

(Translation from the Italian original which remains the definitive version)



Elica Group

**2015 ANNUAL REPORT -
CONSOLIDATED FINANCIAL STATEMENTS**

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Elica Group

**DIRECTORS' REPORT
ON THE 2015 CONSOLIDATED FINANCIAL STATEMENTS**

The Elica Group today

The Elica Group has been present in the kitchen hoods' market since the 1970s, it is chaired by Francesco Casoli and led by Giuseppe Perucchetti and today it is the world leader in terms of units sold. It is also a European leader in the design, manufacture and sale of engines for central heating boilers. With approximately 3,700 employees and an annual output of over 19 million units, the Elica Group has eight plants, including in Italy, Poland, Mexico, Germany, India and China. With many years' experience in the sector, Elica has combined meticulous care in design, attentive choice of materials and cutting-edge technology, guaranteeing thus maximum efficiency and a reduction in consumption making the Elica Group the prominent market figure it is today. The Group has revolutionised the traditional image of the kitchen cooker hood: it is no longer seen as a simple accessory but as a design object which improves the quality of life.

Letter to the Shareholders

Dear Shareholders,

Elica has shown the courage and the foresight to take on highly ambitious challenges, which have been tackled as a closely-knit team.

This dedication, and sense of shared mission, is behind the excellent results delivered in 2015.

In a year in which revenues and earnings grew strongly, the profit posted by the quickly-expanding Elica brand following its development internationally was a stand-out achievement.

Elica – consistently recognised as a design leader - is today a focal point for technological innovation, having joined a sector which is changing the way we use everyday appliances: the Internet of Things, where devices communicate with each other and with us.

In 2015 we launched SNAP, a new product dedicated not only to the kitchen but to all household environments, whose sensors monitor and improve air quality - but even more importantly connect to the internet and allow for long-distance data exchange.

The continual challenges presented by the market and the new horizons targeted by Elica brought home to us the need for a more efficient and responsive organisation. This has been delivered.

These driving forces will guide us again in 2016 as we further develop products and processes to pave the way for even better results, while also looking to new areas in which we can assert our leadership.

Francesco Casoli
Executive Chairman

Chief Executive Officer's view

We are proud to announce that 2015 saw substantial growth for the entire Group. While Revenue was up significantly (+7.6%), margins (EBITDA brc¹ +14.7%) and Profit (+113.6%) more than proportionally improved, while the financial structure has also been optimised.

We have delivered the performance objectives which we set for ourselves - even amid a further contraction on the global market (-2.3%²).

The excellent results achieved are the result of a major focus on production and on the logistics network. In fact, we have and we continue to work fastidiously on further optimising these two fundamental aspects of our strategy, with the implementation of increasingly advanced World Class Manufacturing methodologies across our production facilities. Together with the development of our productive footprint, our supply base globalisation plan has been further optimised, adding even more strategic suppliers across the globe.

The Group's market positioning reveals significant growth both at a local level and globally. The growth of the Elica brand (+21% YoY), which picked up pace throughout 2015, clearly highlights the major results achieved and the trajectory of the Group's development strategy. This has been made possible both through our ongoing quest to extend distribution coverage in markets with an existing presence (e.g. Russia and Mexico) and to expand in markets in which we have not yet established a direct commercial presence (Poland, France and APAC).

Last but not least, growth has substantially been delivered by the **recognised product leadership** of Elica, which through ongoing Research and Development has brought to the market many new products which present engaging design and technologically advanced features, making Elica - even more so than in the past - the global leader in the range hood market.

Furthermore, following on from that announced in recent months, Elica this year entered new high-potential markets, such as the Internet of Things with the initial launch of "Snap", whose advanced technology can consolidate our position on the domestic environment air treatment market.

This roadmap will lead us to another year of significant revenue growth in 2016 (estimated at between 5% and 9%), accompanied by improved EBIT (estimated at between 13% and 26%) and a contained debt level against significant investment in support of growth (estimated Net Financial Debt of Euro 58 million at the end of 2016).

We are satisfied with the value generated for our shareholders in 2015 and in 2016 we will work to bring even more value, boosting even further the future growth possibilities of the entire Elica Group and fully capitalising on all development opportunities presented both in the short-term and the long-term.

Giuseppe Perucchetti
Chief Executive Officer

¹ EBITDA Before Restructuring Costs (as defined in the Consolidated Income Statement).

² Global range hood market volumes.

Economic overview 2015 and Outlook 2016³

Global economic developments, as was the case in 2014, revolved around the actions taken by the central banks in 2015. The key player has certainly been the ECB⁴, which firstly launched a QE⁵ programme at the beginning of the year amid low inflation levels in the EU⁶, followed by the extension of the programme beyond September 2016 at the end of the year.

The expansive policy of the ECB was the main reason behind the weakening of the **Euro** against the Dollar, which during the year dropped to the lowest levels since 2003. The Euro was also weakened by the extensive period of uncertainty arising from events in Greece, in addition to the decision taken by the SCB⁷ at the beginning of the year to de-couple the Swiss Franc from the Euro.

GDP⁸ in the Eurozone in 2015 grew 1.5% on the previous year, with above average growth in Spain (+3.1%), average growth in Germany (+1.5%) and below average growth both in France (+1.2%) and Italy (+0.8%). The consumer price index rose in the Eurozone by 0.2% on 2014.

The most recent IMF⁹ estimates forecast GDP in the Eurozone to grow 1.6% in 2016. Inflation will hover around 1% over the coming two-year period.

In the **United States**, GDP grew 2.6% in 2015 against consumer price increases of 0.1% on 2014.

The accommodating monetary policy of the FED¹⁰ came to an end in 2015, and during its final meeting on December 2015 US interest rates were increased for the first time since 2006 (by 25 bps from 0.25% to 0.50%). This raise came later than expected (much of the market had priced in the increase since September) and with a significant emphasis placed on a gradual approach to future increases. US interest rates are expected to gradually increase throughout 2016, although the general sentiment which has begun to emerge around the slowdown of global growth may impact developments.

For 2016, GDP growth of 2.8% is forecast, with the consumer price index increasing 1.1%.

The **Japanese** economy reported growth in 2015 of 0.6% and inflation of 0.7%. In 2016, economic growth of 1% is expected in the country, with inflation of 0.4%.

The economic slowdown in China since 2014 has caused significant tremors - although of a temporary nature - on financial markets from the end of the first half of 2015. This volatility did not ease in August when the Chinese authorities devalued the Renminbi against the US Dollar. In the final part of the year, the IMF included the Renminbi in the currency basket of the Special Drawing Rights reserve. The Chinese economy reported growth of 6.8% in 2015 on 2014, with inflation at 1.5%. Growth in the region of 6.3% is forecast for 2016, with inflation of 1.8%.

Indian GDP grew 7.3% in 2015, with further growth of 7.5% expected in 2016. The consumer price index in 2015 rose 5.4%. Inflation of 5.5% is forecast for 2016.

In relation to the **Emerging economies**, 2015 saw overall GDP growth of 4.0%. The latest IMF estimates predict growth in 2016 of approximately 4.5%.

For the **Commodities**, in 2015 the strength of the US Dollar amplified the drop in the prices of the main raw materials. At the end of 2015 oil prices dropped to the lowest levels since 2004, with prices falling further in the initial weeks of 2016. Excessive supply, in addition to slowing demand, are the main reasons behind this trend. Expectations of a normalisation by the FED resulted in a significant drop in the price of precious metals in 2015, with the uncertainty generated by the Chinese economy the main reason behind the drop in the price of industrial metals.

In 2015 the **currency markets** featured a strengthening of the US Dollar started from the second half of 2014. 2016 may see the end of the advancement of the US Dollar, with the normalisation introduced by the FED significantly slower than the expectations priced in by the market in the initial part of 2015. UK Sterling against the Euro is expected to move in line with the Euro/Dollar. The BoE¹¹ in fact has taken a very cautious approach to an initial interest rate increase given the slowdown in economic growth. The single currency may also strengthen in 2016 against the Japanese Yen and the Swiss Franc, with possible actions by the two central banks against the excessive strengthening of their respective currencies. For the emerging economy currencies, the major downward pressure in

³ Source: International Monetary Fund, World Economic Outlook

⁴ European Central Bank

⁵ Quantitative Easing

⁶ European Union

⁷ Swiss Central Bank

⁸ Gross Domestic Product

⁹ International Monetary Fund

¹⁰ Federal Reserve System

¹¹ Bank of England

2015 should ease in 2016. Much depends on the extent and duration of the global economic slowdown. Stabilisation may follow a gradual return of foreign investment within a less volatile environment in 2016, a progressive approach by the FED to increased rates and a possible stabilisation of the Chinese economy.

In 2015, the **global range hood market** contracted 2.3% on 2014¹², slowing in the second part of the year.

The European market contracted 3% on the previous year, with the recovery in Western European demand (+1.9%) offset by the deeper contraction in Eastern Europe (-9.4%), increasingly impacted by political events in Russia and Ukraine.

Amid general growth, certain Western European countries saw a stronger recovery: Germany (+3.0%), following on from growth in 2014, the United Kingdom (+3.2%), returning to growth after contractions until 2014, and Spain (+5.5%), which after two years of significant contraction saw major growth. The drop in Eastern European demand relates entirely to the Russian (-31%) and Ukrainian (-34%) markets, with all other markets developing well.

North America for the third consecutive year saw increased kitchen range hood demand (+4.6%), but Latin America reported contractions (-3.3%), with the exception of Mexico which saw growth of 1.2%.

In China, the largest range hood market, the contraction in the previous year was compounded in 2015 (-4.2%), significantly impacting the overall Asian performance, together with a contraction on the Japanese market (-2.7%), while India (+3%) and the other South-East Asian markets continued to expand.

¹² Volume data estimated by the Company.

Currency markets

In 2015, the Euro average exchange rate substantially weakened against all currencies to which the Group is exposed, with the exception of the Ruble and the Polish Zloty.

	average 2015	average 2014	%	Dec 31, 15	Dec 31, 14	%
USD	1.11	1.33	-16.5%	1.09	1.21	-9.9%
JPY	134.31	140.31	-4.3%	131.07	145.23	-9.8%
PLN	4.18	4.18	0.0%	4.26	4.27	-0.2%
MXN	17.62	17.66	-0.2%	18.91	17.87	5.8%
INR	71.20	81.04	-12.1%	72.02	76.72	-6.1%
CNY	6.97	8.19	-14.9%	7.06	7.54	-6.4%
RUB	68.07	50.95	33.6%	80.67	72.34	11.5%
GBP	0.73	0.81	-9.9%	0.73	0.78	-6.4%

