Elica S.p.A. Condensed consolidated quarterly report for the period ended 30 June 2007

Table of contents

Governance bodies

Members of the Board of Directors

Francesco Casoli
Executive Chairman
born in Senigallia (AN) on 05/06/1961, appointed a director by resolution dated 12/04/2006.

Andrea Sasso
Chief Executive Officer, born in Rome on 24/08/1965, appointed a director by resolution dated 30/04/2007.

Gianna Pieralisi
Executive Director, born in Monsano (AN) on 12/12/1934, appointed a director by resolution dated 12/04/2006.

Geroli Alberto
Director, born in Milan (MI) on 04/01/1942, appointed a director by resolution dated 12/04/2006.

Gennaro Pieralisi
Director, in Monsano (AN) on 14/02/1938, appointed a director by resolution dated 12/04/2006.

Stefano Romiti
Independent Director and Lead Independent Director, born in Rome on 17/11/1957, appointed a director by resolution dated 12/04/2006.

Marcello Celi
Independent Director, born in Civitella Roveto (AQ) on 15/01/1942, appointed a director by resolution dated 10/08/2007.

Members of the Board of Statutory Auditors

Giovanni Frezzotti
Chairman,
born in Jesi (AN) on 22/02/1944, appointed a director by resolution dated 12/04/2006.

Stefano Marasca
Statutory Auditor, born in Osimo (AN) on 09/08/1960, appointed a director by resolution dated 12/04/2006.

Corrado Mariotti
Statutory Auditor, born in Numana (AN) on 29/02/1944, appointed a director by resolution dated 12/04/2006.

Guido Cesarini
Alternate Auditor, born in Bolzano (BZ) on 19/08/1972, appointed a director by resolution dated 12/04/2006.

Gilberto Casali
Alternate Auditor, born in Jesi (AN) on 14/01/1954, appointed a director by resolution dated 12/04/2006.

Internal Audit Committee
Stefano Romiti
Gennaro Pieralisi
Marcello Celi

Remuneration Committee
Stefano Romiti
Gennaro Pieralisi
Marcello Celi

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: €12,664,560.00
Tax Code and Companies' Register Number: 00096570429
Ancona registered REA no. 63006 – VAT number 00096570429

Investor relations
Email: investor-relator@elica.com
Telephone: +39 0732 610326

Report on operations

Currency markets

Compared to the second quarter of 2006, in the period under review (at average monthly exchange rates published by the Italian Exchange Office) the euro rose substantially against the US dollar, the Japanese yen and the Mexican peso, whilst falling against the Polish zloty and sterling. A comparison of exchange rates at 30 June 2007 and 2006 shows these trends, including a significant fall of the euro against the zloty.

	Q2 2007	Q2 2006	%	30 June 2007	30 June 2006	%
USD	1.351	1.256	7.5%	1.3505	1.265	6.8%
GBP	0.679	0.688	-1.4%	0.675624	0.686659	-1.6%
JPY	163.511	143.800	13.7%	166.630	145.110	14.8%
ZTL	3.788	3.946	-4.0%	3.7677	4.02609	-6.4%
MXN	14.672	14.036	4.5%	14.5423	14.4107	0.9%

Summary operating, financial and cash flow data

€000	Q2 2007	% of revenue	Q2 2006	% of revenue	2007/2006	%
Revenue	107,984		101,413		6,571	6.5%
EBITDA before start-up costs	10,593	9.8%	10,902	10.8%	(309)	-2.8%
EBITDA	10,193	9.4%	10,604	10.5%	(411)	-3.9%
EBIT before start-up costs	6,012	5.6%	6,828	6.7%	(816)	-12.0%
EBIT	5,612	5.2%	6,530	6.4%	(918)	-14.1%
Net interest expense	(434)	-0.4%	(769)	-0.8%	335	-43.6%
Foreign exchange gains/(losses)	(91)	-0.1%	(344)	-0.3%	253	-73.5%
Net profit for the period	**2,613**	**2.4%**	**2,454**	**2.4%**	**26**	**6.5%**
Basic earnings per share from continuing operations (euro cents)	4.00		4.90		(0.90)	-18.4%
Diluted earnings per share from continuing operations (euro cents)	4.00		4.90		(0.90)	-18.4%

