)	(1,012)	(1.0%)	(1,447)	(1.5%)	(30.1%)
Income taxes	558	0.6%	(636)	(0.6%)	(187.8%)
Net profit from continuing operations	38	0.0%	3,160	3.2%	(98.8%)
Net profit from continuing operations and discontinuing operations	38	0.0%	3,160	3.2%	(98.8%)
Group Net Profit/(loss)	**(55)**	**(0.1%)**	**3,278**	**3.3%**	**(101.7%)**
Basic earnings per share on continuing operations and discontinuing operations (Euro/cents)	(0.09)		5.45		(101.6%)
Diluted earnings per share on continuing operations and discontinuing operations (Euro/cents)	(0.09)		5.43		(101.6%)

The earnings per share for Q4 2013 and 2012 were calculated by dividing the Group 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	Dec 31, 13	Sep 30, 13	Dec 31, 12 restated
Trade receivables	74,497	77,616	77,465
Inventories	52,327	54,518	49,597
Trade payables	(85,520)	(90,450)	(88,716)
Managerial Working Capital	**41,304**	**41,684**	**38,346**
as a % of annualised revenues	*10.5%*	*10.8%*	*10.0%*
Other net receivables/payables	(13,237)	(6,416)	(761)
Net Working Capital	**28,067**	**35,268**	**37,585**
as a % of annualised revenues	*7.2%*	*9.1%*	*9.8%*

In Euro thousands	Dec 31, 13	Sep 30, 13	Dec 31, 12 restated
Cash and cash equivalents	**27,664**	**25,585**	**29,551**
Finance leases and other lenders	(14)	(15)	(333)
Bank loans and mortgages	(37,757)	(41,497)	(46,343)
Long-term debt	**(37,771)**	**(41,512)**	**(46,676)**
Finance leases and other lenders	(14)	(13)	(40)
Bank loans and mortgages	(46,554)	(46,370)	(45,165)
Short-term debt	**(46,568)**	**(46,383)**	**(45,205)**
Net Debt	**(56,675)**	**(62,310)**	**(62,330)**

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 2013

Elica Group revenues in the Fourth Quarter of 2013 grew 1.2% compared to the same period of 2012 (+4.4% at like-for-like exchange rates). The Cooking Segment reported revenues substantially in line with Q4 2012 (+0.4%), with a significant increase in own brand product sales (+8.3%). Global range hood demand in the quarter reported growth of 3.6%[1], consolidating on the two preceding quarters, driven by the recoveries of the Chinese and North American markets. The Motors Segment in Q4 2013 reported an increase in revenues (+6.5% compared to the same period of 2012) due to improved heating and ventilation segment sales.
Analysing revenues from sales in the principal markets[2], the Americas contributed significantly to revenue growth (+9.0% compared to Q4 2012), while revenues in Asia decreased 3.8% - not due to a contraction in sales but rather as a result of currency movements - principally concerning the average exchange rate of the Japanese Yen and the Indian Rupee compared to the same quarter of 2012 (see table below). European sales increased 1.0%, continuing the recovery begun in the previous quarter.

EBITDA in the fourth quarter of 2013 of Euro 4.5 million contracted 50.3% on Q4 2012, principally due to the provisioning of restructuring costs related to the Workforce Restructuring Plan both in Italy and at the Chinese subsidiary (Euro 4.6 million in the quarter). EBITDA in the fourth quarter before restructuring costs totalled Euro 9.1 million, substantially in line with Q4 2012. The improved operating margin in the quarter following an improved sales mix, industrial efficiencies and the overhead cost reduction programme was partially offset by higher charges following the introduction of the Long Term Incentive Plan.

[1] **Global range hood market volumes**
[2] **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.**

Financial charges as a percentage of net revenues reduced from -1.5% in the fourth quarter of 2012 to -1.0% in the fourth quarter of 2013, following the reduction in the average debt and the improved currency management performance.

