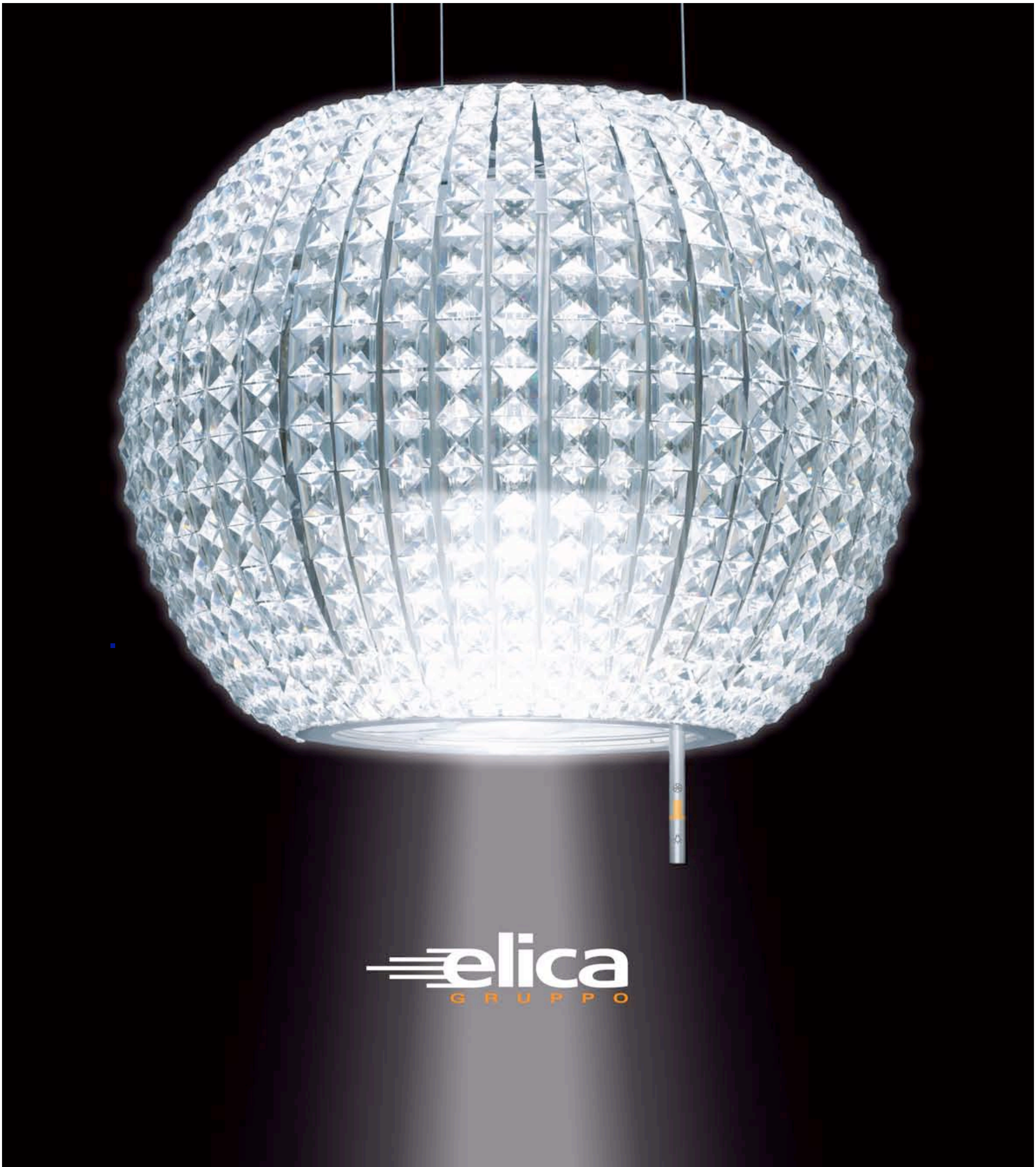

Consolidated quarterly report for the period ended 31 December 2006

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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.

Marchetti Massimo
Chief Executive Officer, born in Verdello (BG) on 17/04/1951, appointed a director by resolution dated 12/04/2006.

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 Monano (MI) on 04/01/1942, director appointed by resolution dated 12/04/2006.

Gennaro Pieralisi
Director, born 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 Monano (MI) on 17/11/1957, appointed a director by resolution dated 12/04/2006.

Enrico Palandri
Independent Director, born in Monano (MI) on 02/10/1962, appointed a director by resolution dated 12/04/2006.

Members of the Board of Statutory Auditors

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

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

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

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

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

Internal Control Committee
Gennaro Pieralisi
Stefano Romiti
Enrico Palandri

Remuneration Committee
Gennaro Pieralisi
Stefano Romiti
Enrico Palandri

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
Entered in REA in Ancona no. 63006 – VAT Number 00096570429

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

Report on operations

Accounting standards

This quarterly report has 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 particular, the quarterly report has been prepared in application of the provisions of Annex 3D of the above CONSOB resolution.

Macroeconomic indicators

European economic data confirm the strength of the current growth phase, which extended into the fourth quarter of 2006. Germany's IFO index continued to improve and the increase in VAT had a less pronounced impact than expected. GDP growth in the euro zone is estimated at 2.7%. Contributions varied with Germany seeing estimated growth of 2.7%, Italy 1.8% and France GDP growth estimated at 2%. Despite this, none of the structural reforms necessary to ensure the stability of the current recovery have yet been implemented.