€000	30 June 2007	% of revenue	30 June 2006	% of revenue	2007/2006	%
Revenue	219,189		200,802		18,387	9.2%
EBITDA before start-up costs	21,912	10.0%	21,565	10.7%	347	1.6%
EBITDA	20,712	9.4%	21,267	10.6%	(555)	-2.6%
EBIT before start-up costs	13,510	6.2%	13,759	6.9%	(249)	-1.8%
EBIT	12,310	5.6%	13,461	6.7%	(1,151)	-8.6%
Net interest expense	(788)	-0.4%	(1,401)	-0.7%	613	-43.8%
Foreign exchange gains/(losses)	(214)	-0.1%	(525)	-0.3%	311	-59.2%
Net profit for the period	**5,040**	**2.3%**	**5,221**	**2.6%**	**(181)**	**-3.5%**
Basic earnings per share from continuing operations (euro cents)	7.72		10.22		-2.49	-24.4%
Diluted earnings per share from continuing operations (euro cents)	7.72		10.22		-2.49	-24.4%

EBITDA is operating profit plus amortisation and depreciation. EBIT reflects operating profit as reported in the consolidated income statement.

€000	30 Jun 2007	31 Dec 2006	30 Jun 2006
Trade receivables	112,699	106,874	103,569
Inventories	67,514	48,899	52,709
Trade payables	(122,030)	(94,392)	(108,640)
Operating Working Capital	**58,183**	**61,381**	**47,638**
as a % of annualised revenue	13.3%	15.1%	11.8%
Net other receivables/payables	(10,069)	(9,356)	(16,270)
Net Working Capital	**48,115**	**52,025**	**31,367**
as a % of annualised revenue	11.0%	12.8%	7.5%

€000	30 Jun 2007	31 Dec 2006	30 Jun 2006
Amounts due under finance leases and other borrowings	(9,185)	(9,617)	(11,211)
Bank borrowings and mortgages	(7,282)	(7,614)	(20,843)
Long-term debt	***(16,467)***	***(17,231)***	***(32,054)***
Amounts due under finance leases and other borrowings	(3,001)	(3,109)	(3,333)
Bank borrowings and mortgages	(2,374)	(11,284)	(20,742)
Short-term debt	***(5,375)***	***(14,393)***	***(24,075)***
Cash and cash equivalents	27,382	29,334	18,406
Net debt	**5,540**	**(2,290)**	**(37,723)**

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

Operating review for the second quarter of 2007

During the second quarter of 2007 the Group's consolidated revenue rose by 6.5% on the same period in the previous year. After excluding the impact of the changes in the euro against the other currencies in which the Group operates, growth totals 7.0%.

The increase in revenue was primarily due to the range hood business, whose sales grew by 6.6%. Particularly positive in the range hood division was the performance of products under the Group's brand name, whose revenues increased by 37%. Revenues from decorative hoods grew by 37% and the Elica Collection range rose by more than 100% compared with 2006.

In terms of geographical areas, revenues in Europe were up more than 7%, whilst sales in the Americas decreased (zero growth on an equal exchange rate basis).

EBIT before start-up costs, registered a decrease due to costs relating to the change management process. EBITDA before start-up costs fell from €10.9 million in Q2 2006 to €10.6 million in Q2 2007. EBIT before start-up costs went from €6.8 million in Q2 2006 to €6.0 million in Q2 2007. The Group incurred net start-up costs of €0.4 million in Mexico, and total EBIT went from €6.5 million in Q2 2006 to €5.6 million in Q2 2007.

Net interest expense and gains on losses on foreign exchange transactions showed marked improvements, leading to an increase in net profit.

Net profit for the period rose from €2.4 million in Q2 2006 to €2.6 million in 2007, up 6.5%.

Net working capital as a share of annualised net revenue went from 7.5% at 30 June 2006 to 11% at 30 June 2007 due an increase in stocks arising from the start-up and increased service provision to customers. Net cash amounts to €5.5 million at 30 June 2007, compared with net debt of €37.7 million at 30 June 2006.

Significant events in the second quarter of 2007 and subsequent events

As of the second quarter of 2007, Elica has embarked on a series of activities aimed at simplifying the basis of consolidation and focusing on core business. Moreover, appointments to the Board of Directors have been confirmed and a stock option for top management has been drawn up.

At the General Meeting held on 30 April 2007, shareholders confirmed the appointment of Andrea Sasso as Chief Executive Officer of Elica S.p.A., whose term of office will expire, as with all the other members of the Board of Directors, on the date of the General Meeting of Shareholders convened to approve the financial statements at and for the year ended 31 December 2008.

On 15 May 2007 Turbo Air. S.p.A. sold its 20.80 % interest in Immobiliare Camino S.r.l. to Canto Alto S.r.l. for an amount of €101.6 thousand compared with a carrying amount of €127.0 thousand.

On 31 May 2007 Fox Design S.p.A. sold its 70.0% interest in Fox IFS S.r.l. to third parties for an amount of €26.0 thousand compared with a zero carrying amount. On the same date the surety taken out with the Ancona branch of BPU was discharged.