In Q4 2013 the Group reported substantial break-even compared to a Net Profit of Euro 3.3 million in Q4 2012 - despite the significant impact of the Workforce Restructuring Plan provisions allocated in the period.

The Managerial Working Capital on annualised revenues of 10.5% was slightly above the 10.0% level of December 31, 2012, due to the increase in inventories following an improved demand mix.

The Net Debt at December 31, 2013 totaled Euro 56.7 million, reducing on Euro 62.3 million at December 31, 2012, thanks to the strong cash generation from operating activities.

	Average 2013	**Average 2012**	**%**	**Average Q4 2013**	**Avwerage Q4 2012**	**%**	**Dec 31, 13**	**Dec 31, 12**	**%**
USD	1.33	1.28	3.9%	1.36	1.3	4.6%	1.38	1.32	4,5%
JPY	129.66	102.49	26.5%	136.48	105.12	29.8%	139.21	113.61	22,5%
PLN	4.2	4.18	0.5%	4.19	4.11	1.9%	4.15	4.07	2,0%
MXN	16.96	16.9	0.4%	17.73	16.78	5.7%	18.07	17.18	5,2%
INR	77.93	68.6	13.6%	84.4	70.2	20.2%	85.37	72.56	17,7%
CNY	8.16	8.11	0.6%	8.29	8.1	2.3%	8.35	8.22	1,6%
RUB	42.34	39.93	6.0%	44.29	40.31	9.9%	45.32	40.33	12,4%
GBP	0.85	0.81	4.9%	0.84	0.81	3.7%	0.83	0.82	1,2%

In 2013, the Euro average exchange rate strengthened against all currencies to which the Group is exposed.

Significant events in Q4 2013

The Board of Directors of Elica S.p.A. on November 14, 2013 approved the 2013 Third Quarter Report, prepared in accordance with IFRS accounting standards. Following its drafting in the first six months of the year and in line with Borsa Italiana notice No. 8342 of May 6, 2013 and Article 6.P.2 of the Self-Governance Code, the Board of Directors of Elica S.p.A. approved on the same date the setting up of the Long Term Incentive Plan, delegating the Chief Executing Officer with the preparation of the Regulation, based on the parameters approved by the Board. The Board of Directors of Elica S.p.A. also approved at the meeting the new version of the Regulation for the handling of corporate information and the governance of the Insider Register.

Elica Group structure and consolidation scope

Structure of the Elica Group

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 December 31, 2013

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 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) (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). 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 June 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.

Associated companies

o I.S.M. S.r.l. – 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

There were no changes in the consolidation scope compared to December 31, 2012.

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

On January 23, 2014, in accordance with article 2.6.2, paragraph 1, letter b) of the Regulations of the Markets organised and managed by Borsa Italiana S.p.A., Elica S.p.A. published the financial calendar for the year 2014.

The Group carries out an ongoing and extensive monitoring of demand dynamics, which in 2013 appeared strong across all regions compared to 2012, with the exception of Western Europe and South America.

In view of the fourth quarter preliminary results, the Group has comfortably achieved the Guidance 2013 performance objectives, announced to the market on May 14, 2013, which estimated revenue growth of between 1% and 3% and an improvement in consolidated EBITDA, before restructuring costs, of between 2% and 7% on 2012, and a Net Debt of not greater than Euro 57 million at the end of 2013. Based on current developments, the Group estimates for 2014 a positive outlook for the global range hood markets, with growth in the Americas of between 5% and 7%, in Asia of between 0% and 3% and a return to growth in Europe after two years (between +0% and +2%).

In a global cooker hood marketplace which expects growth in the Americas and stable or slight growth in Asia and Europe, the **Elica Group for 2014 forecasts an increase in consolidated revenues of between 1% and 3% and an improvement** in consolidated **EBITDA**[3] **of between 4% and 7%** on 2013, and targets a **Net Debt of not greater than Euro 52 million** at the end of 2014.

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.