The Fed's release in January 2007 appeared to indicate reduced concerns regarding both US economic growth and inflation. Above all, GDP growth is estimated to have been 3.4% in 2006. Moreover, consumer confidence is high, thanks to the continuing strength of the property market and rising equity prices.

Asian countries recorded high rates of growth, with the principal countries turning in strong performances: China up 10.5% and Japan 2.1%.

Currency markets

Compared to 2005, during 2006 (at average exchange rates published by the Italian Exchange Office) the euro rose, on average, by 0.9% against the US dollar and by 6.7% against the Japanese yen, whilst falling by 3.2% against the Polish zloty and remaining substantially unchanged compared with sterling. A comparison of exchange rates at 30 December 2006 and 29 December 2005 shows a rise of 11.6% in the value of the euro against the US dollar and of 13% against the Japanese yen, accompanied by a fall of 2% with respect to sterling and no movement against the Polish zloty.

	Average 2005	Average 2006	%	29 Dec 2005	30 Dec 2006	%
USD	1.244	1.255	0.9%	1.179	1.317	11.6%
GBP	0.683	0.681	-0.3%	0.685	0.671	-2.0%
JPY	136.849	146.015	6.7%	138.9	156.93	13.0%
ZTL	4.023	3.895	-3.2%	3.86	3.831	-0.8%

Summary operating, financial and cash flow data

	Q4 2005	Q4 2006	Growth 2006/2005	FY 2005	FY 2006	Growth 2006/2005
Revenue	**90,880**	**110,263**	**21.33%**	**350,813**	**407,452**	**16.15%**
EBITDA before non-recurring items	**8,420**	**8,761**	**4.05%**	**38,347**	**44,073**	**14.93%**
EBITDA margin	9.26%	7.95%	-1.32%	10.93%	10.82%	-0.11%
EBIT before non-recurring items	**4,374**	**4,656**	**6.45%**	**23,263**	**27,944**	**20.12%**
EBIT margin	4.81%	4.22%	-0.59%	6.63%	6.86%	0.23%
Non-recurring items (income and charges)	-32	-205	540.63%	562	-2,998	-633.45%
as a % of revenue	-0.04%	-0.19%		0.16%	-0.74%	
EBITDA	**8,420**	**6,809**	**-19.13%**	**39,122**	**39,652**	**1.35%**
EBITDA margin	9.26%	6.18%	-3.09%	11.15%	9.73%	-1.42%
EBIT	**4,374**	**2,704**	**-38.18%**	**24,038**	**23,523**	**-2.14%**
EBIT margin	4.81%	2.45%	-2.36%	6.85%	5.77%	-1.08%
Net interest expense	**-364**	**-516**	**41.76%**	**-2,686**	**-2,999**	**11.65%**
as a % of revenue	-0.40%	-0.47%	-0.07%	-0.77%	-0.74%	0.03%
Foreign exchange gains/(losses)	**-65**	**-213**	**227.69%**	**737**	**-690**	**-193.62%**
as a % of revenue	-0.07%	-0.19%	-0.12%	0.21%	-0.17%	-0.38%
Net profit	**2,106**	**388**	**-81.58%**	**10,505**	**8,117**	**-22.73%**
Net profit margin	2.32%	0.35%	-1.97%	2.99%	1.99%	-1.00%
Net profit attributable to shareholders of the Parent Company	1,957	394	-79.87%	10,144	8,070	-20.45%
EPS (euro cents)	3.85	0.78		19.96	15.88	
Diluted EPS (euro cents)	3.85	0.78		19.96	15.88	
EPS before non-recurring items (euro cents)	3.14	0.95		15.13	17.48	

	31 Dec 2005	30 June 2006	30 Sept 2006	31 Dec 2006
Trade receivables	90,831	103,311	99,190	107,189
Inventories	40,466	52,710	54,729	48,833
Trade payables	-87,467	-108,640	-101,142	-92,416
Operating Working Capital	43,830	47,381	52,777	63,606
as a % of revenue	12.5%	11.7%	13.3%	15.6%
Net other receivables /payables	-8,473	-16,556	-15,962	-12,387
Net Working Capital	**35,357**	**30,825**	**36,815**	**51,219**
as a % of revenue	10.1%	7.6%	9.3%	12.6%
Net debt	-28,545	-37,723	-45,661	-2,138
Total equity	79,504	80,146	82,774	141,818
Gearing	**35.9%**	**47.1%**	**55.2%**	**NA**
Net debt	-28,545	-37,723	-45,661	-2,138
EBITDA before non-recurring items	39,717	23,619	35,353	44,073
Debt coverage	**0.72**	**0.80**	**0.97**	**NA**
EBIT before non-recurring items	23,475	15,733	23,329	27,944
Net Invested Capital	102,903	112,116	122,494	81,456
Return On Net Invested Capital	**22.8%**	**28.1%**	**25.4%**	**34.3%**

Operating review for 2006

During 2006 the Group's consolidated revenue rose by 16.1% on the comparable period of 2005, increasing from €350.8 million in 2005 to €407.5 million in 2006. Turbo Air contributed to the growth, having been consolidated from 1 February 2006. Organic growth amounted to 4.1%. After excluding the impact of movements in the value of the euro against the US dollar, the Japanese yen and sterling, revenue is up by a further €0.65 million.