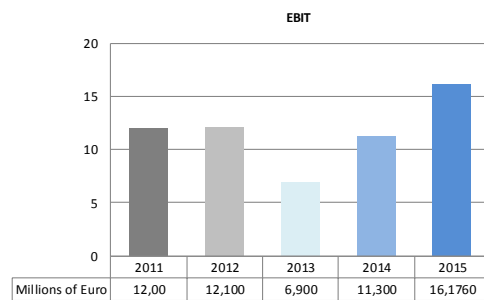
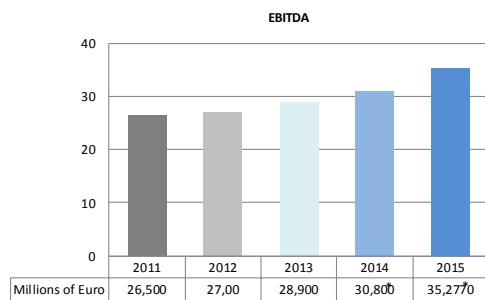
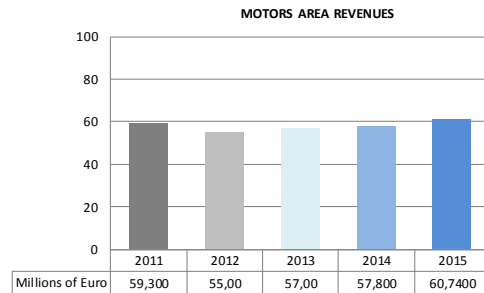
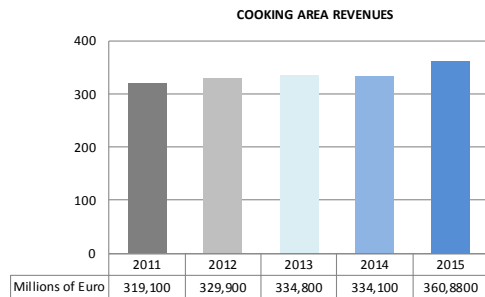
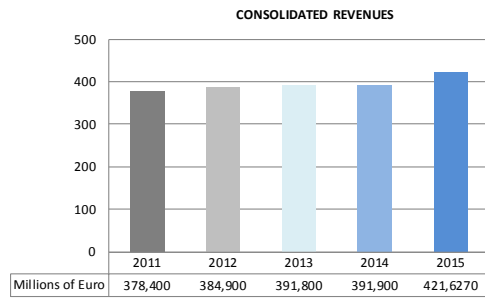
IAS/IFRS

The financial statements of the Elica Group as at and for the year ended December 31, 2015 were prepared in accordance with IAS/IFRS issued by the International Accounting Standards Board and approved by the European Commission, and in accordance with Article 9 of Legislative Decree No. 38/2005.

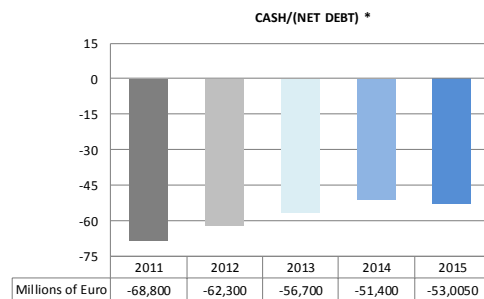
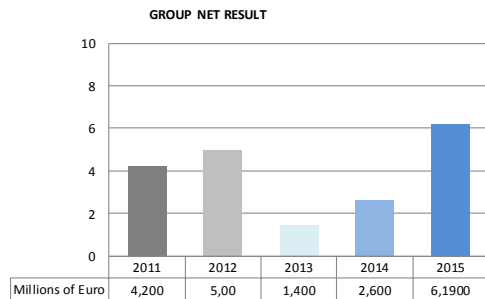
The accounting principles adopted for the preparation of these Financial Statements are consistent with those adopted for the preparation of the Financial Statements as at and for the year ended December 31, 2014.

These Financial Statements are presented in Euros and all the amounts are rounded to the nearest thousandth, unless otherwise specified.

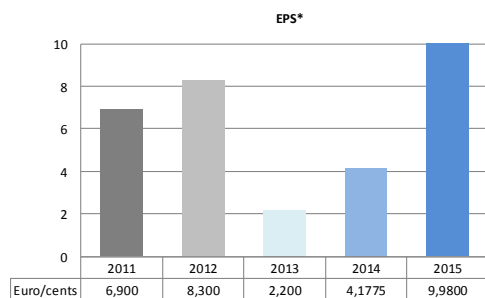
Financial Highlights



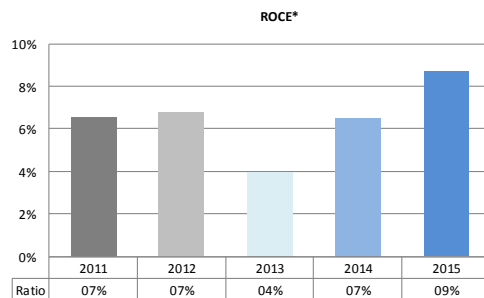
* Before Restructuring Costs



* Net Financial Debt



* Earning Per Shares



* Return On Capital Employed (EBIT/Capital Employed)

Financial and operating review

	2015	2014	2015 Vs 2014
<i>In Euro thousands</i>			%
Revenue	421,627	391,901	7.6%
EBITDA before restructuring charges	35,277	30,770	14.6%
revenue margin	8.4%	7.9%	
EBITDA	33,526	27,923	20.1%
revenue margin	8.0%	7.1%	
EBIT	16,176	11,251	43.8%
revenue margin	3.8%	2.9%	
Net financial charges	(2,936)	(4,360)	(32.7%)
revenue margin	-0.7%	-1.1%	
Profit for the year	7,445	3,486	113.6%
revenue margin	1.8%	0.9%	
Group Profit for the year	6,190	2,592	138.8%
revenue margin	1.5%	0.7%	
Basic earnings per share	9.98	4.18	138.8%
Diluted earnings per share	9.98	4.18	138.8%

The earnings per share for the years 2015 and 2014 were calculated by dividing the Group Net Result by the number of outstanding shares at the respective reporting dates.

EBITDA is the operating profit (EBIT) plus amortisation and depreciation and write-downs of goodwill for losses in value. The restructuring charges are as defined in the consolidated income statement. EBIT is the operating profit from continuing operations as reported in the consolidated income statement.

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14
Trade receivables	68,504	63,456
Inventories	62,701	57,609
Trade payables	(99,474)	(88,238)
Managerial Working Capital	31,731	32,827
% of revenue	7.5%	8.4%
Other net receivables/payables	(14,061)	(11,854)
Net Working Capital	17,670	20,973

The caption Other net receivables/payables include the captions Other receivables/payables, Tax receivables/payables and Provisions for risks and charges of current assets/liabilities.

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14
Cash and cash equivalents	34,463	35,241
Finance leases and other lenders	(6)	(12)
Bank loans and borrowings	(43,405)	(57,364)
Current loans and borrowings	(43,411)	(57,376)
Finance leases and other lenders	(9)	(12)
Bank loans and borrowings	(44,048)	(29,277)
Non-current loans and borrowings	(44,057)	(29,289)
Net Financial Debt	(53,005)	(51,424)

Net Financial Debt is the sum of cash and cash equivalents less amounts due under finance leases and to other lenders (current and non-current), plus bank loans and borrowings (current and non-current), as reported in the statement of financial position.

2015 operating review

In 2015, Elica registered consolidated revenue of Euro 421.6 million, up 7.6% on 2014, principally through organic business growth and strongly countering the global market, which in 2015 contracted 2.3%¹³. In particular, the Eastern European (-9.4%), Asian (-2.8%) and Latin American (-3.3%) markets contracted on 2014. On the other hand, demand growth was reported in North America (+4.6%) and Western Europe (+1.9%).

The Cooking segment reported an 8.0% revenue increase, thanks to growth both for third party brand products (+7.7%) and own brand products, which increased 8.5% and featured the exceptional performance of the Elica brand revenues (+21%). The expansion of the Elica brand is a direct result of investment focused on boosting the main brand in portfolio and the strategies to strengthen the direct presence of the Company on a number of major markets (France, Poland, Mexico and APAC).

The Motors segment in 2015 reported a 5.2% revenue increase, due principally to improved sales in the heating segment.

Analysing revenue from sales on the principal markets¹⁴, both the Americas¹⁵ and Europe, the Group's main markets, contributed to revenue growth (27.8% and 5.0%, respectively). Asia overall was substantially stable, although with an excellent performance on the Indian market (up over 20%).

EBITDA before restructuring charges¹⁶ of Euro 35.3 million (8.4% of Net revenue) improved 14.7% on Euro 30.8 million in 2014. EBITDA net of restructuring charges was Euro 33.5 million, increasing 20.1% compared to Euro 27.9 million in 2014.

The move towards higher margins follows the increase in sales volumes, efficiencies generated from supply chain integration programmes and the continued optimisation of product cost, together with favourable exchange rate movements.

EBIT of Euro 16.2 million increased 43.8% on the previous year (Euro 11.3 million).

The net profit of Euro 7.4 million was up 113.6% on the previous year (Euro 3.5 million).

The Group net profit of Euro 6.2 million rose 138.8% on the previous year (Euro 2.6 million).

The Managerial Working Capital on annualised revenue of 7.5% improved significantly, both on the 8.6% at September 30, 2015 and the 8.4% at December 31, 2014. This excellent result is due to optimised resource allocation policies, in particular with regard to trade payables management.

The net financial debt at December 31, 2015 of Euro 53.0 million increased on Euro 51.4 million at December 31, 2014, but decreased significantly on Euro 62.2 million at September 30, 2015, thanks to a robust generation of operating cash which offset the payment in 2015 of restructuring charges of Euro 8.4 million, mainly relating to the Restructuring Plan already concluded and expensed in 2013 and 2014.

¹³ Global range hood market volumes.

¹⁴ 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.

¹⁵ Includes North, Central and South America

¹⁶ As defined in the Consolidated Income Statement.

Elica S.p.A. and the financial markets



The graph shows the performance of the Elica S.p.A. share price in 2015 in comparison to the average of other companies listed on the STAR segment (indicated by the performance of the FTSE Italia STAR index). From the beginning of the year until April 2015 the share price consistently and significantly recovered, in line with the FTSE Italia STAR Index in general, with major gains seen in March. The market was highly volatile in the May to July 2015 period, with tension in the financial markets arising from the possibility of a Greek exit from the Eurozone and the first signs of a prolonged slowdown of the Chinese economy. In the second half of the year, the share price substantially followed the movement of the FTSE Italia STAR Index, finishing the year at Euro 1.9837 per share¹⁷, against Euro 1.6889 at the beginning of the year.

In January 2016, the share price was significantly impacted by the major drop across the global financial markets, reaching Euro 1.6457 per share on January 31, 2016. However, the share began to recover in February 2016 and closed the February 29, 2016 session at an official price of Euro 1.7642, driven both by a better performing overall financial market and following the announcement of the 2015 preliminary results which, beating all the 2015 Guidance objectives, significantly outperformed market expectations.

The Share Capital consists of 63,322,800 ordinary voting shares. The ownership structure of Elica S.p.A. at December 31, 2015 is disclosed in the Corporate Governance and Shareholder Ownership Report, available on the Company website <http://corporation.elica.com> (Investor Relations section).

Elica S.p.A. does not hold shares of the parent. A detailed breakdown of treasury share values is outlined at Note 5.39, to which reference should be made.

¹⁷ Closing price of the December 30, 2015 session.

Significant events in 2015

On January 27, 2015, 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 2015.

On February 12, 2015 the Board of Directors of Elica S.p.A. approved the 2014 Fourth Quarter Report, prepared in accordance with IFRS accounting standards.

At the same meeting, the Board of Directors also decided to appoint Equita SIM, a leading merchant bank involved in stock markets globally and a leading broker for institutional investors interested in Italian equities, as the new Specialist for Elica S.p.A.. The appointment runs from March 2, 2015, with the previous Specialist's appointment therefore concluding on the same date.

On March 19, 2015 the Board of Directors of Elica S.p.A approved the Consolidated Financial Statements at December 31, 2014 and the Separate Financial Statements at December 31, 2014 of Elica S.p.A, prepared in accordance with IFRS. The Board, in addition, proposed the distribution of a dividend of Euro 0.0284 per share (before withholding taxes) from the net profit of the Parent, resulting in a payout ratio of 36.3%. Dividend coupon No. 7 of May 25, record date of May 26 and payment date of May 27, 2015 was proposed.