[3] **Before any restructuring costs**

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Consolidated Income Statement – Q4 2013 and FY 2013

In Euro thousands	***Note***	**Q4 2013**	**Q4 2012 restated**	**FY 2013**	**FY 2012 restated**
Revenues	**1.**	101,274	100,045	391,849	384,892
Other operating revenues		2,241	1,962	4,221	4,315
Changes in inventories of finished and semi-finished goods		(725)	(5,442)	2,281	(171)
Increase in internal work capitalised		1,269	2,031	3,642	4,294
Raw materials and consumables	**2.**	(54,529)	(50,886)	(216,809)	(214,265)
Services	**3.**	(18,296)	(18,460)	(69,332)	(70,570)
Labour costs	**4.**	(19,384)	(17,371)	(78,386)	(71,486)
Amortisation & Depreciation		(4,008)	(3,804)	(15,988)	(14,900)
Other operating expenses and provisions		(2,748)	(2,832)	(8,613)	(10,047)
Restructuring costs		(4,602)	-	(5,996)	-
EBIT		**492**	**5,243**	**6,869**	**12,062**
Share of profit/(loss) from associates		8	33	(10)	17
Financial income	**5.**	50	182	207	155
Financial charges	**5.**	(1,066)	(1,334)	(4,120)	(4,429)
Exchange gains/(losses)	**5.**	(4)	(328)	(532)	51
Profit/(loss) before taxes		**(520)**	**3,796**	**2,414**	**7,856**
Income taxes		558	(636)	(988)	(2,794)
Net profit from continuing operations		**38**	**3,160**	**1,426**	**5,062**
Net profit from discontinued operations		-	-	-	-
Net profit		**38**	**3,160**	**1,426**	**5,062**
of which:					
Minority interests share		93	(118)	69	51
Group Net Profit		(55)	3,278	1,357	5,011
Basic earnings per Share (Euro/cents)		(0.11)	5.45	2.22	8.33
Diluted earnings per Share (Euro/cents)		(0.10)	5.43	2.22	8.30

Comprehensive Consolidated Income Statement – Q4 2013 and FY 2013

In Euro thousands	Q4 13	Q4 12 restated	FY 2013	FY 2012 restated
Net Profit	**38**	**3,160**	**1,426**	**5,062**
Other comprehensive profits/(losses) which may not be subsequently reclassified to net profit/(loss) for the period:				
Actuarial gains/(losses) of employee defined plans	316	(759)	867	(2,493)
Tax effect concerning the Other profits/(losses) which may not be subsequently reclassified to the net profit/(loss) for the period	7	183	(199)	609
Total other comprehensive profits/(losses) which may not be subsequently reclassified to net profit/(loss) for the period, net of the tax effect	**323**	**(576)**	**668**	**(1,884)**
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	(496)	(741)	(3,639)	2,323
Net change in cash flow hedges	195	(102)	306	(247)
Tax effect concerning the Other profits/(losses) which may be subsequently be reclassified to the net profit/(loss) for the period	(50)	24	(84)	54
Total other comprehensive profits/(losses) which may be subsequently reclassified to net profit/(loss) for the period, net of the tax effect	**(351)**	**(819)**	**(3,417)**	**2,130**
Total other comprehensive income statement items, net of the tax effect:	**(28)**	**(1,395)**	**(2,749)**	**246**
Total comprehensive profit/(loss)	**10**	**1,765**	**(1,323)**	**5,308**
of which:				
Minority interests share	(76)	(18)	(669)	111
Group comprehensive profit/(loss)	86	1,782	(654)	5,198