Operating profit before non-recurring items continued to increase, confirming the positive trend of recent years. EBITDA is up from €39.1 million in 2005 (a margin of 11.1%) to €39.7 million in 2006 (a margin of 9.8%). On contrast, EBIT is down from €24.0 million (a margin of 6.9%) to €23.5 million (a margin of 5.8%).

During 2006, the Group incurred non-recurring charges (net of non-recurring income) of €3 million (around 0.7% of revenue). Charges included approximately €1.8 million in start-up costs linked to the start-up of operations in America; €0.3 million reflecting the greater costs incurred to develop the sales of hoods under the Company's own brand; charges of €0.24 million in connection with the application of IFRS 3 in accounting for the business combination with Turbo Air; approximately €1 million due to redundancies and restructuring, half of which attributable to the reorganization of Turbo Air.

Net interest expense rose in absolute terms from €2.7 million in 2005 to €3.0 million in 2006, following the consolidation of Turbo Air. On a like-for-like basis, net interest expense is down over €0.5 million.

The net foreign exchange gain of €0.7 million reported in 2005 compares with a net loss of €0.7 million in 2006. This was due mainly to the unfavourable performance of the euro against the US dollar and the Japanese yen.

Net profit for the period, including non-recurring items, is down from the €10.6 million of 2005 to €8.2 million in 2006. Earnings per share, which amounted to 19.9 euro cents in 2005, is 15.9 euro cents for 2006. EPS before non-recurring items, on the other hand, is up to 17.5 euro cents in 2006 compared with 15.1 euro cents in 2005.

Net working capital accounted for 9.3% of revenue at 31 December 2005, compared with 12.6% at 31 December 2006.

The Company showed once again its ability to improve its return on net invested capital (RONIC) as, before non-recurring items, this ratio increased from 22.8% at 31 December 2005 to 34.3% at 31 December 2006. The Group's financial stability is high, in view of net debt of €2.1 million.

Revenue

During the year the Group saw revenue grow 16.1% on the same period of the previous year, with total sales up from €350.8 million in 2005 to €407.3 million in 2006. Organic growth was 4.1%.

Contributions came from both the range hood business, where revenue rose 15.2%, and the electric motor business, which reports an increase of over 20%. The range hood business recorded particularly positive performances for decorative hoods (up 18.7%) and the Elica Collection range, which saw sales increase from €5.5 million in 2005 to around €10.2 million in 2006. In the electric motor business, the largest contribution to growth in absolute terms came from motors for home appliances. Motors used in boilers also turned in a positive performance.

In terms of geographical segment, revenue in the Americas was up 25%. Europe, which is the main market for the Group's products, saw revenue growth of 13.1%.

Significant events in 2006

Seven significant events took place during 2006: the acquisition of Turbo Air; the spin-off of part of the acquired unit to Immobiliare Camino S.r.l.; the purchase of the residual equity interest in Jet Air S.R.L.; the purchase of the majority stake in the Ariafina joint venture; incorporation of the companies that will operate in the Americas; the official opening of the Polish subsidiary, Fime Polska Sp.zo.o; and the admission to trading of Elica's ordinary shares on the Mercato Telematico Azionario MTA – STAR Segment, the screen-based market organized and managed by Borsa Italiana S.p.A..

These events are described in greater detail below.

A) Acquisition of Turbo Air.

Through the acquisition of Turbo Air the Group intends to expand in important international markets for the range hood sector, such as Russia and the Far East. In fact, Turbo Air has been a significant player in those markets for years. Another opportunity is provided by the manufacture of electric hood motors which, as a result of the integration with the industrial operations of Fime S.p.A., gives rise to significant economies of scale.

The Elica Group's management has outlined a plan to integrate Turbo, which can be summarized as follows:

1) Spin-off of non-operating property;

2) Integration of Turbo Air's motor division into Fime S.p.A.'s manufacturing division.

3) Spin-off of the "plastics" division via its transfer to a specially established company, which was then sold.

The following is a comment on the individual items.

1) Property spin-off

The merger of the range hood unit is based on the simplification of Turbo's supply chain, whose integration into the Elica Group is already at an advanced stage. This determined the progressive abandonment of plants previously occupied by Turbo's manufacturing operations. These plants were transferred to Immobiliare Camino S.R.L. in order to be sold.

2) Motor division

In June the company's management devised a plan to reorganize the manufacture of electric motors, to benefit from significant economies of scale. Following the implementation of this plan, employees and equipment were transferred to Fime plants. Under the reorganization plans, redundancy charges amounted to €437 thousand.

3) Spin-off of the "plastics" division

Turbo Air S.p.A.'s plastics division was spun off in December 2006. The transaction was carried out for the following reasons: the plastics division is small in size; plastic moulding and mould manufacturing technology is not of strategic importance; specific expertise is required to run the plastics division profitably. The division was thus transferred to a specially established company and sold.

In 2005, Turbo Air had revenue of €45.7 million euros, selling over 853,000 range hoods and over 1 million motors.

B) Property spin-off to Immobiliare Camino.