On the same date the Board of Directors approved the 2014 Corporate Governance and Ownership Structure Report, the Remuneration Report, the Illustrative Report to the Shareholders' Meeting for the appointment of the Board of Directors and the fixing of relative remuneration, the Illustrative Report to the Shareholders' Meeting for the appointment of the Board of Statutory Auditors and the fixing of relative remuneration, the Illustrative Report to the Shareholders' Meeting concerning the proposal of the Board of Statutory Auditors for the appointment of the Independent Audit Firm and the Directors' Report to the Shareholders' Meeting on the proposal to authorise the purchase and utilisation of treasury shares.

Elica considers that the Guidance performance objectives announced to the market on February 14, 2014 were substantially achieved, reporting consolidated revenue growth of 0.8% at constant exchange rates (forecast at between 1% and 3%), EBITDA before restructuring charges of Euro 30.8 million, growth of 6.6% (forecast at between 4% and 7%) and a net financial debt of Euro 51.4 million (forecast not to exceed Euro 52 million).

On March 25, 2015, Elica participated at the STAR Conference 2015 in Milan.

On April 5, 2015, Elica announced that on April 2, 2015 the slate for the renewal of the Board of Directors and the Board of Statutory Auditors of the majority shareholder FAN S.R.L., holder of 52.809% of the subscribed and paid-in share capital, was filed.

On April 7, 2015, Elica made available to the public at the registered office of the company, on the authorised storage mechanism 1INFO (www.1info.it) and on the Elica S.p.A. website at <http://corporation.elica.com>, the Annual Report comprising the Consolidated and Separate Financial Statements at December 31, 2014, the Directors' Report and the Declaration as per Article 154-bis, paragraph 5 of Legs. Decree No. 58/1998, together with the Board of Statutory Auditors' Report, the Independent Auditors' Report, the 2014 Corporate Governance and Ownership Structure Report and the Remuneration Report and the Directors' Report to the Shareholders' Meeting on the proposal to authorise the purchase and utilisation of treasury shares. The Annual Accounts and/or the Financial Statements as per Article 2429 of the Italian Civil Code of the subsidiaries and associates of Elica S.p.A. and the Financial Statements of the subsidiaries as per Article 36 of the Market Regulation were made available to the public at the registered office.

On April 29, 2015, the Shareholders' AGM of Elica S.p.A., in ordinary session, approved the 2014 Separate Financial Statements of Elica S.p.A., the Directors' Report, the Board of Statutory Auditors' Report and the Independent Auditors' Report.

The Shareholders' AGM also approved the distribution of a dividend of Euro 0.0284 per share (before withholding taxes) from the separate net profit of the Parent, resulting in a payout ratio of 36.3%.

Dividend coupon No. 7 of May 25, record date of May 26 and payment date of May 27, 2015 was approved.

The Shareholders' AGM of Elica S.p.A. considered the content of the Remuneration Report and expressed its approval of the first section of the report and appointed KPMG S.p.A. as independent auditors for the 2015-2023 period, approving their remuneration and adjustment criteria.

At the Meeting were appointed the Directors, who will remain in office for the years 2015, 2016 and 2017, until the Shareholders' AGM for the approval of the 2017 Annual Accounts, which shall consist of eight members: Francesco Casoli, appointed chairman, Giuseppe Perucchetti, Gianna Pieralisi, Enrico Vita, Elio Cosimo Catania, Katia Da Ros, Davide Croff and Gennaro Pieralisi. Enrico Vita, Elio Cosimo Catania, Katia Da Ros and Davide Croff declared their independence in accordance with the regulations in force.

The AGM also appointed the three standing members of the Board of Statutory Auditors: Gilberto Casali, chairman, Simona Romagnoli and Franco Borioni.

The Shareholders' AGM finally approved the authorisation to purchase and utilise treasury shares, pursuant to Article 2357 and 2357-ter of the Italian Civil Code, in order to provide the Company with an important instrument of strategic and operative flexibility.

Also on April 29, 2015, the Board of Directors appointed Francesco Casoli, Giuseppe Perucchetti and Gianna Pieralisi as executive directors of Elica S.p.A.; assessed the independence of the Directors Elio Catania, Davide Croff, Katia Da Ros and Enrico Vita, declaring them independent in accordance with Article 148, paragraph 3 of the CFA (restated in Article 147-ter, paragraph 4 of the CFA) and under Article 3.C.1. of the Self-Governance Code for listed companies; appointed Elio Catania (chairman), Davide Croff and Enrico Vita, independent/non-executive directors as members of the Appointments and Remuneration Committee and also appointed Davide Croff (chairman), Elio Catania and Enrico Vita, independent/non-executive directors, as members of the Internal Control and Risk Management Committee; appointed independent director Katia Da Ros as Lead Independent Director; identified the Executive Director Francesco Casoli as the Internal Control and Risk Management System Manager; appointed the director Giuseppe Perucchetti with responsibilities for "Employment".

Alberto Romagnoli, holding the necessary requirements pursuant to the Company By-Laws, was appointed as Executive Officer Responsible for the Preparation of the Corporate Accounting Documents, having heard the opinion of the Board of Statutory Auditors.

On May 14, 2015 the Board of Directors of Elica S.p.A. approved the 2015 First Quarter Report, prepared in accordance with IFRS accounting standards.

On May 15, 2015, Elica participated in an Investor Presentation, organised in Milan by Equita Sim, undertaking presentations and meetings with institutional investors.

On May 20, Elica was involved in the Italian Stock Market Opportunities Conference, organised in Paris by Banca IMI.

On May 25, 2015, the minutes of the Shareholders' AGM of April 29, 2015, together with the related attachments, were made available at the registered office of the Company, on the authorised storage mechanism 1Info at www.1info.it and on the company website <http://corporation.elica.com>, Shareholders' Meetings section.

On July 9, 2015, Elica took part in the Mid&Small Cap Event, organised in Frankfurt by Equita SIM, holding meetings with the financial community.

On August 27, 2015, the Board of Directors of Elica S.p.A. approved the Half-Year Report at June 30, 2015 and filed the Auditors' Report on the Condensed Consolidated Financial Statements.

On September 16, 2015, Elica S.p.A. was involved in the VIII edition of the Italian Stock Market Opportunities Conference, organised in Milan by Banca IMI, through presentations and meetings with institutional investors.

On October 6, 2015, Elica S.p.A. participated in the Star Conference, organised in London by Borsa Italiana, through presentations and meetings with institutional investors.

On November 12, 2015, the Board of Directors of Elica S.p.a. approved the Interim Report at September 30, 2015 and adopted the updated Elica S.p.A. organisation and management model, as per Legislative Decree 231/01, which was amended in line with the new offenses introduced by Law No. 186 of December 15, 2014 (self-laundering offence) and Law No. 68 of May 22, 2015 (environmental crimes law). The amendments were incorporated also into the Ethics Code.

On the same date, in view of the Company's growth levels and favourable currency movements, Elica S.p.A. updated the 2015 Guidance objectives and confirmed the growth estimate for net revenue of between 3% and 5% on 2014, the EBITDA before restructuring charges growth estimate of between 7% and 14% on 2014 and forecast a net financial debt at December 31, 2015 of Euro 55 million.

Information relating to the environment

Elica S.p.A. operates in compliance with all regulations – local and national – for the protection of the environment both in relation to products and the productive cycles. It is highlighted that the types of activities carried out have limited implications in environmental terms and in terms of atmospheric emissions, waste disposal and water disposal. However, the maintenance of such standards requires the incursion of costs by the company.

Information relating to personnel

Elica S.p.A., in its commitment to continuous improvement, has undertaken initiatives focussed on increasing security levels at the plant, reducing and monitoring risks and training personnel for more conscientious behaviour and prudence in the workplace, further improving the already low rate of accidents and serious injuries.

Research and development

Reference should be made to Note 5.18 for further details on research and development.

Exposure to risks and uncertainty and financial risk factors

The Elica Group's operations are exposed to different types of financial risks, such as risks associated to changes in exchange rates, interest rates, commodity prices and cash flows. In order to mitigate the impact of those risks on the company's results, the Elica Group commenced the implementation of a financial risks monitoring system through a "Financial Risk Policy" approved by the Board of Directors of the Parent. Within this policy, the Group constantly monitors the financial risks related to the operating activities in order to assess any potential negative impact and undertakes corrective action where necessary.

The main guidelines for the Group risk management policy are as follows:

- identify the risks related to the achievement of the business objectives;
- assess the risks to determine whether they are acceptable compared to the controls in place and if they require additional treatment;
- respond to risks appropriately;
- monitor and report on the current state of the risks and the effectiveness of their control.

The Group's Financial Risk Policy is based on the principle of proficient management and the following assumptions:

- prudent management of the risk with a view to protecting the expected value of the business;
- use of "natural hedges" in order to minimise the net exposure on the financial risks described above;
- undertake hedging operations within the limits approved by Management and only in the presence of actual and clearly identified exposures.

The financial risks management process is structured on the basis of appropriate procedures and controls, based on the correct separation of the activities of conclusion, settlement, registration and reporting of the results.

Corporate boards

Members of the Board of Directors

Francesco Casoli

Executive Chairman,

born in Senigallia (AN) on 5/6/1961, appointed by resolution of 29/04/2015.

Enrico Vita

Independent Director,

born in Fabriano (AN) on 16/02/1969, appointed by resolution of 29/04/2015.

Giuseppe Perucchetti

Chief Executive Officer,

born in Varese (VA) on 30/10/1958, appointed by resolution of 29/04/2015.

Elio Cosimo Catania

Independent Director,

born in Catania on 05/06/1946, appointed by resolution of 29/04/2015.

Gianna Pieralisi

Executive Director,

born in Monsano (AN) on 12/12/1934, appointed by resolution of 29/04/2015.

Katia Da Ros

Independent Director and Lead Independent Director,

born in Conegliano (TV) on 30/03/1967, appointed by resolution of 29/04/2015.

Gennaro Pieralisi

Director,

born in Monsano (AN) on 14/02/1938, appointed by resolution of 29/04/2015.

Davide Croff

Independent Director,

born in Venice on 01/10/1947, appointed by resolution of 29/04/2015.

Members of the Board of Statutory Auditors

Gilberto Casali

Chairman,

born in Jesi (AN) on 14/01/1954, appointed by resolution of 29/04/2015.

Leandro Tiranti

Alternate Auditor,

born in Sassoferrato (AN) on 04/05/1966, appointed by resolution of 29/04/2015.

Franco Borioni

Statutory Auditor,

born in Jesi (AN) on 23/06/1945, appointed by resolution of 29/04/2015.

Serenella Spaccapaniccia

Alternate Auditor,

born in Montesangiorgio (AP) on 04/04/1965, appointed by resolution of 29/04/2015.

Simona Romagnoli

Statutory Auditor,

born in Jesi (AN) on 02/04/1971, appointed by resolution of 29/04/2015.

Internal Control & Risk Management Cmte.

Davide Croff (Chairman)

Elio Cosimo Catania

Enrico Vita

Appointments and Remuneration Committee

Elio Cosimo Catania (Chairman)

Davide Croff

Enrico Vita

Independent Audit Firm

KPMG S.p.A.

Registered office and Company Data

Elica S.p.A.