On 13 June 2007 Elica S.p.A. sold its interest in Aerdorica S.p.A. to Fintrack S.p.A. for an amount of €50.0 thousand, equal to the carrying amount. On 28 June 2007 the bonded loan granted by Elica S.p.A. to Aerdorica S.p.A. was also sold to Fintrack S.p.A. for an amount of €152.6 thousand, equal to the par value.

On 25 June 2007 Elica S.p.A. sold its 21.271% interest in Roal Electronics S.p.A. for an amount of €3 million compared with a carrying amount of €3.24 million. Settlement of the transaction entails payment of €1 million in cash on drawing up the bill of sale, with the remainder to be paid in four instalments of €500 thousand, falling due between 31 December 2007 and 31 December 2010. 6-month Euribor 365-day rates, plus 0.70%, will be applied to these instalments on 30 November of each year. The equity investment was sold to Fintrack S.r.l., the company that controls Elica S.p.A. via FAN S.A.

On 25 June 2007 the Board of Directors of Elica S.p.A. approved implementation of the Performance Stock Option Plan 2007-2011 reserved for “key people” for achievement of the Company’s growth and development targets, pursuant to art. 114-bis of Legislative Decree 58/98, and approved at a General Shareholders’ Meeting on 25 June 2007. The Board also approved an increase in paid share capital by up to €300,000 (three hundred thousand), with total exclusion of the option rights pursuant to art. 2441, paragraphs 5and 8, of the Italian Civil Code through the issue of up to 1,500,000 (one million five hundred thousand) with a par value of €0.20 (twenty cents) each, with enjoyment of full rights, at a price of €5.0 each including the par value and a share premium, as well as free allotment of the relative option rights to subscribe ordinary shares issued by the Company, which have the same characteristics as those already in circulation.

During June 2007 part of the loan granted by Elica S.p.A. to the subsidiary, Elica Group Polska Sp.zo.o., was converted into share capital in order to sustain investments needed to further boost the production of range hoods in Poland. Following this operation, the share capital was raised from 10 million PLN (approximately €2.65 million at the Polish National Bank’s exchange rate on 21 June) to 25 million PLN (approximately €3.96 million) and Elica S.p.A.’s interest rose from 5% to 62%. The remaining portion of share capital is held by Fime S.p.A., a subsidiary of Elica S.p.A. which manufactures motors and motor sets.

On 1 July 2007 Jet Air S.r.l, Turbo Air S.p.A. and Fox Design S.p.A. were merged by incorporation with Elica S.p. A. This operation is aimed at achieving further integration of business processes in the range hood sector and rationalisation of the Group's structure, with a view to improving operating and managerial efficiency. The operation was carried out without issuing new shares and therefore did not give rise to an increase in the share capital of the incorporating company.

On 2 July 2007 Elica Inc was incorporated in Chicago, Illinois, with a view to promoting development of Group brands in the US market by carrying out marketing and trade marketing with resident staff. The company is entirely controlled by Elicamex S.A. de C.V.

In July Elica S.p.A.'s shareholding in Carifac S.p.A. was sold. The shares had a selling price of €212.6 thousand, compared with a carrying amount of €152.0 thousand.

On 3 August 2007 an Ordinary Meeting of Shareholders approved an authorisation for the purchase of treasury shares and acts of disposal of such shares, pursuant to Sections 2357 and 2357-*ter* of the Italian Civil Code, with the following objectives and without detriment to the fair treatment of shareholders: to implement a stabilising action that improves the liquidity of shares; to protect the regular carrying out of transactions from any speculation; to promote execution of the Performance Stock Option plan 2007-2011; to carry out trading transactions regarding treasury shares, in compliance with Sections 2357 and 2357-*ter* of the Italian Civil Code, via subsequent acts of disposal of such shares; and to provide the company with an important strategic flexibility tool aimed at facilitating business aggregations via the exchange of shares.

At the same Meeting, the appointment of Marcello Celi as a member of the Board of Directors of Elica S.p.A., as well as of the Internal Audit Committee and the Remuneration Committee, was confirmed. Mr Celi had already been co-opted by the Board of Directors during the meeting held on 16 July 2007.

On 6 August 2007 Elica sold its 1% interest in Falmec S.p.A. to the majority shareholders for an amount of €260.0 thousand, compared with a carrying amount of €73.0 thousand.

Elica Group's structure and basis of consolidation

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 Group's parent company.

Subsidiaries at the date of publication of the quarterly report

- FIME S.p.A. – Castelfidardo, Ancona, Italy. This company operates in the sector of electric motors, mainly for home appliances (range hoods, ovens, refrigerators), home heating and ventilation (fan coils) systems as well as transformers for electro-mechanical and electronic equipment. It operates mainly in European markets, where it holds significant market shares.