On 15 March 2006 Turbo Air S.p.A. spun off its property portfolio, consisting mainly of three plants, the relevant mortgages and other assets and liabilities to the newly-established Immobiliare Camino S.R.L. in exchange for a 40% equity interest. The remaining 60% of this company was held by third parties. A Special General Meeting of the shareholders of Camino Immobiliare S.R.L. then resolved on a share capital increase for consideration, amounting to €92,308, inclusive of a share premium, in order to transfer an equity interest of 32% to a group of banks that have claims outstanding on Immobiliare Camino S.R.L.. Following the placement of the new shares, completed on 21 November 2006, the Elica Group's stake has decreased to 20.8%.

C) Purchase of the residual 40% of Jet Air S.r.l.

On 28 February 2006 the Group purchased the remaining 40% of Jet Air, a company already included in the basis of consolidation, for €2.8 million, inclusive of transaction costs of €6 thousand. The purchase price was determined on the basis of an internal estimate.

D) Purchase of majority stake in the Ariafina joint venture.

On 28 May 2006, the Parent Company, Elica S.p.A., completed the purchase of 1% of Ariafina Co. Ltd.. Since it already owned 50% of this company, Elica is now the majority shareholder. Ariafina Co. Ltd - Sagamihara-Shi (Japan) is a joint venture established in September 2002 with Tokyo-based Fuji Industrial, the leader in Japan with 70% of the range hood market. By acquiring a controlling interest, the Group intends to provide further impetus to the development of the important Japanese market, where high-quality products are sold.

E) Incorporation of the companies to operate in the Americas.

At the beginning of 2006 two new companies were incorporated in Mexico: ElicaMex S.A.d.C.V. and Leonardo Services S.A.d.C.V., both located in Queretaro. ElicAmex S.A. de C.V. and Leonardo Service S.A. de C.V. will manufacture the products designed for the Americas and manage local distribution and logistics. Expected benefits include higher revenues, widespread and prompt service to overseas customers, lower distribution costs, shorter delivery times and higher flexibility of the individual manufacturing plants.

F) Approval of separate and consolidated financial statements.

On 12 April 2006 the Ordinary General Meeting of Shareholders of Elica S.p.A. approved the separate and the consolidated financial statements for 2005. On the same date, the Special General Meeting of shareholders approved the application for admission to trading of the Company's ordinary shares on the Mercato Telematico Azionario MTA – STAR Segment, the screen-based market organized and managed by Borsa Italiana S.p.A.. Moreover, the Meeting approved a 5-for-1 share split. Following this split, the share capital consists of 50,822,800 ordinary shares with a par value of €0.20 each. The Special General Meeting of shareholders also approved amendments to the Meeting Rules, the corporate governance rules, the rules of conduct related to the Internal Dealing Code, and the rules on intercompany and other related-party transactions.

G) Purchase of a minority stake in Inox Market Mexico.

In September a company was incorporated in Mexico, called Inox Market Mexico S.A. de .C.V., which is designed to engage in steel trading throughout the Americas. The Group acquired 30% of this company through Elicamex S.A. de C.V.. Following this acquisition, the Group intends to achieve significant purchasing economies in one of the most significant cost items in the production of range hoods.

H) Admission to trading

On 10 November 2006 Elica S.p.A.'s shares were admitted to trading on the Mercato Telematico Azionario MTA – STAR Segment, the screen-based market organized and managed by Borsa Italiana S.p.A.. The shares were offered for sale at €5.0 each.

IFRS

The consolidated income statement and balance sheet of Elica S.p.A. at 31 December 2006 were prepared under the IFRS issued by the International Accounting Standards Board and endorsed by the European Commission.

The accounting policies used in the preparation of these consolidated financial statements are consistent with those adopted in the preparation of the consolidated financial statements for the year ended 31 December 2005. In the period just ended, the European Commission did not adopt, and the IASB did not issue, any new accounting standard that might affect this consolidated quarterly report.
The amounts in this consolidated report are shown in euros and are all rounded to the nearest thousand, unless otherwise indicated.

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 parent of a Group of companies engaging in the design, manufacturing and sale of kitchen range hoods for domestic use as well as electric motors and power systems for home heating equipment, kitchen range hoods and home appliances.

Subsidiaries

- 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-mechanic and electronic equipment. It operates mainly in European markets, where it holds significant and growing market shares, despite the presence of bigger competitors. This subsidiary is implementing significant plans to launch new products. This is also involving cooperation with important US multinationals, confirming the company's high-level expertise.

- FIME POLSKA Sp z o.o. (now 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. The company's motor and hood manufacturing plant was built during 2006.

- FOX Design S.p.A.– Campodarsego, Padua (Italy). Acquired at the end of 2001, 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 organization is different from Elica's, given that its focus is on marketing, R&D, design and the management of a supply chain characterized by substantial outsourcing of the mechanical and assembly functions.

- FOX I.F.S. S.r.l. – Bergamo (Italy) This company was established at the end of 2001. Elica owns 69.44% of this subsidiary, indirectly, through Fox Group S.p.A.. It engages in industrial vacuum systems, linked to air treatment.

- JET AIR S.r.l. – Cerreto d'Esi, Ancona (Italy). This company operates in the hood sector and has benefited from Group synergies that have accelerated the upgrading of its product range.