Registered office: Via Casoli, 2 – 60044 Fabriano (AN)

Share capital: Euro 12,664,560.00

Tax Code and Companies' Register Number: 00096570429

Ancona REA No. 63006 – VAT Number 00096570429

Investor Relations Manager

Laura Giovanetti

e-mail: l.giovanetti@elica.com Telephone: +39 0732 610727

Elica Group structure and consolidation scope

The Elica Group is the world's largest manufacturer of kitchen range hoods for domestic use and is leader in Europe in the industry of motors for boilers used in home heating systems.

Parent

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

Subsidiaries

- o Elica Group Polska Sp.zo.o – Wrocław – (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 since 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 and is wholly-owned (the parent owns 98% directly and 2% through Elica Group Polska). Through this company, the Group intends to concentrate in Mexico the production of products for the American markets 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 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 Aria fina CO., LTD – Sagami hira-Shi (Japan) (in short Aria fina). Incorporated in September 2002 as an equal joint venture with the Tokyo-based Fuji Industrial, the Japanese range hood market leader. Elica S.p.A. acquired its 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 (Ancona, Italy) (in short Airforce). This company operates in a special segment of the production and sale of hoods. The holding of Elica S.p.A. is 60%;
- o Airforce Germany Hochleistungs-Dunstabzugssysteme GmbH – Stuttgart (Germany) (in short Airforce Germany). Airforce S.p.A. owns 95% of Airforce Germany GmbH, which sells hoods in Germany through “kitchen studios”;
- o Elica Inc – Chicago, Illinois (United States), offices in Bellevue, Washington (United States). The company aims to develop the Group's brands in the US market by carrying out marketing and trade marketing with resident staff. The company is a wholly owned subsidiary of ELICAMEX S.A. de C.V.;
- o Exklusiv Hauben Gutmann GmbH – Mulacker (Germany) (in short Gutmann) - a German company entirely held by Elica S.p.A. and the German leader in the high-end kitchen range hood market, specialised in tailor made and high performance hoods.
- o Elica PB India Private Ltd. - Pune (India) (in short Elica India); in 2010, Elica S.p.A. signed a joint venture agreement, subscribing 51% of the share capital of the newly-incorporated Indian company and therefore attaining control. Elica PB India Private Ltd. produces and sells Group products.
- o Zhejiang Elica Putian Electric CO.,LTD. – Shengzhou (China) (in short Putian), Chinese company owned for 66.76% and operating under the Puti brand, leader in the Chinese home appliances sector, with whom it produces and markets range hoods, gas hobs and kitchenware sterilisers. Putian has been one of the first players in the Chinese range hood market and the first company to develop 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. Petersburg (Russian Federation) (in short Elica Trading), a wholly-owned Russian company incorporated on June 28, 2011.
- o Elica France S.A.S. - Paris (France) (in short Elica France), a wholly-owned French company incorporated in 2014.

Associates

- o I.S.M. S.r.l. – Cerreto d'Esi (Ancona, Italy). The company, of which Elica S.p.A. holds 49.385% of the Quota Capital, operates within the real estate sector.

Changes in the consolidation scope

There were no changes in the consolidation scope compared to December 31, 2014.

Related-party transactions

In 2015, 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.

Subsidiaries – 2015 Financial Highlights

Reporting package figures

<i>In Euro thousands</i>	Assets	Liabilities	Equity	Revenue	Net Profit for the year
Elicamex S.A.de C.V.	46,756	15,684	31,072	67,191	6,699
Elica Group Polska Sp.z o.o	56,227	33,202	23,026	94,632	2,445
Airforce S.p.A.	10,564	7,632	2,931	20,281	442
Ariafina CO., LTD	9,565	3,158	6,408	17,705	2,003
Leonardo S.A.de C.V.	638	807	(169)	8,784	(113)
Exklusiv Hauben Gutmann GmbH	24,237	17,785	6,452	23,905	(2,652)
Elica Inc.	418	216	203	608	18
Airforce GE (*)	62	5	57	26	(8)
Elica PB India Private Ltd.	10,477	7,490	2,987	12,659	369
Zhejiang Elica Putian Electric Co. Ltd	25,020	22,485	2,535	19,648	(181)
Elica Trading LLC	3,954	3,188	765	5,921	(457)
Elica France S.A.S.	1,841	2,462	(620)	2,176	(354)

(*) Airforce Germany Hochleistungs-dunstabzugssysteme GmbH

Elica S.p.A. also carries out financial operations with Group companies as part of a general plan to centralise treasury management activities. These operations are interest bearing and at market rates. Transactions with consolidated companies have been eliminated from the Consolidated Financial Statements. As a result they are not reported in these notes.

Associates – 2015 Financial Highlights

As per Italian GAAP

<i>In Euro thousands</i>	Assets	Liabilities	Equity	Revenue	Net Profit for the year
I.S.M. S.r.l.	1,388	22	1,366	142	29

The table below shows the operating and financial details from transactions with associates for 2015. No separate disclosure of these positions was provided in the financial statements, given the limited amounts involved, in accordance with Consob resolution No. 15519 of July 27, 2006.

<i>In Euro thousands</i>	Payables	Receivables	Costs	Revenue
I.S.M. srl	-	2	-	1

Corporate Governance and Ownership Structure Report

In accordance with Article 123-*bis* of Legislative Decree 58/1998, with Article 89-*bis* of Consob Resolution No.11971/1999 and subsequent amendments and integrations, Elica S.p.A. provides complete disclosure on the Corporate Governance system adopted at March 22, 2016, in line with the recommendations of the Self-Governance Code (July 2015 edition), in the Annual Corporate Governance Report, available on the Company website <http://corporation.elica.com> (Corporate Governance section).

Remuneration Report

In accordance with Article 123-*ter* of Legislative Decree 58/1998 and Article 84-*quater* of the Consob Resolution No. 11971/1999 and subsequent amendments, Elica S.p.A. prepares a Remuneration Report in accordance with the indications at Attachment 3A, Table 7-*bis* of the same Consob Resolution No. 11971/1999 and subsequent amendments. This report is available on the website of the Company <http://corporation.elica.com> (Investor Relations section).

2015 Subsequent events and outlook

The Group carries out an ongoing and extensive monitoring of demand dynamics, which in 2015 weakened globally compared to 2014 (-2.3%) - particularly in Eastern Europe (-9.4%), Asia (-2.8%) and Latin America (-3.3%). On the other hand, demand growth was reported in North America (+4.6%) and Western Europe (+1.9%).

In view of the 2015 results, Elica has outperformed the 2015 Guidance objectives communicated to the market on February 12, 2015 and updated on November 12, 2015, returning a consolidated revenue increase of 7.6% (estimated at between 3% and 5%) and a consolidated EBITDA increase, before restructuring charges, of 14.6% (estimated at between 7% and 14%) compared to 2014, with a net financial debt of Euro 53 million at the end of 2015 (estimated at Euro 55 million). Against the results expected from the ongoing implementation of the long-term Group strategy and thanks to the continued innovations introduced to the market, Elica estimates an increase for 2016 in Consolidated revenue of between 5% and 9% and an increase in consolidated EBIT of between 13% and 26% on 2015, while targeting also a net financial debt of Euro 58 million.

On January 27, 2016, Elica joined the Internet of Things market with the launch of a new product: SNAP, the first Air Quality Balancer. Thanks to three sensors and a sophisticated algorithm, SNAP monitors and automatically improves air quality, reducing in just 30 minutes the presence of polluting agents, odors and excess vapors in closed environments. Therefore, with SNAP Elica continues to innovate as an air treatment specialist, unveiling its first IOT product for other household environments. The project will see the participation of 2 leading partners with significant IOT environment expertise: Vodafone, which contributed to the implementation of the APP for the launch of the SNAP remote control, providing also a SIM card ensuring an alternative connection of the product to the Wi-Fi and IBM, owner of the cloud in which all of the data collected are stored.

On January 29, 2016, 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 2016.

On February 12, 2016, the Board of Directors of Elica S.p.A. approved the 2015 Fourth Quarter Report, prepared in accordance with IFRS.

Compliance pursuant to Section VI of the regulation implementing Legislative Decree No. 58 of February 24, 1998 concerning market regulations ("Market Regulations")

In accordance with Article 36 of the Regulation enacting Legs. Decree No. 58 of February 24, 1998, Elica S.p.A., 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.

For the basis upon which it is considered that the company is not under the direction and control of the parent, in accordance with Article 37, reference should be made to paragraph 8. Disclosure pursuant to IAS 24 on management remuneration and related-party transactions.

Obligations in accordance with Article 70, paragraph 8 and Article 71, paragraph 1-bis of the "Issuers' Regulation"

In accordance with Article 70, paragraph 8 and Article 71, paragraph 1-*bis* of the Consob Issuers' Regulation, on January 16, 2013, Elica announced that it would employ the exemption from publication of the required disclosure documents concerning significant merger, spin-off, and share capital increase operations through conferment of assets in kind, acquisitions and sales.

Fabriano, March 22, 2016

For The Board of Directors
The Executive Chairman
Francesco Casoli



Elica Group

**CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
ENDED DECEMBER 31, 2015**

ELICA GROUP- Consolidated Financial Statements at 31/12/2015

Registered Office at Via Ermanno Casoli, 2 – 60044 Fabriano (AN) - Share Capital: Euro 12,664,560 fully paid-in

Income Statement

		2015	2014
<i>In Euro thousands</i>	Note		
Revenue	5.1	421,627	391,901
Other operating income	5.2	4,178	5,417
Changes in inventories of finished and semi-finished goods	5.3	3,180	3,442
Increase in internal work capitalised	5.4	5,852	4,984
Raw materials and consumables	5.5	(230,111)	(217,439)
Services	5.6	(75,871)	(66,258)
Labour costs	5.7	(82,080)	(81,263)
Amortisation & Depreciation	5.8	(17,350)	(16,672)
Other operating expenses and provisions	5.9	(11,498)	(10,014)
Restructuring charges	5.10	(1,751)	(2,847)
Operating profit		16,176	11,251
Share of profit/(loss) from associates	5.11	(10)	(17)
Impairment of AFS financial assets	5.24	(100)	-
Financial income	5.12	211	247
Financial charges	5.13	(3,754)	(4,287)
Exchange rate gains/(losses)	5.14	717	(303)
Profit before taxes		13,240	6,891
Income taxes	5.15	(5,795)	(3,405)
Profit from continuing operations		7,445	3,486
Profit from discontinued operations		-	-
Profit for the year		7,445	3,486
of which:			
Attributable to non-controlling interests	5.16	1,255	894
Attributable to the owners of the parent		6,190	2,592
Basic earnings per Share (Euro/cents)	5.17	9.98	4.18
Diluted earnings per Share (Euro/cents)	5.17	9.98	4.18

Statement of Comprehensive Income

<i>In Euro thousands</i>			
	Note	2015	2014
Profit for the year		7,445	3,486
Other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the year:			
Actuarial gains/(losses) of employee defined plans	5.31	300	(1,755)
Tax effect concerning the Other income/(expense) which may not be subsequently reclassified to the profit/(loss) for the year		(2)	385
Total other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the year, net of the tax effect		298	(1,370)
Other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the year:			
Exchange differences on the conversion of foreign financial statements		328	(9)
Net change in cash flow hedges	7.2.2	(2,043)	(751)
Tax effect concerning the Other income/(expense) which may be subsequently be reclassified to the profit/(loss) for the year	5.33	562	207
Total other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the year, net of the tax effect		(1,153)	(553)
Total other comprehensive income/(expense), net of the tax effect:		(855)	(1,923)
Total comprehensive income for the year		6,590	1,563
of which:			
Attributable to non-controlling interests		1,826	1,255
Attributable to the owners of the parent		4,765	308