- Elica Group Polska Sp. z o.o. – Wroclaw – (Poland). This company has been operational since September 2005 in the sector of electric motors and from December 2006 in the production of exhaust range hoods for domestic use.

- ElicaMex S.A.d.C.V. – Queretaro (Mexico). This wholly-owned subsidiary was incorporated at the beginning of 2006 (Elica S.p.A. owns 98% directly and 2% through Elica Group Polska Sp.zo.o.). Through this company, the Group intends to concentrate the production of products for American markets in Mexico and reap the benefits deriving from optimisation of operational and logistical activities.

- Leonardo Services S.A.d.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 manages all Mexican staff, providing services to Elicamex S.A. de C.V.

- Ariafina Co. Ltd – Established in September 2002 as a 50/50 joint venture with Tokyo-based Fuji Industrial, Sagamihara-Shi (Japan) is leader in Japan with over 70% of the range hood market. Elica S.p.A. acquired control of this joint venture in May 2006 to provide further impetus to the development of the important Japanese market, where high-quality products are sold.

- Air Force S.p.A. – Fabriano, Ancona, Italy. This company operates in a special segment of the hood sector. Elica S.p.A. holds a 60% equity interest in the company. Air Force owns 95% of Air Force Germany G.m.b.h., a company that sells hoods in Germany through so-called “kitchen studios”.

Subsidiaries at the date of consolidation

- Fox Design S.p.A.– Campodarsego, Padua, Italy. Fox is the main operator in the “hood” sector outside the district of Fabriano and has a significant market share in distribution. Fox’s industrial organisation features a great deal of outsourcing of mechanical and assembly functions.

- Jet Air S.r.l. – Cerreto d’Esi, Ancona, Italy. This company operates in the hood sector, mainly in overseas markets and Eastern European countries.

- Turbo Air S.p.A. Fabriano, Ancona (Italy). This company operates in the hood sector. Following its acquisition in February 2006, Elica has strengthened its competitive position in Italy and intends to gain market share in Eastern European countries (especially Russia where Turbo Air is widely distributed) and the Middle and Far East, as well as to achieve economies of scale.

Associates

- I.S.M. S.r.l. – Cerreto d’Esi, Ancona, Italy. The company manufactures semi-finished products for the hood production cycle. Elica S.p.A. has a 49.385% equity interest in this company.

Intercompany and other related party transactions

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

Subsequent events and outlook

Demand in the main markets where the Group operates is expected to remain satisfactory, albeit with a slight slowdown compared with the growth rates of the first half of the year. The outlook for 2007 is thus positive and we expect to see an improvement in the Group’s financial and operating results.

Segment information – Primary Sector at 30 June 2006 and 30 June 2007

Income statement	Own brands		Third-party brands		Motors		Other activities		Eliminations		Consolidated	
	Q2 2006	Q2 2007	Q2 2006	Q2 2007	Q2 2006	Q2 2007	Q2 2006	Q2 2007	Q2 2006	Q2 2007	Q2 2006	Q2 2007
Segment revenue:												
External customers	32,665	43,880	131,632	136,932	32,830	34,449	3,675	3,928			200,802	219,189
Inter-segment			391	592	15,464	15,232	1,051	20	(16,906)	(15,844)		
Total revenues from continuing operations	**32,665**	**43,880**	**132,023**	**137,524**	**48,294**	**49,681**	**4,726**	**3,948**	**(16,906)**	**(15,844)**	**200,802**	**219,189**
Segment results from continuing operations:	**9,126**	**11,495**	**32,035**	**31,764**	**7,765**	**7,904**	**616**	**697**			**49,542**	**51,860**
Unallocated overheads											**(36,081)**	**(39,549)**
EBIT from continuing operations											**13,461**	**12,310**
Share of profit/(loss) of associates and other equity investments											235	36
Finance income											185	417
Finance costs											(1,586)	(1,205)
Foreign exchange gains/(losses)											(525)	(214)
Other non-operating income											283	
Pre-tax profit											**12,053**	**11,344**
Taxation											(6,850)	(6,304)
Net profit from continuing operations											**5,203**	**5,040**
Net profit from discontinued operations											**18**	
Net profit for the period											**5,221**	**5,040**

Segment information – Secondary Sector at 30 June 2006 and 30 June 2007

The Group's assets are located in Italy, Mexico, Japan and Poland.

The table below provides an analysis of sales by geographic area, regardless of the origins of the goods and services.

Revenues by geographical area	Americas	Europe + CSI	Other countries	Consolidated
30 June 2006	17,486	168,860	14,456	**200,802**
30 June 2007	18,505	185,942	14,742	**219,189**

The following table contains details of the Group assets based on their geographical location.