It operates mainly in overseas markets, with special emphasis on China and eastern European countries.

- Turbo Air S.p.A. – Fabriano, Ancona (Italy). This company operates in the hood sector in the district of Fabriano. Following this acquisition in February 2006, Elica intends to strengthen its competitive position in Italy and 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 significant economies of scale.

- 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 Fox Design S.p.A.). Investment in the industrial facility has already been completed and the company is now equipping itself with the necessary plant and machinery. The aim is to concentrate the production of products for American markets in Mexico and manage distribution and logistics locally. Expected benefits include higher revenues, widespread and prompt service to customers located in the continent, lower distribution costs, shorter delivery times and greater flexibility at the individual manufacturing plants.

- 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% through Fox Design S.p.A.). Leonardo Services manages all Mexican employees, providing services to Elicamex S.V. de C.V.

- Ariafina Co. Ltd – Sagamihara-Shi (Japan) is a joint venture established in September 2002 with Tokyo-based Fuji Industrial, leader in Japan with over 70% of the range hood market. Following the purchase of a further 1%, since 31 May 2006 Elica S.p.A. has held a controlling 51% interest in the JV. Elica S.p.A. intends to provide further impetus to the development of the important Japanese market, where high-quality products are sold.

Associates

- Roal Electronics S.p.A. – Castelfidardo, Ancona (Italy). This company manufactures power supply equipment for the world's main HW manufacturers, including IBM, and has a highly sophisticated R&D department. The company is also integrated into the hood and motor business by providing electronic control systems for the equipment.

- I.S.M. S.r.l. – Cerreto d'Esi, Ancona (Italy). The company manufactures semi-finished products for the hood production cycle and its operations are integrated into the assembly lines of Elica S.p.A.'s plants.

- Project S.r.l. – Castelbellino, Ancona (Italy). This company was established in March 2003 and the Parent Company holds a 30% equity interest. Project S.r.l. engages in the design and drawing of models and, in general, in all aspects of industrial design relating to home appliances.

- Air Force S.p.A. – Fabriano (AN). This company operates in a special segment of the hood sector. At 31 December 2005 Elica S.p.A. held 45% of this company, before acquiring a further 15% on 23 January 2006. Following this acquisition, Elica S.p.A. holds a majority interest. Air Force owns 95% of Air Force Germany G.m.b.h. (previoulsly Technovent G.m.b.h.), a company that sells hoods in Germany through so-called "kitchen studios". In 2005, Air Force Germany G.m.b.h.'s business was sold and, in the future, this company will act as an agent for the German market, thereby discontinuing its direct sales activities.

- Immobiliare Camino S.r.l. – Fabriano (AN). This company is 40% held by Turbo Air S.p.A. and manages this company's property portfolio. Basically, it leases the properties in the portfolio to Turbo Air in exchange for market-based rentals.

- Inox Market Mexico S.A. de C.V. – Queretaro (Mexico). This company, which is 30% owned by Elicamex S.A. de C.V., processes stainless steel and steel for industrial use in general, as well as having responsibility for selling its products, above all Mexico and the United States. This acquisition will enable the Group to achieve significant purchasing economies in one of the most significant cost items in the production of mid-market and upmarket range hoods. Thanks to its location within the Elicamex plant, it will also facilitate the integrated supply of semi-finished steel for range hood production.

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.

Events after 31 December 2006 and outlook

Based on the sales and operating results reported for the past year, management is confident that the Group will be able to meet the targets for 2006 set out in the 2006-2008 business plan. Developments in Poland and the Americas are proceeding according to plan.

In the Americas, ElicAmex S.A. de C.V. is progressively increasing production and sales. Above all, the company has signed an agreement with MABE, one of the Continent's main home appliance manufacturers, with annual revenues in excess of US$3 billion, to distribute products under the various MABE brand names in Mexico, South America and Canada. A further agreement is expected to be entered into with the same group for the distribution of Elica Collection branded products in the same countries. The agreement will last five years and, once it has come fully into effect in January 2007, should generate annual revenues of around US$10 million. ElicAmex S.A. de C.V. has also secured an important order from "The Home Depot" (THD) for the supply of a new line of decorative kitchen range hoods. The order was given to our office in the US, where THD has over 2,000 outlets. THD also operates in Canada and Mexico.

On 18 October 2006 Fime Polska Sp.zo.o. opened for business. During the official ceremony, which saw the participation of representatives from the main commercial and financial partners of the Elica Group, as well as from local authorities and the press, the guidelines of the strategic plan were unveiled. In January 2007 the company changed its name to Elica Group Polska Sp.zo.o, emphasising the fact that it now produces exhaust range hoods for domestic use as well as electric motors. The Polish company has two objectives: (i) to increase motor sales in the areas of eastern Europe where the main home appliance manufacturers are setting up their plants; (ii) to drive the Group's penetration of the range hood market in eastern Europe, exploiting Poland's logistical advantages.