Consolidated Balance Sheet at December 31, 2013

In Euro thousands	***Note***	**Dec 31, 13**	**Dec 31, 12 restated**	**Jan 1, 12 restated**
Property, plant & equipment	**6.**	81,932	86,861	85,165
Goodwill	**7.**	41,584	41,705	41,765
Other intangible assets	**8.**	25,336	25,426	24,424
Investments in associated companies		1,383	1,394	1,377
Other receivables		190	245	276
Tax receivables		6	6	6
Deferred tax assets		13,608	10,387	10,032
AFS financial assets		156	156	672
Derivative financial instruments		1	-	29
Total non-current assets		**164,196**	**166,180**	**163,746**
Trade and financial receivables	**9.**	74,497	77,465	82,207
Inventories	**10.**	52,327	49,597	50,598
Other receivables		6,306	5,816	6,036
Tax receivables		7,747	9,035	5,943
Derivative financial instruments		519	638	813
Cash and cash equivalents		27,664	29,551	20,026
Current assets		**169,060**	**172,102**	**165,623**
Assets of discontinued operations		**2,395**	**-**	**1,065**
Total Assets		**335,651**	**338,282**	**330,434**
Liabilities for post-employment benefits	**13.**	11,230	12,178	9,981
Provisions for risks and charges	**11.**	3,333	2,710	2,505
Deferred tax liabilities		5,117	5,376	6,425
Finance leases and other lenders		14	333	56
Bank loans and mortgages		37,757	46,343	45,105
Other payables		987	1,174	1,859
Tax payables		677	807	888
Derivative financial instruments		166	373	60
Non-current liabilities		**59,281**	**69,293**	**66,879**
Provisions for risks and charges	**11.**	4,172	2,086	1,882
Finance leases and other lenders		14	40	25
Bank loans and mortgages		46,554	45,165	43,640
Trade payables		85,520	88,716	89,806
Other payables		15,801	8,366	10,211
Tax payables		7,317	5,160	2,814
Derivative financial instruments		251	907	1,004
Current liabilities		**159,629**	**150,440**	**149,382**
Share capital		12,665	12,665	12,665
Capital reserves		71,123	71,123	71,123
Hedging, translation and stock option reserve		(8,525)	(5,356)	(5,668)
Reserve for actuarial profit/losses	**13.**	(1,898)	(2,544)	(705)
Treasury shares		(3,551)	(8,815)	(8,815)
Retained earnings		40,294	39,926	34,684
Group Profit		1,357	5,008	4,162
Group shareholders' equity		**111,465**	**112,007**	**107,446**
Capital and reserves of minority interests		5,207	6,492	6,773
Minority interest profit/(loss)		69	50	(46)
Minority interest equity		**5,276**	**6,542**	**6,727**
Consolidated shareholders' equity		**116,741**	**118,549**	**114,173**
Total liabilities and equity		**335,651**	**338,282**	**330,434**

Consolidated Cash Flow Statement at December 31, 2013

In Euro thousands	Dec 31, 13	Dec 31, 12 restated
Opening cash and cash equivalents	**29,551**	**20,025**
EBIT- Operating profit	6,869	12,062
Amortisation, depreciation and write-downs	15,988	14,900
EBITDA	22,857	26,962
Trade working capital	(3,131)	5,666
Other working capital accounts	9,394	(2,307)
Income taxes paid	(4,835)	(3,642)
Change in provisions	2,376	(328)
Other changes	(3,218)	(3,414)
Cash flow from operating activity	**23,443**	**22,937**
Net increases	(14,034)	(14,040)
Intangible assets	(5,146)	(5,392)
Property, plant & equipment	(8,888)	(9,341)
Equity investments and other financial assets	0	693
Acquisition/Sale of investments	0	1,865
Cash flow from investments	**(14,034)**	**(12,175)**
(Acquisition)/Sale of treasury shares	1,928	0
Other movements in share capital	0	0
Dividends	(700)	0
Increase (decrease) financial payables	(7,024)	3,139
Net changes in other financial assets/liabilities	(896)	(215)
Interest paid	(3,575)	(3,959)
Cash flow from financing activity	**(10,267)**	**(1,035)**
Change in cash and cash equivalents	**(858)**	**9,726**
Effect of exchange rate change on liquidity	**(1,029)**	**(200)**
Closing cash and cash equivalents	**27,664**	**29,551**

Notes to the Interim Report at December 31, 2013

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 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.