Statement of Financial Position

<i>In Euro thousands</i>	<i>Note</i>	Dec 31, 15	Dec 31, 14
Property, plant & equipment	5.19	88,779	88,014
Goodwill	5.20	45,712	44,911
Other intangible assets	5.21	28,676	26,660
Investments in associates	5.22	1,423	1,437
Other receivables	5.23	330	182
Tax assets		-	5
Deferred tax assets	5.33	16,185	15,265
AFS financial assets	5.24	56	156
Derivative financial instruments	5.29	-	1
Total non-current assets		181,162	176,631
Trade receivables and loan assets	5.25	68,504	63,456
Inventories	5.26	62,701	57,609
Other receivables	5.27	7,370	6,935
Tax assets	5.28	7,825	7,330
Derivative financial instruments	5.29	223	146
Cash and cash equivalents	5.30	34,463	35,241
Current assets		181,088	170,717
Assets of discontinued operations		-	-
Total Assets		362,250	347,348
Liabilities for post-employment benefits	5.31	10,619	12,752
Provisions for risks and charges	5.32	3,854	5,441
Deferred tax liabilities	5.33	4,749	4,910
Finance leases and other lenders	5.34	9	12
Bank loans and borrowings	5.35	44,048	29,277
Other payables	5.36	3,277	4,786
Tax liabilities	5.37	442	568
Derivative financial instruments	5.29	166	146
Non-current liabilities		67,164	57,892
Provisions for risks and charges	5.32	7,398	3,006
Finance leases and other lenders	5.34	6	12
Bank loans and borrowings	5.35	43,405	57,364
Trade payables	5.38	99,474	88,238
Other payables	5.36	14,133	16,394
Tax liabilities	5.37	7,726	6,719
Derivative financial instruments	5.29	3,736	2,113
Current liabilities		175,878	173,846
Liabilities of discontinued operations		-	-
Share capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging, translation and stock option reserve		(11,408)	(9,585)
Reserve for actuarial gains/losses		(2,907)	(3,188)
Treasury shares		(3,551)	(3,551)
Retained earnings		40,630	39,894
Profit attributable to the owners of the parent		6,190	2,592
Equity attributable to the owners of the parent	5.39	112,742	109,950
Capital and reserves attributable to non-controlling interests		5,211	4,766
Profit attributable to non-controlling interests		1,255	894
Equity attributable to non-controlling interests	5.40	6,466	5,660
Total equity		119,208	115,610
Total liabilities and equity		362,250	347,348

Statement of Cash Flows

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14
Opening cash and cash equivalents	35,241	27,664
Operating profit - EBIT	16,176	11,251
Amortisation & Depreciation	17,350	16,672
EBITDA	33,526	27,923
Trade working capital	820	7,820
Other working capital accounts	(4,581)	(2,595)
Income taxes paid	(4,587)	(5,786)
Change in provisions	712	281
Other changes	178	(2,856)
Cash flow from operating activities	26,066	24,785
Net increases	(19,868)	(15,293)
Intangible assets	(8,306)	(6,523)
Property, plant & equipment	(11,561)	(8,770)
Acquisition/Sale of investments	-	44
Cash flow used in investing activities	(19,868)	(15,248)
Dividends	(2,551)	(2,413)
Increase (decrease) in loans and borrowings	301	1,893
Net changes in other financial assets/liabilities	(1,638)	2,095
Interest paid	(3,306)	(3,649)
Cash flow used in financing activities	(7,193)	(2,073)
Change in cash and cash equivalents	(995)	7,463
Effect of exchange rate change on liquidity	217	112
Closing cash and cash equivalents	34,463	35,239

Statement of changes in Equity

	Share capital	Share premium reserve	Acquisition/Sale of Treasury shares	Retained earnings	Hedge & trans. res. & post-em. bens.	Profit for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total
<i>In Euro thousands</i>									
Balance at December 31, 2013	12,665	71,123	(3,551)	40,294	(10,423)	1,357	111,465	5,276	116,741
Change in cash flow hedges net of tax effect					(588)		(588)		(588)
Actuarial gains/(losses) on post-employment benefits					(1,286)		(1,286)	(83)	(1,370)
Differences arising from translation of foreign subsidiaries' financial statements					(453)		(453)	444	(9)
Total gains/(losses) recognised directly to equity					(2,328)		(2,328)	361	(1,967)
Profit for the year						2,592	2,592	894	3,486
Total gains/(losses) recognised in the income statement						2,592	2,592	894	3,486
Allocation of profit for the year				1,379	(22)	(1,357)			
Other changes				(111)			(111)	(127)	(238)
Dividends				(1,669)			(1,669)	(743)	(2,413)
Balance at December 31, 2014	12,665	71,123	(3,551)	39,894	(12,773)	2,592	109,950	5,660	115,610
Change in cash flow hedges net of tax effect					(1,599)		(1,599)		(1,599)
Actuarial gains/(losses) on post-employment benefits					280		280	18	298
Differences arising from translation of foreign subsidiaries' financial statements					(225)		(225)	553	328
Total gains/(losses) recognised directly to equity					(1,543)		(1,543)	571	(972)
Profit for the year						6,190	6,190	1,255	7,445
Total gains/(losses) recognised in the income statement						6,190	6,190	1,255	7,445
Allocation of profit for the year				2,592		(2,592)			
Other changes				(94)			(94)	(231)	(325)
Dividends				(1,762)			(1,762)	(789)	(2,551)
Balance at December 31, 2015	12,665	71,123	(3,551)	40,630	(14,315)	6,190	112,742	6,466	119,208

Table of contents – Notes to the consolidated financial statements as at and for the year ended December 31, 2015

1. Group structure and activities
2. Accounting principles and basis of consolidation
3. Significant accounting estimates
4. Composition and changes in the consolidation scope
5. Notes to the consolidated income statement, statement of financial position and statement of cash flows
6. Guarantees, commitments and contingent liabilities
7. Risk management policy
8. Disclosure pursuant to IAS 24 on management compensation and related-party transactions
9. Positions or transactions arising from exceptional and/or unusual transactions
10. Subsequent events

1. Group structure and activities

Elica S.p.A. is a company incorporated under Italian law based in Fabriano (Ancona, Italy). The main activities of the Company and its subsidiaries, as well as its registered office and secondary offices are illustrated in the Directors' Report on Operations under "Elica Group structure and Consolidation Scope".

The Euro is the functional and presentation currency of Elica S.p.A. and of the consolidated companies, except for the foreign subsidiaries Elica Group Polska Sp. z o.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 Elica 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.

Today the Board of Directors approved the Consolidated Financial Statements for the year ended December 31, 2015 and authorised their publication.

2. Accounting principles and basis of consolidation

The Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board and approved by the European Union, as well as in accordance with Article 9 of Legislative Decree No. 38/2005 and related CONSOB regulations.

The Financial Statements are compared with the previous year and consist of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of changes in Equity and the Explanatory Notes thereto.

The financial statements and related notes comply with the minimum disclosure requirements of IFRS, as integrated, where applicable, by the provisions enacted by law and by CONSOB.

The statement of cash flows was prepared applying the indirect method. It classifies cash flows generated respectively from Operating Activities, from Investments and from Financing Activities, in line with the IAS 7. Specifically, Operating Activities concern those which produce revenue and which are not investments or financing. Investment activities are those concerning the purchase and sale of Fixed Assets and other investments, while Financing Activities are those resulting in a change to the sources of financing, therefore in the size and composition of the share capital and share premium reserves and Group loans. Unrealised exchange rate gains and losses from exchange rate movements are not considered cash flows. However, the effect of such exchange rate movements upon cash and cash equivalents is included to reconcile the change in Cash and Cash Equivalents from the beginning to the end of the year. The amount is however presented separately.

The Group did not make any changes in the accounting principles applied between the comparative data of December 31, 2014 and December 31, 2015 as neither the International Accounting Standards Board (IASB) nor the International Financial Reporting Interpretation Committee (IFRIC) have revised or issued standards or interpretations due to take effect on January 1, 2015 that have had a material effect on the Financial Statements.

The financial statement captions 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.

2.1 Basis of Consolidation

The consolidated financial statements as at and for the year ended December 31, 2015 include the financial statements of the Company and the companies it controls directly or indirectly (the subsidiaries). Control exists where the Group contemporaneously has decision-making power over the investee, rights upon variable results (positive or negative) and the capacity to use its decision-making power to affect the amount of profits coming from its investment in the entity.

The separate financial statements at December 31, 2015 of the Parent Elica S.p.A. were prepared in accordance with IFRS, in accordance with Legislative Decree No. 38/2005 and CONSOB regulations. The financial statements of the Italian subsidiary were prepared in accordance to the Italian Civil Code as supplemented, where necessary, by the OIC accounting standards and those issued by the IASB.

All the Group companies have provided the data and information required to prepare the Consolidated Financial Statements in accordance with IFRS.

For information on the consolidation scope and the associates, reference should be made to sections 4 "Composition and changes in the consolidation scope" and 8 "Disclosure pursuant to IAS 24 on management compensation and related-party transactions".

In the case of entries to or exits from the consolidation scope in the year, the results of subsidiaries acquired or sold during the year are included in the consolidated income statement from the date of acquisition until the date of sale.

All significant transactions between companies included in the consolidation scope are eliminated.

Gains and losses arising on inter-company sales of tangible fixed assets are eliminated, where considered material.

The non-controlling interest share in the net assets of consolidated subsidiaries are recorded separately from the Equity attributable to owners of the parent ("Equity attributable to non-controlling interests"). Equity attributable to non-controlling interests includes the amount attributable at the original acquisition date (see below) and changes in equity after that date.

Losses attributable to non-controlling interests in excess of their share in the subsidiary's equity are allocated to equity attributable to owners of the parent, except to the extent that the minority shareholders are subject to a binding obligation and are capable of making additional investments to cover the losses.

Consolidation of foreign companies and translation into Euro of foreign-denominated items

The assets and liabilities of consolidated foreign companies in currencies other than the Euro are translated using the exchange rates at the balance sheet date. Revenue and costs are translated into Euro using the average exchange rate for the year. Translation differences are recognised in the translation reserve until the investment is sold.

At December 31, 2015, the consolidated foreign companies whose operating currency is other than the Euro are Elica Group Polska Sp. z o.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 Elica Putian Electric Co. Ltd and Elica Trading LLC., which use the Polish Zloty, the Mexican Pesos (ELICAMEX S.A. de C.V. and Leonardo Services S.A. de C.V.), the Japanese Yen, the US Dollar, the Indian Rupee, the Chinese Renminbi and the Russian Ruble, respectively.

The exchange rates used for translation purposes are set out below:

	average 2015	average 2014	%	Dec 31, 15	Dec 31, 14	%
USD	1.11	1.33	-16.5%	1.09	1.21	-9.9%
JPY	134.31	140.31	-4.3%	131.07	145.23	-9.8%
PLN	4.18	4.18	0.0%	4.26	4.27	-0.2%
MXN	17.62	17.66	-0.2%	18.91	17.87	5.8%
INR	71.20	81.04	-12.1%	72.02	76.72	-6.1%
CNY	6.97	8.19	-14.9%	7.06	7.54	-6.4%
RUB	68.07	50.95	33.6%	80.67	72.34	11.5%

Business Combinations

Business combinations are recognised according to the acquisition method. According to this method, the amount transferred in a business combination is valued at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the company acquired. Accessory charges to the transaction are recorded to the income statement at the moment in which they incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value at the acquisition date; the following items are an exception, and are instead valued according to the applicable standard:

- Deferred tax assets and liabilities;
- Employee benefit assets and liabilities;
- Liability or equity instruments relating to share-based payments of the company acquired or share-based payments relating to the Group issued in substitution of contracts of the entity acquired;
- Assets held for sale and Discontinued Operations.