Activities relating to the Turboair S.p.A. acquisition are proceeding as planned. Following determination of the sale price on the basis of the results for the first half of 2006 (under the earn out clause), Turbo Air S.p.A. was transferred to the Elica Group with effect from 1 July 2006. The Elica Group's management is confident that it will be able to achieve the commercial and manufacturing synergies outlined in the initial plan. Integration is already at an advanced stage and the results are beginning to materialise. The personnel responsible for the manufacture of motors and the production lines have been transferred to FIME S.p.A.'s plants. Turbo Air S.p.A. commercial organisation has been integrated with Elica S.p.A.'s sales department in order to integrate the management of markets, products and brands.

On 22 January 2007 the Board of Directors approved the merger of Jet Air S.r.l., Turbo Air S.p.A. and Fox Design S.p.A. with and into Elica S.p.A.. The merger plan was also approved by the boards of the three subsidiaries on the same date. This transaction aims to take integration of the Group's business processes and its restructuring a step further, creating an organisation in keeping with management of the business. This is expected to simplify the structure of the Group and achieve greater operating efficiency, with a view to cutting operating costs. Elica currently owns 100% of Jet Air S.r.l. and Turbo Air S.p.A., whilst it directly holds 98% of Fox Design S.p.A., with the remaining 2% indirectly held via one of the other merging companies, Jet Air S.r.l..

The transaction will be consummated on the basis of the financial positions and operating results at 30 September 2006 of both the absorbing and the absorbed companies. The transaction will also be completed without the issue of new shares and without, therefore, involving an increase in the absorbing company's share capital. The merger is to be completed within the current year.

As part of its expansion strategy, on 23 January 2006 Elica S.p.A. acquired 15% of Air Force S.p.A. from Fintrack S.p.A., the company that controls Elica via Fan S.A.. Air Force produces and sells decorative hoods for the mid- and up-market segments, based on innovative designs and the use of advanced technology. Elica paid for the transaction, costing €0.3 million, from liquidity.

As a result of this further acquisition, Elica now owns 60% of Air Force S.p.A., thus reinforcing its commercial presence in central and northern Europe and among furniture retailers operating at the higher end of the market, which shows excellent growth potential.

For 2006 Air Force S.p.A. reports revenue of €16.6 million (up 18.4% on 2005) and net profit of €0.7 million (compared with a net loss of €0.1 million in 2005). The company has a small amount of net funds.

No such events took place after 31 December 2006 as to warrant a change in the Group's operating results and financial conditions or to require additional information. The Company's operations, plans, sales and investment activities are proceeding as scheduled.

Segment information – Primary segment at 31 December 2005 and 31 December 2006
Results of operations *(€000)*

Income statement *(€000)*	Own brands		Third-party brands		Motors		Other activities		Eliminations		Consolidated	
	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006
Segment revenue:												
External customers	45,000	68,087	242,109	262,730	56,336	67,089	7,369	9,545			350,813	407,452
Inter-segment	-		538	694	20,880	31,581	-	2,282	(21,419)	(34,557)	-	
Total revenue	45,000	68,087	242,647	263,424	77,216	98,670	7,369	11,827	(21,419)	(34,557)	350,813	407,452
Segment results:	**11,196**	**18,738**	**54,301**	**65,346**	**14,559**	**14,139**	**1,534**	**1,812**	**-**		**81,591**	**100,035**
Unallocated overheads											(57,553)	(76,512)
EBIT											**24,039**	**23,523**
Share of profit/(loss) of associates											(342)	458
Finance income											397	868
Finance costs											(3,083)	(3,867)
Foreign exchange gains/(losses)											737	(690)
Other non-operating income											-	12
Pre-tax profit											**21,748**	**20,304**
Taxation											(11,243)	(12,187)
Net profit for the period											**10,505**	**8,117**

Segment information – Secondary segment at 31 December 2005 and 31 December 2006

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.

Revenue by geographic area	Americas	Europe + CIS	Other countries	Consolidated
31 December 2005	30,812	299,389	20,613	**350,813**
31 December 2006	38,438	338,767	30,247	**407,452**

The table below provides details of the Group's assets by geographic area.

Total assets	Italy	Poland	Mexico	Japan	Consolidated
31 December 2005	255,173	3,867	-	-	**259,040**
31 December 2006	294,369	9,289	15,879	2,065	**321,602**

EBIT amounts to €23.5 for 2006, down €0.5 million on the comparable amount for 2005.

The result for the own-brand hood segment rose in absolute terms by around €7.5 million whilst, as a percentage of total revenue, it increased from 24.88 in 2005 to 27.52% in 2006. The result for third-party branded hoods rose in absolute terms by around €11 million and in percentage terms from 24.43% of revenue in 2005 to 24.87% in 2006. Finally, the result for the motor segment is slightly down from approximately €14.6 million to around €14.1 million.