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, 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, 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 period, are shown in the table below:

	Average 2013	Average 2012	%	Dec. 31, 13	Dec. 31, 12	%
USD	1.33	1.28	3.9%	1.38	1.32	4.5%
JPY	129.66	102.49	26.5%	139.21	113.61	22.5%
PLN	4.20	4.18	0.5%	4.15	4.07	2.0%
MXN	16.96	16.90	0.4%	18.07	17.18	5.2%
INR	77.93	68.60	13.6%	85.37	72.56	17.7%
CNY	8.16	8.11	0.6%	8.35	8.22	1.6%
RUB	42.34	39.93	6.0%	45.32	40.33	12.4%

Criteria for the preparation of the Interim Report

The Interim Directors' Report at December 31, 2013 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, 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 December 31, 2013 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). The same accounting principles were adopted in the preparation of the Consolidated Financial Statements at December 31, 2012, except for the new aspects of IAS 19, which necessitated a restatement. 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 for the preparation of the consolidated financial statements at December 31, 2012, except for the Introduction of the new "Reserve for actuarial profit/losses", based on the new aspects of IAS 19, described below.

On June 16, 2011, the IASB issued an amendment to IAS 19 – "Employee benefits" which removes the option to defer recognition of gains or losses under the corridor method, requiring presentation in the balance sheet of the deficit or surplus of the relevant provision and the recognition to the income statement of the labour cost components and net financial charges and the recognition of the gains or losses which derive from the recalculation of the assets and liabilities under Other Comprehensive Income. In addition the income from the assets included under net financial charges must be calculated based on the discount rate of the liability and no longer on the expected income. The amendment is applicable in retrospective manner from periods beginning January 1, 2013.
It was therefore necessary to include a restatement column for December 31, 2012 for the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement and the Balance Sheet; for this latter the values at January 1, 2012 have also been reported, in which the effects of the application of the new requirements were presented. Essentially, this resulted in an increase in Post-Employment Benefits recognised against the "Reserve for actuarial profit/loss" and a reduction of the Deferred Tax Liability against the same reserve. In addition, this affected also the Minority Interest Equity account. At income statement level, we reversed the impact of the provision, which was calculated according to the corridor method.

On June 16, 2011, the IASB issued an amendment to IAS 1 – "Presentation of Financial Statements" requiring companies to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement. The adoption of this amendment did not have any impact on the valuation of any accounts in the financial statements.

On May 12, 2011 the IASB issued IFRS 13 – "Fair value measurement" which clarifies how the fair value is calculated for the purposes of the financial statements and is applied to all IFRS standards which require or permit the calculation of the fair value or the presentation of information based on the fair value. The application did not produce significant changes.

Composition and main changes in the Income Statement and Balance Sheet

1. Revenues

In Euro thousands	2013	2012 restated	Changes
Revenues	**391,849**	**384,892**	**6,957**

For the comments relating to the changes in revenues, reference should be made to the paragraph "Operating review Q4 2013". The growth of Euro 6.9 million represents a 1.8% increase. Sales information by sector is reported in note 12.

2. Raw materials and consumables

In Euro thousands	2013	2012 restated	Changes
Purchase of raw materials	(185,462)	(184,106)	(1,356)
Shipping expenses on purchases	(4,267)	(4,188)	(79)
Purchases of consumable materials	(2,116)	(1,746)	(370)
Packaging	(4,256)	(3,530)	(726)
Purchases of supplies	(770)	(684)	(86)
Purchases of semi-finished materials	(14,488)	(12,710)	(1,778)
Purchase of finished products	(6,417)	(5,683)	(734)
Other purchases	(689)	(703)	14
Change in inventory of raw materials, consumables and goods for re-sale	1,656	(915)	2,571
Total	**(216,809)**	**(214,265)**	**(2,544)**

Raw materials and consumables increased by approx. Euro 2.5 million (1.2%), concentrated particularly in the Purchases of raw materials and Purchases of semi-finished products accounts, only partially offset by the decrease in Change in inventory of raw materials, consumables and goods for resale.