Total assets	Italy	Poland	Mexico	Japan	Consolidated
30 June 2006	297,272	5,212	3,612	2,992	**309,088**
30 June 2007	308,265	15,213	25,199	2,548	**351,224**

During the second quarter of 2007, operating profit amounted €12.3 million, down €1.2 million on the same period in 2006.

The profit of the own brand hoods segment increased by around €2,369 million and, as a share of revenue it fell from 27.94% in the second quarter of 2006 to 26.20% in the same period of 2007. The profit of the customer brands range hoods segment fell by around €0.3 million and, as a percentage of revenue, it decreased from 24.26% in the second quarter of 2006 to 23.10% in the same period of 2007. Finally, the profit of the motor segment rose slightly by around €0.1 million.

Financial statements at 30 June 2007

Condensed consolidated income statement for Q2 2007

(€000)	**Q2 2007**	**Q2 2006**	**30 June 2007**	**30 June 2006**
Revenue	107,984	101,413	219,189	200,802
Other operating revenue	1,697	867	2,618	1,508
Changes in inventories of finished goods and semi-finished products	1,866	1,331	6,390	3,415
Increase in self-constructed assets	472	407	925	876
Raw and consumable materials	(55,026)	(50,675)	(114,953)	(100,813)
Service expense	(24,801)	(22,140)	(50,244)	(44,237)
Staff costs	(19,267)	(18,597)	(38,434)	(36,470)
Amortisation and depreciation	(4,581)	(4,074)	(8,402)	(7,806)
Other operating expenses and provisions	(2,732)	(1,565)	(4,779)	(3,377)
Restructuring charges	-	(437)	-	(437)
EBIT	**5,612**	**6,530**	**12,310**	**13,461**
Share of profit/(loss) of associates	(25)	204	36	307
Impairment of available-for-sale financial assets	-	(72)	-	(72)
Finance income	156	76	417	185
Finance costs	(590)	(845)	(1,205)	(1,586)
Foreign exchange gains/(losses)	(91)	(344)	(214)	(525)
Other non-operating income	-	271	-	283
Pre-tax profit	**5,062**	**5,820**	**11,344**	**12,053**
Taxation for the period	(2,449)	(3,233)	(6,304)	(6,850)
Net profit from continuing operations	**2,613**	**2,587**	**5,040**	**5,203**
Net profit from discontinued operations	**-**	**(133)**	**-**	**18**
Net profit for the period	**2,613**	**2,454**	**5,040**	**5,221**
oh which:				
Attributable to minority interest	(80)	(9)	(149)	(11)
Attributable to shareholders of the Parent Company	2,533	2,445	4,891	5,210
Basic earnings per share (euro cents) (*)				
from continuing and discontinued operations	4.00	4.81	7.72	10.25
from continuing operations	4.00	5.07	7.72	10.22
Diluted earnings per share (euro cents) (*)				
from continuing and discontinued operations	4.00	4.81	7.72	10.25
from continuing operations	4.00	5.07	7.72	10.22

(*) For comparative purposes, it should be noted that earnings per share in the first six months of 2006 and in the first quarter of 2006, both restated on the basis of the average number of shares after the capital increase of 10 November 2006, would have amounted to €4.37 in the second quarter (€9.90 in the first half of the year) from continuing and discontinued operations and €4.90 in the second quarter ((€9.87 in the first half of the year) from continuing operations alone.

Condensed consolidated balance sheet at 30 June 2007

Assets *(€000)*	**30 June 2007**	**31 December 2006**	**30 June 2006**
Continuing operations			
Property, plant and equipment	80,889	79,007	77,008
Goodwill	29,798	29,382	30,008
Other intangible assets	4,427	3,751	3,644
Investments in associates and joint ventures	2,186	5,916	5,387
Other financial assets	46	180	186
Sundry receivables	1,295	1,456	1,504
Tax assets	9	41	93
Deferred tax assets	7,239	6,305	3,592
Available-for-sale financial assets	253	251	376
Total non-current assets	**126,143**	**126,289**	**121,798**
Trade receivables and loans	112,699	106,874	103,569
Inventories	67,514	48,899	52,076
Other receivables	7,855	5,784	4,858
Tax assets	9,411	6,201	6,706
Derivative financial instruments	220	96	6
Cash and cash equivalents	27,382	29,334	18,406
Current assets	**225,081**	**197,188**	**185,621**
Total assets in continuing operations	**351,224**	**323,477**	**307,419**
Total assets in discontinued operations	**-**	**-**	**1,669**
Total assets	**351,224**	**323,477**	**309,088**