Goodwill is calculated as the excess of the amounts transferred in the business combination, of the value of equity attributable to non-controlling interests and the fair value of any holding previously held in the

acquired company, compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, of any non-controlling interest and the fair value of any holding previously held in the acquired company, this excess is immediately recorded at income statement as income deriving from the business combination concluded.

The share of equity attributable to non-controlling interests, at the acquisition date, may be valued at fair value or pro-quota of the value of net assets recognised of the acquired entity. The valuation method is chosen on the basis of each individual transaction.

In the case of a step acquisition of a subsidiary, a business combination occurs only at the moment in which control is acquired and then all of the net assets identifiable of the company acquired must be valued at fair value; non-controlling interests must be valued according to their fair value or based on a proportion of the fair value of the net assets identifiable of the company acquired.

In a step acquisition of a subsidiary, the previously held share, until that time recorded according to IAS 39 – Financial instruments: recognition and measurement, or according to IAS 28 - Investments in associates or according to IAS 31 – Investments in joint ventures, must be treated as if it had been sold and reacquired at the date in which control is acquired. The investment, therefore, must be valued at the fair value at the acquisition date and the profits and losses from the valuation must be recorded to the income statement. Any amount previously recorded to equity as Other comprehensive profits and losses, which must be recorded to the income statement following the sale of the assets to which it refers, must be reclassified in the income statement. Goodwill or income deriving from an acquisition of control of a subsidiary must be calculated as the sum of the price paid for gaining control, the value of non-controlling interests (valued according to one of the methods permitted by the standard), the fair value of the non-controlling interest holding previously held, net of the fair value of the identifiable net assets acquired.

Any payments subject to conditions are considered part of the transfer price of the net assets acquired and are valued at fair value at the acquisition date. If the combination contract establishes a right of repayment of some price elements on the fulfilment of certain conditions, this right is classified as an asset of the purchaser. Any subsequent changes to the fair value must be recorded as an adjustment to the original accounting treatment only if resulting from additional or improved information concerning the fair value and if occurring within 12 months from the acquisition date; all other changes must be recorded to the income statement.

Once control of an entity has been attained, transactions in which the parent acquires or sells further minority shares without amending the control exercised on the subsidiary are considered transactions with shareholders and therefore must be recognised to equity. The carrying amount of the controlling investment and of the non-controlling interest must be adjusted to reflect the change in the share of the investment held and any difference between the amount of the adjustments allocated to non-controlling interests and the fair value of the price paid or received against the transaction is recorded directly to equity and is allocated to the shareholders of the parent. No adjustments will be made to the goodwill and the profits or losses recorded to the income statement. Accessory charges to these operations must be recorded in equity in accordance with paragraph 35 of IAS 32.

Business combinations before January 1, 2010 were recognised according to the previous version of IFRS 3.

Investments in associates and joint ventures

An associate is a company in which the Group has significant influence, but not full control or joint control. The Group exerts its influence by taking part in the associate's financial and operating policy decisions.

A joint venture is a contractual agreement whereby the Group undertakes a jointly controlled business venture with other parties. Joint control is defined as a contractually shared control over a business. It exists only when the strategic financial and operating decisions of the business require the unanimous approval of all of the parties that share control.

The profits and losses, assets and liabilities of associates and joint ventures are recorded in the Consolidated Financial Statements using the Equity method, except where the investments are classified as held for sale.

Under this method, investments in associates and joint ventures are recorded in the Statement of Financial Position at cost, as adjusted for changes after the acquisition of the net assets of the associates, less any impairment in the value of the individual investments. Losses of associates and joint ventures in excess of the Group share are not recorded unless the Group has an obligation to cover them. Any excess of the acquisition cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date, is recognised at Goodwill. Goodwill is included in the carrying value of the investment and is subject to an impairment test. The lower value of the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the associate over the cost of acquisition is recorded

in the Income Statement in the year of acquisition.

Unrealised profits and losses on transactions between a Group company and an associate or joint venture are eliminated to the extent of the Group's share in the associate or joint venture, except when the unrealised losses constitute a reduction in the value of the asset transferred.

2.2 Accounting principles and policies

The main accounting principles and policies adopted in the preparation of the Consolidated Financial Statements are described below.

Property, plant & equipment

Property, plant and equipment are recorded at purchase or production cost, including any directly attributable costs. Some assets have been adjusted under specific revaluation legislation prior to January 1, 2004 and are considered representative of the fair value of the asset at the revaluation date ("deemed cost" as per IFRS 1).

Depreciation is calculated according to their estimated useful life, and however on a straight-line basis, on the cost of the assets, applying the following rates:

buildings	3%
light constructions	10%
plant and machinery	6 % - 15%
industrial and commercial equipment	10% - 25%
office furniture and equipment	12%
EDP	20%
commercial vehicles	20%
automobiles	25%

Assets held under finance leases are recorded at property, plant and equipment and depreciated on a straight-line basis over their estimated useful lives, on the same basis as owned tangible fixed assets.

Purchase cost is also adjusted for capital grants already allocated to the Group companies. These grants are recognised in the income statement by gradually reducing the depreciation charged over the useful life of the assets to which they relate.

Maintenance, repair, expansion, modernisation and replacement costs that do not lead to a significant, measurable increase in the production capacity and useful life of the asset are charged to the income statement in the year incurred.

Goodwill

Goodwill arising on the acquisition of a subsidiary or other business combinations represents the excess of the acquisition cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the acquisition date. Goodwill is recognised as an asset and reviewed at least annually for any impairment. An impairment loss is recorded immediately in the Income Statement and is not restated in a subsequent period.

On the sale of a subsidiary, any Goodwill not amortised attributable to the subsidiary is included in determining the gain or loss on the sale.

Goodwill arising on acquisitions prior to January 1, 2004 is maintained at the amount recognised under Italian GAAP after an impairment test at that date.

Research and development costs

The research costs are recognised in the Income Statement in the year in which they are incurred.

Development costs in relation to projects are capitalised when all of the following conditions are satisfied:

- the costs can be reliably determined;
- the technical feasibility of the product is demonstrated,
- the volumes, and expected prices indicate that costs incurred for development will generate future economic benefits;
- the technical and financial resources necessary for the completion of the project are available.

The development costs capitalised are amortised on a straight-line basis, commencing from the beginning of the production over the estimated life of the product to which these costs refer.

The carrying value of the development costs are reviewed annually through a test in order to record any loss in value when the asset is no longer in use, or with greater frequency when there are indications of a possible loss in the carrying value.

All other development costs are recognized at the Income Statement when incurred.

Other intangible assets

The other intangible assets acquired or produced internally are recorded under assets, in accordance with the provisions of IAS 38 – Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined reliably.

The useful life of the intangible assets are classified as definite or indefinite. Intangible fixed assets with a definite useful life are amortised monthly for the duration of the period. According to management and expert estimates the most important software utilised by the Group has a useful life of 7 years. The useful life is reviewed on an annual basis and any changes are made in accordance with future estimates.

The intangible assets with indefinite useful life are not amortised but are subject annually or, more frequently, where there is an indication that the activity may have suffered a loss in value, to a verification which identifies any reduction in value.

Currently the Group only holds intangible assets with definite useful life.

Impairment Tests

At each reporting date, the Group assesses whether events or circumstances exist that raise doubts as to the recoverability of the value of tangible and intangible fixed assets with a definite useful life. If there are any indications that there has been an impairment, the Group estimates the recoverable amount of the tangible and intangible assets so as to determine the extent of the impairment loss (if any). Intangible assets with an indefinite useful life – in particular Goodwill – are subject to an impairment test at least annually or when there is an indication of a probable loss in value.

In these situations, the recoverable amount of these assets is estimated so as to determine the amount of the impairment.

The recoverable value is the highest between fair value less costs to sell and value in use.

In accordance with the accounting standards, the impairment test is performed in respect of each individual asset, where possible, or in respect of groups of assets (Cash-Generating Units - CGU). Cash Generating Units are identified depending on the organisational and business structure of the Group as units that generate cash on an autonomous basis as a result of the continuous use of the assets allocated.

If the recoverable amount of an asset (or a CGU) is considered lower than its carrying amount, it is reduced to its recoverable amount. An impairment is recognised in the income statement immediately unless the asset consists of land or buildings other than investment property recorded at the revalued amount; in this case, the impairment loss is charged to the revaluation reserve.

When the reasons for the impairment no longer exist, the carrying amount of the asset (or CGU) – except for Goodwill – is increased to the revised estimate of its recoverable amount. The new value cannot exceed the net carrying amount if no write-down for impairment had been recorded.

The reversal of an impairment loss is recorded immediately in the Income Statement unless the asset is stated at the revalued amount, in which case the reversal is credited to the revaluation reserve.

Inventories

Inventories are recorded at the lowest of purchase or production cost and net realisable value.

The purchase cost of raw, ancillary, supplies and goods for resale is determined using the weighted average cost method.

The production cost of finished goods, work in progress and semi-finished goods is determined considering the cost of the materials used plus direct operating costs and overheads.

Net realisable value represents the estimated selling price less expected completion costs and selling costs.

Obsolete and slow moving inventories are written down taking account of their prospects of utilisation or sale.

Trade receivables and loans and other financial assets

Financial assets other than trade receivables, loans and cash and cash equivalents are initially recorded at fair value, including charges directly related to the transaction.

Trade receivables and loans are recorded at nominal value which normally represents their fair value. In the event of a significant difference between nominal value and fair value, the receivables are recorded at fair value and subsequently valued at amortised cost using the effective interest rate method.

The receivables are adjusted through a allowance for impairment so as to reflect their realisable value. The provision is calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flow discounted at the effective interest rate on initial recognition.

Non-current assets held-for-sale

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and market value less selling costs.

Non-current assets (and disposal groups) are classified as held-for-sale when their carrying value is expected to be recovered by means of a sales transaction rather than through use in company operations. This condition is met only when the sale is highly likely, the assets (or group of assets) are available for immediate sale in their current condition and, consequently, management is committed to a sale, which should take place within 12 months of the classification as held for sale.

Cash and cash equivalents

Cash and cash equivalents include cash balances and bank current accounts and deposits repayable on demand plus other highly liquid short term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified based on the substance of the contractual agreements that generated them and in accordance with the respective definitions of financial liabilities and equity instruments.

Equity instruments consist of contracts which, stripped of the liability component, give rights to a share in the assets of the Group.

Accounting policies adopted for specific financial liabilities and equity instruments are indicated below.

Trade payables and other financial liabilities

Trade payables and other financial liabilities are recorded at nominal value which generally represents their fair value. In the event of significant differences between nominal value and fair value, trade payables are recorded in the statement of financial position at fair value and subsequently measured at amortised cost using the effective interest rate method.