3. Services

In Euro thousands	2013	2012 restated	Changes
Outsourcing expenses	(23,885)	(24,660)	775
Transport	(8,404)	(8,385)	(19)
Finished goods inventories	(3,672)	(4,562)	890
Consulting	(4,888)	(4,710)	(178)
Other professional services	(8,815)	(8,530)	(285)
Maintenance	(2,189)	(1,369)	(820)
Utilities	(5,017)	(4,901)	(116)
Commissions	(2,136)	(2,610)	474
Travel expenses	(3,090)	(2,863)	(227)
Advertising	(2,807)	(2,817)	10
Insurance	(1,238)	(1,231)	(7)
Directors & Statutory Auditor fees	(1,591)	(1,299)	(292)
Trade fairs and promotional events	(753)	(1,841)	1,088
Industrial services	(490)	(442)	(48)
Banking commissions and charges	(357)	(350)	(7)
Total Services	**(69,332)**	**(70,570)**	**1,238**

Service costs reduced by approx. Euro 1,238 thousand, principally due to the Finished goods inventories, Trade Fairs and promotional events accounts. As a percentage on revenues, these costs decreased from 18.3% to 17.7%.

4. Labour costs

In Euro thousands	2013	2012 restated	Changes
Wages and salaries	(56,515)	(51,611)	(4,904)
Social security charges	(15,286)	(14,596)	(690)
Post-employment benefits	(3,044)	(2,850)	(194)
Other costs	(3,541)	(2,429)	(1,112)
Total labour costs	**(78,386)**	**(71,486)**	**(6,899)**

The increase in the account is principally related to the effects of the new collective work contract, the expansion of the workforce at a number of overseas subsidiaries and the recognition of the cost relating to the Long Term Incentive Plan set up by the Board of Directors on November 14, 2013. As highlighted in note 13 below, in the Restatement of the 2012 income statement we reversed the provision of the corridor approach in the valuation of the Post-employment benefit provision. The impact amounted to Euro 6 thousand.

5. Net financial charges

In Euro thousands	2013	2012 restated	Changes
Financial income	207	155	52
Financial charges	(4,120)	(4,429)	309
Exchange gains/(losses)	(532)	51	(583)
Total net financial charges	**(4,445)**	**(4,223)**	**(222)**

Net financial charges increased, principally due to currency movements.

6. Property, plant & equipment

The breakdown of property, plant and equipment at December 31, 2013 and December 31, 2012 is detailed below.

In Euro thousands	Dec 31, 2013	Dec 31, 2012 restated	Changes
Land, land usage rights and buildings	45,497	49,661	(4,164)
Plant and machinery	20,002	20,259	(257)
Industrial and commercial equipment	12,632	12,412	220
Other assets	3,150	3,405	(255)
Assets in progress and advances	651	1,124	(473)
Total property, plant and equipment	**81,932**	**86,861**	**(4,929)**

Property, plant and equipment decreased from Euro 86,861 thousand at December 31, 2012 to Euro 81,932 thousand at December 31, 2013, a reduction of Euro 4,929 thousand as a result of sales, purchases, reclassifications to discontinued assets and of depreciation recorded to the income statement of Euro 10,782 thousand.

7. Goodwill

In Euro thousands	2013	Dec 31, 12 restated	Changes
Goodwill recorded by subsidiaries	41,584	41,705	(121)
Total goodwill	**41,584**	**41,705**	**(121)**

The account did not substantially change on December 31, 2012. The decrease of Euro 121 thousand is due to the movement of the Euro against the Chinese currency.