Financial statements and summary notes

Consolidated income statement for the fourth quarter of 2005 and 2006 and for the full year ended 31 December 2005 and 2006, prepared under the IFRS endorsed by the European Commission

(€000)	Q4 2005	Q4 2006	FY 2005	FY 2006
Revenue	90,880	110,263	350,813	407,452
Other operating revenue	698	1,006	3,656	3,632
Change in inventories of finished goods and semi-finished products	(2,436)	(3,269)	(1,612)	451
Increase in self-constructed assets	170	308	860	1,592
Raw and consumable materials	(42,756)	(54,665)	(171,184)	(203,834)
Service expense	(21,055)	(26,014)	(78,427)	(90,267)
Staff costs	(15,697)	(18,680)	(58,903)	(71,589)
Amortisation and depreciation	(4,046)	(4,105)	(15,084)	(16,129)
Other operating expenses and provisions	(1,384)	(2,140)	(6,080)	(7,348)
Restructuring charges	-	-	-	(437)
EBIT	**4,374**	**2,704**	**24,039**	**23,523**
Share of profit/(loss) of associates	121	248	265	653
Impairment of available-for-sale financial assets	(195)	(123)	(607)	(195)
Finance income	202	597	397	868
Finance costs	(566)	(1,113)	(3,083)	(3,867)
Foreign exchange gains/(losses)	(65)	(213)	737	(690)
Other non-operating income	-	12	-	12
Pre-tax profit	**3,871**	**2,112**	**21,748**	**20,304**
Taxation	(1,765)	(1,724)	(11,243)	(12,187)
Net profit for the period	**2,106**	**388**	**10,505**	**8,117**
of which:				
Attributable to minority interest	(149)	6	(361)	(47)
Net profit attributable to shareholders of the Parent Company	1,957	394	10,144	8,070
Earnings per share *(euro cents)*	**3.85**	**0.78**	**19.96**	**15.88**
Diluted earnings per share *(euro cents)*	**3.09**	**0.62**	**16.02**	**12.74**

Consolidated balance sheet at 31 December 2005 and 31 December 2006 prepared under the IFRS endorsed by the European Commission

Assets *(€000)*	31 December 2005	31 December 2006
Property, plant, and equipment	62,573	78,838
Goodwill	26,809	29,382
Other intangible assets	3,033	4,012
Investments in unconsolidated subsidiaries, associates and joint ventures	3,641	5,862
Other financial assets	1,748	180
Sundry receivables	1,307	1,456
Tax assets	46	41
Deferred tax assets	3,325	6,219
Available-for-sale financial assets	94	251
Non-current assets	**102,576**	**126,241**
Trade receivables and loans	90,831	107,189
Inventories	40,466	48,833
Other receivables	1,446	3,711
Tax assets	5,403	6,198
Derivative financial instruments	2	96
Cash and cash equivalents	18,316	29,334
Current assets	**156,464**	**195,361**
Total assets	**259,040**	**321,602**

Liabilities and equity *(€000)*	31 December 2005	31 December 2006
Liabilities for post-retirement benefits	10,679	13,231
Provisions	1,769	2,182
Deferred tax liabilities	8,995	10,379
Amounts due under finance leases and other borrowings	12,725	9,617
Bank borrowings and mortgages	18,465	7,614
Sundry payables	4,034	4,025
Tax liabilities	4,070	4,045
Derivative financial instruments	136	75
Non-current liabilities	**60,873**	**51,168**
Provisions	504	784
Amounts due under finance leases and other borrowings	3,524	3,109
Bank borrowings and mortgages	12,147	11,284
Trade payables	87,467	92,416
Sundry payables	10,633	16,098
Tax liabilities	4,185	4,770
Derivative financial instruments	203	14
Current liabilities	**118,663**	**128,475**
Share capital	10,165	12,665
Capital reserves	14,811	71,123
Other reserves	(104)	84
Retained earnings	43,686	49,569
Net profit for the period attributable to shareholders of the Parent Company	10,144	8,069
Total equity attributable to shareholders of the Parent Company	**78,702**	**141,510**
Total equity attributable to minority interest	802	449
Consolidated equity	**79,504**	**141,959**
Total liabilities and equity	**259,040**	**321,602**

Notes to the consolidated quarterly financial statements at 31 December 2006

Group's structure and brief description of its activities

Elica S.p.A. is a company organized under the laws of Italy, with its registered office in Fabriano, in the province of Ancona. It is the Parent of a group of companies, the Elica Group, engaging primarily in the market for kitchen range hoods, as well as in the market for electric motors.

The Group's primary segment, as defined by IAS 14, consists 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 segment is 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 31 December 2006, in the previous section.

The euro is the functional and reporting currency for Elica 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.

The consolidated financial statements are shown in thousands of euros.

Approval of the quarterly report at 31 December 2006

The quarterly report at 31 December 2006 was approved by the Board of Directors on 14 February 2006.

Accounting standards and basis of consolidation

This quarterly report has 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".

Therefore, the consolidated quarterly financial statements at and for the period ended 31 December 2006 are compared with both the income statement for the corresponding period of 2005 (and the income statement for the fourth quarter of 2005 and 2006) and with the consolidated balance sheet at 31 December 2005. This quarterly report includes the balance sheet and income statement, as shown in the consolidated financial statements for the year ended 31 December 2005. These notes to the financial statements are reported on a selected basis in order not to duplicate already published information.

The figures at 31 December 2005 are derived from the consolidated balance sheet and income statement at and for the period ended 31 December 2005, which were prepared in accordance with IFRS solely for the purposes of comparison with the summary quarterly financial statements at and for the period ended 31 December 2006.

The summary 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.

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 2006, which might have had a significant impact on this quarterly report.

Specifically, these notes refer to such items affecting assets, liabilities, equity, net profit, or cash flows - because of their nature, size, or incidence or because they are unusual – as are essential to understand the Group’s financial conditions, operating results and cash flows.