Bank and other borrowings

Bank borrowings – comprising of medium/long-term loans and bank overdrafts – and other borrowings, including the liabilities deriving from finance leases, are recorded in the statement of financial position based on the amounts received, less transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments and hedge accounting

Derivative financial instruments are used with the intention of hedging, in order to reduce the foreign currency or interest rate risk or from fluctuations in market prices. In compliance with IAS 39, the derivative financial instruments can be recorded in accordance with the “hedge accounting” method only when, at the beginning of the hedge, the formal designation and documentation relating to the hedge exists. It is presumed that the hedge is highly effective, such effectiveness can be reliably measured and the hedge is highly effective over the accounting periods for which it was designated.

All derivative financial instruments are measured at fair value in accordance with IAS 39.

When derivative financial instruments qualify for hedge accounting, the following treatment applies:

- for derivatives that hedge scheduled transactions (i.e. cash flow hedges), changes in the fair value of derivative instruments are allocated to Equity for the portion considered effective while the portion considered ineffective is recognised in the Income Statement;
- for derivatives that hedge receivables and payables recorded in the statement of financial position (i.e. fair value hedges), differences in fair value are recognised in full in the Income Statement. Moreover, the value of the receivables/payables hedged is adjusted for the change in the risk hedged, again in the Income Statement;
- for derivatives classified as hedges of a net investment in a foreign operation, the effective portion of profits or losses on the financial instruments are recorded under equity. The cumulative gains or losses are reversed from the equity and recorded in the income statement on the sale of the foreign operation.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement.

For the management of the risks related to exchange rates and interest rates, reference should be made to section 7. Information on risk management of the present Notes.

Treasury shares

Treasury shares are recorded at cost as a reduction of Equity. The gains and losses deriving from trading of treasury shares, net of the tax effect are recorded under Equity reserves.

Employee benefits

Post-employment benefits

Italian post-employment benefits are considered equivalent to a defined benefit plan. For defined benefit plans, the cost of the benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each year.

The Group applies the 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 statement of financial position 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, income from the assets included under net financial charges must be calculated based on the discount rate of the liability.

Up to December 31, 2006, the employee leaving indemnities of the Italian companies were considered as defined benefit plans. The regulations of this fund were modified by Law No. 296 of December 27, 2006 (so-called "2007 Finance Act") and subsequent Decrees and Regulations issued at the beginning of 2007. In view of these changes, and specifically with reference to companies with more than 50 employees, this fund is now to be considered a defined benefit plan exclusively for the amounts matured prior to January 1, 2007 (and not paid at the reporting date), while subsequent to this date they are similar to a defined contribution plan.

Share-based payments

Where the company recognises additional benefits to senior management and key personnel through stock grant plans, in accordance with IFRS 2 – Share-based payments, these plans represent a remuneration component of the beneficiaries; therefore the cost, represented by the fair value of these instruments at the assignment date, is recognised in the income statement over the period between the assignment date and maturity date, and directly recorded to equity. Changes in the fair value subsequent to the assignment date do not have an effect on the initial value. At December 31, 2015 there are no such plans in place.

Provisions for risks and charges

Provisions are recorded when the Group has a current obligation that is the result of a past event and it is probable that the Group will be required to fulfil the obligation.

Provisions are made based on management's best estimate of the cost of fulfilling the obligation at the reporting date and are discounted to the present value when the effect is significant.

Revenue and income

Revenue from the sale of goods are recognised when the goods are shipped and the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

Interest income is recorded on an accruals basis based on the amount financed and the effective interest rate applicable: this represents the rate at which the expected future cash flow along the life of the financial asset is discounted to equate them with the carrying amount of the asset.

Dividends are recorded when the shareholders have the right to receive them.

Leases and lease agreements

Lease agreements are classified as finance lease contracts when the terms of the contract are such that they substantially transfer all of the risks and rewards of ownership to the lessee. All the other leases are considered operating leases.

Assets held under finance leases are recorded as assets of the Group at the lower of their fair value at the date of the lease contract and the present value of the minimum payments due under the lease contract. The corresponding liability towards the lessor is included in the statement of financial position as a finance

lease obligation. Finance lease payments are divided between a capital portion and an interest portion in order to apply a constant interest rate on the residual liability. The finance costs are recorded directly in the Income Statement for the year.

Operating lease costs are recorded on a straight-line basis over the term of the lease agreement. Benefits received or receivable as an incentive for entering into operating lease agreements are also recorded on a straight-line basis over the duration of the operating lease agreement.

Foreign currency transactions

In the preparation of the financial statements of the Group companies, transactions in foreign currencies entered into by Group companies are translated into the functional currency (the currency in the main area in which the company operates) using the exchange rate at the transaction date or otherwise at the date on which the fair value of the underlying assets/liabilities is determined. Foreign currency assets and liabilities at the reporting date are translated using the exchange rate at the reporting date. Non-monetary assets and liabilities valued at historical cost in foreign currency are translated using the exchange rate at the transaction date.

Exchange differences arising on such transactions or on the translation of monetary assets and liabilities are recorded in the Income Statement except for those arising on derivative financial instruments qualified as cash flow hedges and any inter-company receivables or payables whose settlement has not been planned nor is plannable. These differences are recorded in Equity if unrealised, otherwise they are recorded in the Income Statement.

Grants from public bodies

Grants from public bodies are recorded when there is a reasonable certainty that the conditions required to obtain them will be satisfied and that they will be received. Such grants are recorded in the income statement, reducing the relative accounts, over the period in which the related costs are recorded.

The accounting treatment of benefits deriving from a public loan obtained at a reduced rate are similar to those for public grants. This benefit is calculated at the beginning of the loan as the difference between the initial carrying amount of the loan (fair value plus direct costs attributable to obtaining the loan) and that received, and subsequently recorded in the income statement in accordance with the regulations for the recording of public grants.

Income taxes

Income taxes for the year represent the sum of current and deferred taxation.

Deferred income taxation is recorded on temporary timing difference between the statutory financial statements and the fiscal assessable result, recorded under the liability method.

The deferred taxes are calculated based on the fiscal rates applicable when the temporary differences reverse. The deferred tax charges are recognised in the income statement with the exception of those relating to accounts recognised in equity in which case the deferred tax charges are also recognised in equity.

Deferred tax income is recognised when the income taxes are considered recoverable in relation to the assessable results expected for the period in which the deferred tax asset is reversed. The carrying value of deferred tax assets is revised at the end of the year and reduced, where necessary. The compensation between deferred tax assets and liabilities is carried out only for similar items, and if there is a legal right to compensation the current deferred tax assets and liabilities; otherwise they are written separately under receivables and payables.

Elica S.p.A. and the subsidiary Airforce S.p.A. have opted for a consolidated tax regime in Italy. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies.

Transactions plus reciprocal responsibilities and obligations between the consolidating company and the aforementioned subsidiary company are defined by a specific consolidation agreement. With regard to responsibility, the agreement provides that the Parent is jointly liable with the subsidiary for:

- amounts due by the subsidiary under Article 127(1) of the Income Tax Code;
- payment of amounts due to the tax authorities, should it emerge that sums declared in the consolidated tax return have not been paid;
- consolidation adjustments made based on figures supplied by the subsidiary and contested by the tax authorities.

The group tax liability is shown under Tax payables or Tax receivables in the accounts of the consolidating company, less payments made on account. In the financial statements of the subsidiary, the specific payable

for taxes transferred to the parent is recognised to Other payables, while the receivables which derive from the transfer of income tax losses are classified at the caption Other receivables.

Earnings per share

Basic earnings per share is calculated based on the net profit of the Group and the weighted average number of shares outstanding at the balance sheet date. Treasury shares are excluded from the calculation. Diluted earnings per share equate to the basic earnings per share adjusted to assume conversion of all potentially dilutable shares, i.e. all financial instruments potentially convertible into ordinary shares, with a dilutive effect on earnings, increasing the number of shares which potentially may be added to those in circulation under an allocation or utilisation of treasury shares in portfolio under stock grant plans.

2.3 Accounting standards, amendments and interpretations applied after January 1, 2015

The financial statements utilised are the same as those used for the preparation of the consolidated financial statements at December 31, 2014. No new accounting standards with significant impact on the consolidated financial statements were adopted in the period. We report below the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union adopted from January 1, 2015:

- Improvements to IFRS (2010-2012 cycle):
 - IFRS 2 Share-based payments. Amendments were made to the definitions of “vesting conditions” and “market conditions” and further definitions were added for “performance conditions” and “service conditions” (previously included in general “vesting conditions”);
 - IFRS 3 Business combinations. The amendments clarify that a contingent consideration classified as an asset or as a liability must be measured at fair value at each reporting date, whether the contingent consideration is a financial instrument in application of IAS 39 or a non-financial asset or liability. The changes in the fair value must be recognised to the profit/(loss) for the year.
 - IFRS 8 Operating segments. The amendments require an entity to provide disclosure on the judgements made by Management in the application of the operating segment aggregation, including a description of the aggregated operating segments and of the economic indicators considered in determining whether these operating segments have “similar economic characteristics”. The amendments also clarify that the reconciliation between the total assets of the operating segments and the total assets of the entity must be presented only if the total assets of the operating segments are regularly reviewed by the chief operating decision maker.
 - IAS 24 Related party disclosures. A company which provides key management personnel is considered a related party.
- Improvements to IFRS (2011-2013 cycle):
 - IFRS 3 Business combinations. It is established that the standard is not applicable to all joint control agreements and not only to joint ventures.
 - IFRS 13 Fair value, concerning financial instruments. Clarification is provided on the scope of application of the exception for the measurement at fair value on a net basis of a portfolio of assets and liabilities. IFRS 13.52 (portfolio exception), in the current version, limits to only financial assets and liabilities included within the application of IAS 39 the possibility to undertake fair value measurement on the basis of their net value. The amendment clarifies that the possibility of fair value measurement on the basis of their net value also refers to contracts within the application of IAS 39 but which does not satisfy the definition of financial assets and liabilities within IAS 32, such as contracts for the purchase and sale of commodities which may be settled in cash for their net value.
 - IAS 40 Investment property: The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and in determining whether the acquisition of a real estate asset enters within the application of IFRS 3, reference should be made to the specific indications provided by IFRS 3; on the other hand, when determining whether the acquisition is within the application of IAS 40, reference should be made to the specific indications of IAS 40.
 - IFRS 1 First-time adoption of International Financial Reporting Standards: The amendment clarifies that an entity which adopts IFRS for the first time, as an alternative to the application of a standard currently in force at the date of the first IFRS financial statements, may opt for the early application of a new standard which will replace the standard in force. The option is permitted when the new standard allows for early application. In addition, the

same version of the standard must be applied for all periods presented in the first IFRS financial statements.

- Defined benefit plans: employee contributions (amendments to IAS 19). It is clarified that the contribution by employees or third parties may be deducted, at certain conditions, from employee costs.
- IFRIC 21 - Levies. It is clarified that a levy is not recognised until the obligating event according to the applicable regulation occurs, even in the case in which there is not a realistic opportunity to avoid the obligation.

2.4 Accounting standards, amendments and interpretations not yet applied and applicable

As required by IAS 8 - Accounting standards, changes in accounting estimates and errors - the main new accounting standards and interpretations, in addition to amendments to the existing standards and interpretations already applicable, not yet in force or not yet approved by the European Union (EU), which could be applied in the future to the financial statements, are illustrated below. Management is assessing their potential impact on future financial statements.