8. Other intangible assets

In Euro thousands	Dec 31, 13	Dec 31, 12 restated	Changes
Development Costs	6,714	6,270	444
Industrial patents and intellectual property rights	8,249	8,986	(737)
Concessions, licenses, trademarks & similar rights	1,619	1,744	(125)
Assets in progress and advances	4,275	3,111	1,164
Other intangible assets	4,479	5,315	(836)
Total other intangible fixed assets	**25,336**	**25,426**	**(90)**

The Other intangible assets decreased from Euro 25,426 thousand at December 31, 2012 to Euro 25,336 thousand at December 31, 2013, a net reduction of Euro 90 thousand as a result of the purchases, sales and amortisation recorded to the income statement of Euro 5,207 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)	Dec 31, 13	Dec 31, 12 restated	Changes
Trade receivables	74,397	77,364	(2,967)
Receivables from associated companies	101	101	-
Total	**74,497**	**77,465**	**(2,967)**

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	Dec 31, 13	Dec 31, 12 restated	Changes
Raw material, ancillary and consumables	22,850	22,111	739
Raw materials obsolescence provision	(1,348)	(1,292)	(56)
Total	21,502	20,819	683
Products in work-in-progress and semi-finished	12,431	11,769	662
Semi-finished product obsolescence provision	(760)	(767)	7
Total	11,671	11,002	669
Finished products and goods for resale	20,430	19,078	1,352
Finished products obsolescence provision	(1,293)	(1,357)	64
Total	19,137	17,721	1,416
Advances	17	55	(38)
Total inventories	**52,327**	**49,597**	**2,730**

Inventories increased from Euro 49,597 thousand at December 31, 2012 to Euro 52,327 thousand at December 31, 2013. 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)	Dec 31, 13	Dec 31, 12 restated	Changes
Supplementary agent termination benefits	418	465	(47)
Product warranty provisions	1,519	1,531	(12)
Provisions for risks	1,426	2,244	(818)
Restructuring provision	750	-	750
Personnel Fund	1,903	487	1,416
LTI Provision	1,399	-	1,399
Other Provisions	90	69	21
Total	**7,505**	**4,796**	**2,709**
of which			
Non-current	3,333	2,710	623
Current	4,172	2,086	2,086
Total	**7,505**	**4,796**	**2,709**

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 "Personnel Fund" includes the higher cost estimated by the company for the contractual indemnity of employees and the implementation of the Group incentive policy. 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 restructuring provision concerns the allocation to the Workforce Restructuring Plan (Euro 0.7 million).

12. Segment information

Balance Sheet by segment

BALANCE SHEET	Europe		America		Asia and the Rest of the World		Unallocated and eliminations		Consolidated	
	Dec 13	Dec 12 rest	Dec 13	Dec 12 rest	Dec 13	Dec 12 rest	Dec 13	Dec 12 rest	Dec 13	Dec 12 rest
Assets:										
Segment assets	230,073	233,382	33,879	34,135	37,163	32,411	(13,518)	(8,781)	287,597	291,147
Investments							1,383	1,394	1,383	1,394
Unallocated assets							44,275	45,741	44,275	45,741
Total operational assets	**230,073**	**233,382**	**33,879**	**34,135**	**37,163**	**32,411**	**32,140**	**38,354**	**333,255**	**338,282**
Total assets of discount. operations	**2,395-**	**-**	**-**				**-**		**2,395**	**-**
Total Assets	**232,468**	**233,382**	**33,879**	**34,135**	**37,163**	**32,411**	**32,140**	**38,354**	**335,650**	**338,282**
Liabilities										
Segment liabilities	(112,034)	(109,163)	(13,746)	(12,708)	(17,514)	(13,241)	8,723	7,261	(134,571)	(127,851)
Unallocated Liabilities		-		-		-	(84,338)	(91,882)	(84,338)	(91,882)
Shareholders' Equity		-		-		-	(116,732)	(118,549)	(116,741)	(118,549)
Total operational liabilities	**(112,034)**	**(109,163)**	**(13,746)**	**(12,708)**	**(17,514)**	**(13,241)**	**(192,348)**	**(203,170)**	**(335,650)**	**(338,282)**
Total liabilities of discount. operations			-		-					
Total Liabilities	**(112,034)**	**(109,163)**	**(13,746)**	**(12,708)**	**(17,514)**	**(13,241)**	**(192,348)**	**(203,170)**	**(335,650)**	**(338,282)**