There have been no changes in accounting policies with respect to the comparable data at 31 December 2006 and 31 December 2005.

Composition and main changes in the consolidated income statement for the periods ended 31 December 2005 and 2006 prepared under the IFRS endorsed by the European Commission

Revenue

Group revenue breaks down as follows:

(€000)	Q4 2005	Q4 2006	FY 2005	FY 2006
Sales	90,487	110,230	350,035	407,387
Service revenues	393	33	778	65
Total revenue	**90,880**	**110,263**	**350,813**	**407,452**

Group revenue includes €41,913 thousand generated by the Turbo division, which was acquired with effect from 1 February 2006. Excluding this item, total revenue rose by 4.2%.

Reference should be made to the report on operations for the segment information required by IAS 14.

EBIT

(€000)	Q4 2005	Q4 2006	FY 2005	FY 2006
Revenue	90,880	110,263	350,813	407,452
Other operating income	698	1,006	3,656	3,632
Change in inventories of finished goods and semi-finished products	(2,436)	(3,269)	(1,612)	451
Increase in self-constructed assets	170	308	860	1,592
Cost of raw and consumable materials	(42,756)	(54,665)	(171,184)	(203,834)
Service expense	(21,055)	(26,014)	(78,427)	(90,267)
Staff costs	(15,697)	(18,680)	(58,903)	(71,589)
Amortisation and depreciation	(4,046)	(4,105)	(15,084)	(16,129)
Other operating expenses and provisions	(1,384)	(2,140)	(6,080)	(7,348)
Restructuring charges	-	-	-	(437)
EBIT	**4,374**	**2,704**	**24,039**	**23,523**

As required by IAS 1, the above schedule makes it possible to analyse the nature of the costs included in the calculation of EBIT.

Net finance costs

(€000)	Q4 2005	Q4 2006	FY 2005	FY 2006
Finance income	202	597	397	868
Finance costs	(566)	(1,113)	(3,083)	(3,867)
Foreign exchange gains/(losses)	(65)	(213)	737	(690)
Total net finance costs	**(429)**	**(729)**	**(1,949)**	**(3,689)**

The change in net finance costs, which rose overall by €313 thousand between December 2005 and December 2006, was due to the €784 thousand increase in costs following the assumption of Turbo's financial debt.

For 2006 foreign exchange losses exceed gains by €690 thousand, compared to a net gain of €737 thousand for the corresponding period of 2005.

These results, and the comparable figures posted in the fourth quarters of 2005 and 2006, were due to the mixed performance of the main currencies used by the Group. The Group is a net foreign exchange creditor.

Composition and main changes in the consolidated balance sheets at 31 December 2005 and 31 December 2006 prepared under the IFRS endorsed by the European Commission

Property, plant and equipment

The table below shows details of the changes in property, plant and equipment at 31 December 2005 and 31 December 2006.

(€000)	31 December 2005	31 December 2006
Land and buildings	29,593	31,403
Plant and equipment	17,647	20,898
Industrial and commercial equipment	12,182	13,083
Other assets	1,810	2,652
Assets under construction and advance payments	1,341	10,802
Total property, plant and equipment	**62,573**	**78,838**

Goodwill

(€000)	31 December 2005	31 December 2006
Goodwill recognised in subsidiaries' accounts	9,635	12,208
Goodwill arising from consolidation	17,174	17,174
Total goodwill	**26,809**	**29,382**

Other intangible assets

The table below provides a breakdown of "Other intangible assets" at 31 December 2005 and 31 December 2006.

(€000)	31 December 2005	31 December 2006
Development costs	1,141	1,102
Patents and other intellectual property rights	1,156	1,204
Concessions, licences, trademarks and similar rights	160	179
Assets under construction and advance payments	236	833
Other intangible assets	340	694
Total intangible assets	**3,033**	**4,012**

Inventories

(€000)	31 December 2005	31 December 2006
Raw, ancillary and consumable materials	16,838	21,968
Work in process and semi-finished products	14,572	16,211
Finished products and goods for resale	9,054	10,654
Advance payments	2	-
Total inventories	**40,466**	**48,833**

Borrowings and financing structure

At 31 December 2005 and 31 December 2006, the Group reports financial debt as detailed below:

(€000)	31 December 2005	30 September 2006	31 December 2006
Cash and cash equivalents	18,316	14,204	29,334
Bank borrowings and mortgages – current portion	(12,147)	28,491	(11,284)
Amounts due under finance leases and other borrowings – current portion	(3,524)	3,239	(3,109)
(Net financial debt) / Net cash - current portion	2,645	17,526	14,941
Bank borrowings and mortgages – non-current portion	(18,465)	14,117	(7,614)
Amounts due under finance leases and other borrowings – non-current portion	(12,725)	14,018	(9,617)
(Net financial debt) / Net cash - non-current portion	(31,190)	28,135	(17,231)
(Net financial debt)	**(28,545)**	**45,661**	**(2,290)**

(a) Data at 31 December 2006 include the results of Turbo Air, the company acquired with effect from 1 February 2006, and Ariafina, which was consolidated from 1 June 2006.

Other information

There no were significant events during the period with regard to related party transactions or any other aspects not expressly provided for in this quarterly report.

Fabriano, Italy

14 February 2007

Francesco Casoli

(Chairman of the Board)