Liabilities and equity *(€000)*	**30 June 2007**	**31 December 2006**	**30 June 2006**
Continuing operations			
Liabilities for post-retirement benefits	12,535	13,228	13,716
Provisions	3,035	2,155	2,223
Deferred tax liabilities	10,889	10,357	10,095
Amounts due under finance leases and other borrowings	9,185	9,617	11,211
Bank borrowings and mortgages	7,282	7,614	20,843
Sundry payables	4,022	4,025	4,917
Tax liabilities	4,045	4,045	4,070
Derivative financial instruments	4	10	123
Non-current liabilities	**50,996**	**51,051**	**67,198**
Provisions	936	836	739
Amounts due under finance leases and other borrowings	3,001	3,109	3,333
Bank borrowings and mortgages	2,374	11,284	20,742
Trade payables	122,030	94,392	108,640
Other payables	8,302	16,022	19,847
Tax liabilities	18,181	4,483	7,795
Derivative financial instruments	135	79	76
Current liabilities	**154,960**	**130,205**	**161,172**
Share capital	12,665	12,665	10,165
Capital reserves	71,123	71,123	14,811
Other reserves	-380	-200	-299
Retained earnings	55,989	49,816	49,813
Net profit for the period attributable to shareholders of the Parent Company	4,891	8,328	5,210
Total equity attributable to shareholders of the Parent Company	**144,288**	**141,732**	**79,700**
Total equity attributable to minority interest	980	489	446
Consolidated equity	**145,268**	**142,221**	**80,146**
Total liabilities and equity in continuing operations	**351,224**	**323,477**	**308,516**
Total liabilities and equity in discontinued operations	**-**	**-**	**572**
Total liabilities and equity	**351,224**	**323,477**	**309,088**

Condensed cash flow statement at 30 June 2007

OPERATING ACTIVITIES	**30 June 2007**	**30 June 2006**
(€000)		
Net profit/(loss) for the period	5,040	5,494
Adjustments for non-cash items:		
Amortisation and depreciation	8,402	7,886
Net change in termination indemnity	(829)	473
Current and deferred taxation for the period	6,304	6,867
Other financial costs	1,205	1,274
Increase/(Decrease) in provisions	1,092	886
Measurement of investments	(36)	(237)
Gain on spin-off of property division		(283)
Cash flow from operating activities before changes in working capital	**21,178**	**22,088**
(Increase)/Decrease in receivables	(6,643)	(3,442)
Inventories	(16,632)	(7,396)
Increase/(Decrease) in payables	19,948	8,467
	(3,327)	(2,371)
Cash generated from operating activities	**17,851**	**19,717**
INVESTING ACTIVITIES		
Changes in components of property, plant and equipment	(9,414)	(7,351)
Net increase in intangible assets	(851)	(946)
Net change in investments and available-for-sale assets	3,763	(199)
Acquisition of Turbo Air S.p.A. business	-	(553)
Acquisition of equity investment in Air Force S.p.A.	(252)	-
Acquisition of equity investment in Jet Air S.r.l.	-	(2,806)
Acquisition of equity investment in Air Force S.p.A.	-	715
Net cash used in investing activities	**(6,753)**	**(11,139)**
FINANCING ACTIVITES		
Borrowings/(Repayments)	(10,841)	(5,885)
Change in share capital of the Parent Company	(2,362)	(2,541)
Decrease in share capital and reserves of minority interests	0	(185)
Decrease/(Increase) in other financial assets	154	(20)
Cash and cash equivalents used for/generated by financing activities	**(13,049)**	**(8,427)**
Net increase/(decrease) in cash and cash equivalents	**(1,952)**	**151**
Cash and cash equivalents at the beginning of the period	**29,334**	**18,316**
Cash and cash equivalents at the end of the period	**27,382**	**18,406**

Notes to the consolidated quarterly financial statements at 30 June 2007

Group's structure and brief description of its activities

Elica S.p.A. is a company organised under Italian law, with its registered office in Fabriano in the province of Ancona. It is the Parent of a group of companies, the Elica Group, which is primarily engaged in the market for kitchen range hoods, as well as in the market for electric motors.

The Group's primary segments, as defined by IAS 14, consist of the businesses in which it operates. Specifically, the breakdown by segment is as follows: own brands (manufacturing and sale of range hoods and accessories under its own brand); third-party brands (manufacturing and sale of range hoods, accessories and other components for home appliances sold under third-party brands); motors (manufacturing and sale of electric motors); and other activities (manufacturing and sale of electric transformers and other products). The secondary segments are represented by the geographical areas where revenues are generated (Americas, Europe + CIS and Other countries) and the above activities are conducted (Italy, Poland, Mexico and Japan). Segment information in accordance with IAS 14 is detailed in the report on the Group's operations for the period ended 30 June 2007, in the previous section.