Income Statement data by segment

INCOME STATEMENT	Europe		America		Asia and the Rest of the World		Unallocated and eliminations		Consolidated	
	2013	2012 rest	2013	2012 rest	2013	2012 rest	2013	2012 rest	2013	2012 rest
Segment revenue:										
Third parties	292,598	295,405	53,541	45,592	45,710	43,895		-	391,849	384,892
Inter-segment	14,738	11,882	4	12	362	10	(15,105)	(11,905)	-	-
Total revenues	**307,336**	**307,287**	**53,545**	**45,604**	**46,072**	**43,905**	**(15,105)**	**(11,905)**	**391,849**	**384,892**
Segment result:	**23,061**	**26,497**	**7,426**	**5,486**	**147**	**(185)**			**30,635**	**31,798**
Unallocated overheads									**(23,766)**	**(19,736)**
EBIT									**6,869**	**12,062**
Share of profit/(loss) from associates							(10)	17	(10)	17
Financial income							207	155	207	155
Financial charges							(4,120)	(4,429)	(4,120)	(4,429)
Exchange gains/(losses)							(532)	51	(532)	51
Profit before taxes							**2,414**	**7,856**	**2,414**	**7,856**
Income taxes							(988)	(2,794)	(988)	(2,794)
Net profit from normal operations							**1,426**	**5,062**	**1,426**	**5,062**
Net profit from discontinued operations									-	-
Net profit									**1,426**	**5,062**

13. Restatement

The Elica Group applied the new aspects of IAS 19. Following the introduction of these provisions, as it is no longer possible to apply the corridor method, the actuarial profits and losses, which reflect the effects from the changes in the actuarial parameters, are recorded directly to net equity. We summarise below the effects:

At January 1, 2012

(in Euro thousands)	**Amounts previously reported**	**Effects deriving from the application of IAS 19 amended**	**Restated amounts**
Liabilities for post-employment benefits	(8,907)	(1,074)	(9,981)
Deferred tax liabilities – share relating to post-employment benefits	(884)	347	(537)
Reserve for actuarial profit/losses	0	705	705
Minority Interest Capital and Reserves – share relating to the Reserve for actuarial profit/losses	0	22	22

At December 31, 2012

(in Euro thousands)	**Amounts previously reported**	**Effects deriving from the application of IAS 19 amended**	**Restated amounts**
Liabilities for post-employment benefits	(8,611)	(3,567)	(12,178)
Deferred tax liabilities – share relating to post-employment benefits	(882)	956	74
Reserve for actuarial profit/losses	0	2,544	2,544
Minority Interest Capital and Reserves – share relating to the Reserve for actuarial profit/losses	0	67	67

(in Euro thousands)	**Amounts restated at December 31, 2012**	**Actuarial profit/losses matured in the period**	**Impact on the Income Statement**	**At Dec 31, 2013**
Liabilities for post-employment benefits	(12,178)	867	81	(11,230)
Deferred tax liabilities – share relating to post-employment benefits	74	(199)	0	(125)
Reserve for actuarial profit/losses	2,544	(646)	0	1,898
Minority Interest Capital and Reserves – share relating to the Reserve for actuarial profit/losses	67	(22)	0	45

We also restated the 2012 income statement, with a reduction of Euro 6 thousand on Personnel Costs, due to the reversal of the provision, in addition to the relative tax impact.
The Elica Group reports obligations of Euro 11,230 thousand, reflecting the present value of its retirement benefit obligations accruing at the period end in favour of employees of the Group's companies and representing termination benefits at the end of the employment period.

Fabriano, February 14, 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 2 of Legislative Decree 58/1998

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

Fabriano, February 14, 2014

The Chief Executive Officer
Giuseppe Perucchetti

Executive responsible for the preparation
of corporate accounting documents
Alberto Romagnoli