The euro is the functional and reporting currency for Elica S.p.A and all the companies included in the consolidation, except for such foreign subsidiaries as Elica Group Polska Sp.z.o.o, ElicaMex S.A.d.C.V., Leonardo S.A.d.C.V. and Ariafina Co Ltd., which prepare their accounts in Polish zloty, Mexican pesos and Japanese yen, respectively.

Approval of the quarterly report at 30 June 2007

The quarterly report at 30 June 2007 was approved by the Board of Directors on 10 August 2007.

Accounting standards and basis of consolidation

These condensed quarterly financial statements have been prepared under international financial reporting standards (IFRS) and in accordance with the provisions of art. 82 of the "Regulations implementing the regulations for issuers established by Legislative Decree no. 58 of 24 February 1998" (CONSOB Resolution no. 11971 of 14 May 1999 and subsequent amendments), in accordance with Annex 3D of the above Regulations.

Therefore, the consolidated quarterly financial statements at and for the period ended 30 June 2007 are compared with both the income statement for the corresponding period of 2006 and with the consolidated balance sheet at 31 December 2006. They consist of the balance sheet, income statement and cash flow statement. These notes to the financial statements are reported on a selected basis in order not to duplicate already published information, in accordance with the provisions of art. 82 of the "Regulations implementing the regulations for issuers established by Legislative Decree no. 58 of 24 February 1998".

The accounting standards used in the preparation of these consolidated quarterly financial statements are consistent with the standards used in the preparation of the consolidated financial statements at and for the period ended 31 December 2006, to which reference should be made for further details.

The figures at 30 June 2006 are derived from the consolidated balance sheet and income statement at and for the period ended 30 June 2006, as prepared in accordance with IFRS solely for the purposes of comparison with the summary quarterly financial statements at and for the period ended 30 June 2007.

The condensed quarterly financial statements have been prepared on a historical cost basis, except for such financial instruments as are reported at fair value. Estimates were made on an accruals basis and in accordance with the prudence and going concern principles, also taking into account the economic function of the asset or liability considered.

Changes to accounting standards and evaluation and reclassification changes

During the period, no accounting standards have been issued by the International Accounting Standards Board (IASB) or interpreted by the International Financial Reporting Interpretation Committee (IFRIC), effective 1 January 2007, which might have had a significant impact on this quarterly report.
These consolidated quarterly financial statements are in euros. All the amounts are rounded to the nearest thousand, unless otherwise indicated.

The amendments made to the regulations regarding termination indemnity by Law no. 296 of 27 December 2006 (Finance Bill) and subsequent Decrees and Regulations issued during the early months of 2007, which form part of overall supplementary pension reform, have given rise to effects that will have impacts on "Liabilities for post-retirement benefits". Indeed, supplementary pension reform, by providing for transfer of future termination indemnities to open or employment-category-based pension funds or, in any case, to the National Social Security Institute, has changed the nature of termination indemnity from a defined benefit service to a defined contribution service. Following such curtailment, as provided for under paragraph 109 of IAS 19, the actuarial components accrued at 31 December 2006 that are not recorded in the income statement due to adoption of the so-called corridor method, as well as restatement of the liability matured at the same date, should have been recognised in the income statement.
The accounting effects deriving from curtailment, which in any case are not deemed to be particularly significant, have not been recorded in this consolidated quarterly report as currently available information is incomplete and subject to uncertainty and potential changes. Indeed, the majority of staff only decided how to allocate their termination indemnity in the final months of the first half of the year, and information is currently incomplete. Moreover, the relevant bodies have not yet formally set out the new accounting and calculation methods for defining the effects of curtailment. As soon as all the required information is available, the effects of the change in regulations will be recognised in the income statement.

The financial and operating and effects deriving from the sale of assets relating to the plastic business in December 2006, have been indicated separately in the income statement under the item "Net profit from discontinued operations" and in the balance sheet under the items "Total assets in discontinued operations" and "Total liabilities and equity in discontinued operations". Due to this change, the individual items of the income statement, the balance sheet and the cash flow statement for 2006 have been restated.

Finally, financial and operating data regarding the second quarter of 2006 and the first quarter of 2006 have been restated as a result of replacement of pro forma data regarding Turbo Air S.p.A. with definitive data at the time of preparation of the consolidated financial statements for 2006.

Statement pursuant to art. 154-*bis*, paragraph 2, of the Consolidated Law on Finance (T.U.F.)

The undersigned, Vincenzo Maragliano, the director responsible for preparing the financial statements of Elica S.p.A., with regard to the Consolidated Quarterly Report at 30 June 2007, issued on 10 August 2007,

declares and certifies,

pursuant to art 154-*bis*, paragraph 2 of the Consolidated Law on Finance (T.U.F.) that the Consolidated Quarterly Report at 30 June 2007 is consistent with the underlying accounting records.

Fabriano, Italy
10 August 2007

The director responsible for preparing the Company's financial statements

Vincenzo Maragliano

Composition and main changes in the consolidated income statement and balance sheet

Revenue

Group revenue includes €8,916 thousand resulting from the consolidation of Air Force S.p.A. as of the date of acquisition of control of this company. Reference should be made to the consolidated report on operations for the segment information required by IAS 14.

EBIT

(€000)	**Q2 2007**	**Q2 2006**	**30 June 2007**	**30 June 2006**
Revenue	107,984	101,413	219,189	200,802
Other operating income	1,697	867	2,618	1,508
Changes in inventories of finished goods and semi-finished products	1,866	1,331	6,390	3,415
Increase in self-constructed assets	472	407	925	876
Cost of raw and consumable materials	(55,026)	(50,675)	(114,953)	(100,813)
Service expense	(24,801)	(22,140)	(50,244)	(44,237)
Staff costs	(19,267)	(18,597)	(38,434)	(36,470)
Amortisation and depreciation	(4,581)	(4,074)	(8,402)	(7,806)
Other operating expenses and provisions	(2,732)	(1,565)	(4,779)	(3,377)
Restructuring charges	-	(437)	-	(437)
EBIT	**5,612**	**6,530**	**12,310**	**13,461**

EBIT for the second quarter of 2007 includes €4,303 thousand contributed by Air Force S.p.A. The other main effects of the change in the basis of consolidation are related to “Cost of raw and consumable materials” (€4,425 thousand), “Service expense” (€2,003 thousand) and “Staff costs” (€927 thousand).

Net finance costs

(€000)	**Q2 2007**	**Q2 2006**	**30 June 2007**	**30 June 2006**
Finance income	156	76	417	185
Finance costs	(590)	(845)	(1,205)	(1,586)
Foreign exchange gains/(losses)	(91)	(344)	(214)	(525)
Total net finance costs	**(525)**	**(1,113)**	**(1,002)**	**(1,926)**

The €924 thousand decline in net finance costs between June 2006 and June 2007 was due to the drop in net interest expense primarily as a result of the improvement in net debt in June 2007, thanks to the proceeds generated from the IPO and operating cash flow.

Property, plant and equipment

Movements in property, plant and equipment are shown below.

(€000)	**30 June 2007**	**31 December 2006**	**30 June 2006**
Land and buildings	57,540	35,489	38,117
Plant and equipment	12,753	21,011	19,679
Industrial and commercial equipment	8,421	13,061	14,629
Other assets	1,476	2,652	2,045
Assets under construction and advance payments	699	6,794	2,538
Total property, plant and equipment	**80,889**	**79,007**	**77,008**

Goodwill

(€000)	30 June 2007	31 December 2006	30 June 2006
Goodwill recognised in subsidiaries' accounts	12,207	12,208	12,834
Goodwill arising from consolidation	17,591	17,174	17,174
Total goodwill	**29,798**	**29,382**	**30,008**

The €416 thousand increase in goodwill during the second quarter of 2007 was due to goodwill arising from the consolidation of Air Force S.p.A.

The amount of goodwill arising from consolidation was determined on a provisional basis, as the allocation of fair value, especially to non-current assets, may be reviewed within twelve months of the acquisition, as allowed by the applicable accounting standards. Any adjustment to goodwill will be charged directly to goodwill. Goodwill was attributed to "Own Air Force brands" (€112 thousand) and to "Third-party brands" (the remaining €304 thousand).

Other intangible assets

"Other intangible assets" break down as follows.

(€000)	30 June 2007	31 December 2006	30 June 2006
Development costs	22	1,103	1,299
Patents and other intellectual property rights	103	1,205	1,211
Concessions, licences, trademarks and similar rights	491	157	187
Assets under construction and advance payments	25	833	296
Other intangible assets	10	453	651
Total intangible assets	**4,427**	**3,751**	**3,644**

Inventories

(€000)	30 June 2007	31 December 2006	30 June 2006
Raw, ancillary and consumable materials	46,078	21,704	22,298
Work in process and semi-finished products	14,306	16,369	17,626
Finished products and goods for resale	7,130	10,826	12,152
Total inventories	**67,514**	**48,899**	**52,076**

The impact of the consolidation of Air Force S.p.A. was €1,932 thousand.

Fabriano, Italy

10 August 2007

Executive Chairman

Francesco Casoli