IFRS 16 *Leases*. The International Accounting Standards Board (IASB) issued IFRS 16 Leases in January 2016. The standard defines the principles for the recognition, measurement, presentation and disclosure of leasing contracts, for both parties of the contract, therefore concerning the client ("lessee") and the supplier ("lessor"). IFRS 16 will be effective from January 1, 2019. Companies may choose to apply the standard before this date, although only if applying also IFRS 15 Revenue from Contracts with Customers. IFRS 16 completes the IASB project to improve the financial reporting of leases. It replaces the previous Standard IAS 17 Leases and the related Interpretations. The principal effect of application of the new standard for a lessee will be that all leasing contracts of a company will imply a right to use the asset from the beginning of the contract and, where the related payments are expected in a specific period, also recognition of a corresponding financial payable. Therefore, IFRS 16 eliminates the breakdown of leases into operating leases and finance leases, as previously under IAS 17, introducing a single measurement model. Applying this model, a lessee should recognise: (a) assets and liabilities for all leases with a duration greater than 12 months, except where the value of the underlying asset is minimal; and (b) amortisation of leased assets separately from interest on leasing payables, to the income statement.

IFRS 15 - Revenues from contracts with customers. On May 28, the IASB published the new standard IFRS 15. It replaces the previous standard IAS 18, in addition to IAS 11, concerning construction contracts and the relative interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. IFRS 15 sets out the principles for the recognition of revenues from contracts with clients, except for those contracts falling within the scope of the standards concerning leasing contracts, insurance contracts and financial instruments. The new standard establishes an overall framework to identify the moment and the amount of revenue recognition. According to the new standard, the amount that the entity recognises as revenue should reflect the consideration which it has a right to receive following the exchange of the assets transferred to the client and/or services provided, to be recognised upon fulfilment of the contractual obligations. In addition, for recognition of the revenue, the requirement of probable obtainment/receipt of the economic benefits linked to the income is emphasised; for a contract in progress, currently governed by IAS 11, a requirement to recognise revenues taking account of any discounting effect from payments deferred over time is introduced. IFRS 15 should be applied from January 1, 2018. On first application, where retrospective application of the new standard is not possible, an alternative approach ("modified approach") is provided for, on the basis of which the effects from application of the new standard should be recognised to opening equity in the period of first application.

IFRS 9 - Financial Instruments. In July 2014, the IASB issued the definitive version of IFRS 9, in replacement of the current IAS 39 for the recognition and valuation of financial instruments. IFRS 9 shall be applied from January 1, 2018. The standard introduces new classification and measurement rules for financial instruments and a new financial asset impairment model, in addition to rules upon the recognition of "hedge accounting" operations.

3. Significant accounting estimates

In the preparation of the Consolidated Financial Statements in accordance with IFRS, the Group's management must make accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. The actual results may differ from the estimates. The estimates and assumptions are revised periodically and the effects of any change are promptly reflected in the financial statements.

In this context it is reported that the situation caused by the current economic and financial crisis resulted in the need to make assumptions on a future outlook characterised by significant uncertainty, for which it cannot be excluded that results in the coming years will be different from such estimates and which therefore could require adjustment, currently not possible to estimate or forecast, which may even be significant, to the carrying amount of the relative items.

The account items principally concerned by uncertainty are: goodwill, the allowance for impairment and inventory obsolescence provisions, non-current assets (tangible and intangible), pension funds and other post-employment benefits, provisions for risks and charges and deferred tax assets.

Reference should be made to the comments of each individual account in the financial statements for further information on the estimates mentioned.

4. Composition of and changes to the consolidation scope

At December 31, 2015, the consolidation scope includes the companies controlled by the Parent, Elica S.p.A.. Control exists where the Parent has the power to determine, directly or indirectly, the financial or management policies of an entity so as to obtain benefits from the activities of the company.

The following table lists the company's consolidated on a line-by-line basis controlled by the Parent.

Companies consolidated using the line-by-line method

<i>In Euro thousands</i>	Registered Office	Curr.	Share capital	Held Direct	Held Indirect	Total hold.
Elica S.p.A.	Fabriano (AN-Italy)	EUR	12,664,560			
Elicamex S.a.d. C.V.	Queretaro (Mexico)	MXN	458,633,515	98%	2% (b)	100%
Elica Group Polska Sp.z o.o	Wroclaw (Poland)	ZTY	78,458,717	100%	0%	100%
Airforce S.p.A.	Fabriano (AN-Italy)	EUR	103,200	60%	0%	60%
Ariafina Co. Ltd	Sagamihara - Shi (Japan)	JPY	10,000,000	51%	0%	51%
Leonardo Services S.a. de C.V.	Queretaro (Mexico)	MXN	1,250,000	98%	2% (b)	100%
Exklusiv Hauben Gutmann GmbH	Muhlacker (Germany)	EUR	25,000	100%	0%	100%
Elica Inc.	Chicago, Illinois (United States)	USD	5,000	0%	100% (a)	100%
Airforce GE (*)	Stuttgart (Germany)	EUR	26,000	0%	95% (c)	95%
Elica PB India Private Ltd.	Pune (India)	INR	392,176,371	51%	0%	51%
Zhejiang Elica Putian Electric Co. Ltd	Shengzhou (China)	CNY	29,300,000	67%	0%	67%
Elica Trading LLC	Saint Petersburg (Russia)	RUB	176,793,103	100%	0%	100%
Elica France S.A.S.	Paris (France)	EUR	50,000	100%	0%	100%

(*) Airforce Germany Hochleistungs-dunstabzugssysteme GmbH

(a) Held through ELICAMEX S.A. de C.V.

(b) Held through Elica Group Polska S.p.zoo

(c) Held through Air Force S.p.A.

During 2015 there were no changes in the consolidation scope or in the percentage holdings of the companies.

The following table contains a list of associates consolidated under the Equity method and held directly or indirectly by the Parent:

Associates measured using the Equity method

<i>In Euro thousands</i>	Registered Office	Currency	Share capital	Held Direct	Held Indirect	Total holding
I.S.M. S.r.l.	Cerreto d'Esi (AN-Italy)	EUR	10	49.39%	0%	49.39%

Concerning data and information on associates, reference should be made to section 8 of these Notes.

5. Notes to the Consolidated Income Statement, Statement of Financial Position and Statement of Cash Flows

CONSOLIDATED INCOME STATEMENT

5.1 Revenue

Details of the Group's revenue are as follows:

<i>In Euro thousands</i>	2015	2014	Changes
Revenue	421,627	391,901	29,726
Total revenue	421,627	391,901	29,726

For an analysis of revenue, reference should be made to the "2015 Operating review" paragraph of the "Financial and operating review" in the Directors' Report.

Clients who comprise more than 10% of total revenue constituted 15% of revenue in 2015 compared to 14% in 2014.

5.1.1 Segment information

The operating segments are as follows:

- "Europe": production and sale of range hoods, accessories and electric motors developed by the companies based in Europe, i.e. the Italian companies Elica S.p.A. and Airforce S.p.A., the German companies Exklusiv Hauben Gutmann GmbH and Airforce Germany GmbH, the Polish company Elica Group Polska Sp.zo.o, the French company Elica France S.A.S. 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 Aria fina CO., LTD.

The activities are based in the same geographic areas and therefore in Europe, specifically in Italy, Poland, France, Germany and Russia, in America, i.e. in Mexico and in the United States, and in Asia, in China, India and Japan.

INCOME STATEMENT	Europe		America		Asia and the Rest of World		Unallocated items and eliminations		Consolidated	
	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14
Segment revenue:										
Third parties	307,826	291,698	67,177	54,210	46,624	45,992	0	-	421,627	391,901
Inter-segment	14,464	13,378	14	11	3,380	1,660	(17,858)	(15,048)	-	-
Total revenue	322,290	305,076	67,191	54,221	50,004	47,652	(17,858)	(15,048)	421,627	391,901
Segment result:	27,274	22,060	10,102	7,936	3,321	1,975			40,696	31,972
Unallocated overheads									(24,520)	(20,721)
Operating profit									16,176	11,251
Share of profit/(loss) from associates									(10)	(17)
Financial income									211	247
Financial charges									(3,754)	(4,287)
Write-downs of financial assets available-for-sale									(100)	-
Exchange rate gains/(losses)									717	(303)
Profit before taxes									13,240	6,891
Income taxes									(5,795)	(3,405)
Profit from continuing operations									7,445	3,486
Profit from discontinued operations									-	-
Profit for the year									7,445	3,486

STATEMENT OF FINANCIAL POSITION	Europe		America		Asia and the Rest of World		Unallocated items and eliminations		Consolidated	
	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14
Assets:										
Segment assets	236,253	228,115	32,724	34,168	52,144	44,079	(11,374)	(11,184)	309,747	295,178
Investments							1,423	1,437	1,423	1,437
Unallocated assets							51,080	50,733	51,080	50,733
Total operational assets	236,253	228,115	32,724	34,168	52,144	44,079	41,129	40,987	362,250	347,348
Total assets of discount. operations			-	-			-	-	-	-
Total Assets	236,253	228,115	32,724	34,168	52,144	44,079	41,129	40,987	362,250	347,348
Liabilities										
Segment liabilities	(129,151)	(123,872)	(15,610)	(12,875)	(21,961)	(19,466)	11,148	11,140	(155,575)	(145,073)
Unallocated liabilities							(87,468)	(86,665)	(87,468)	(86,665)
Equity							(119,208)	(115,610)	(119,208)	(115,610)
Total operational liabilities	(129,151)	(123,872)	(15,610)	(12,875)	(21,961)	(19,466)	(195,528)	(191,135)	(362,250)	(347,348)
Total liabilities of discontinued operations			-	-	-	-				
Total liabilities	(129,151)	(123,872)	(15,610)	(12,875)	(21,961)	(19,466)	(195,528)	(191,135)	(362,250)	(347,348)

5.2 Other operating revenue

<i>(in Euro thousands)</i>	2015	2014	Changes
Rental income	2	2	-
Grants related to income	1,015	1,098	(83)
Ordinary gains on disposal	343	3,402	(3,059)
Claims and insurance payouts	874	330	544
Other revenue and income	1,944	585	1,359
Total	4,178	5,417	(1,239)

The decrease concerned the Ordinary Gains account, Euro 3,059 thousand lower, as in the previous year the warehouse of the Parent in Serra San Quirico (AN - Italy) was sold to third parties. On the other hand, Other revenue and income increased Euro 1.4 million, with Claims and Insurance payouts increasing Euro 0.5 million.

Other revenue and income includes a range of items, among which the sale of production assets, insurance compensation and damage compensation. The increase in the caption principally concerns damage compensation.

5.3 Changes in inventories of finished and semi-finished goods

The account changes in inventories of finished and semi-finished goods amounted to a positive Euro 3,180 thousand, decreasing Euro 262 thousand compared to 2014. The impact on revenue also decreased, from 0.9% to 0.8%.

5.4 Increases on internal work capitalised

The account Increases on internal works capitalised amounting to Euro 5,852 thousand (Euro 4,984 thousand in the previous year) concerns for Euro 1,476 thousand the Chinese subsidiary (Euro 812 thousand in 2014), for Euro 257 thousand the Mexican subsidiary (Euro 262 thousand in 2014), for Euro 519 thousand the German subsidiary (Euro 495 thousand in 2014) and for Euro 3,599 thousand Elica S.p.A. (Euro 3,410 thousand in 2014). These increases relate to the capitalisation of charges regarding the design and development of new products and costs sustained internally for the construction of mouldings, industrial equipment and the introduction of new IT programmes.

5.5 Raw materials and consumables

<i>In Euro thousands</i>	2015	2014	Changes
Purchase of raw materials	198,279	187,591	10,688
Shipping expenses on purchases	6,034	4,763	1,271
Purchases of consumable materials	3,966	2,988	978
Packaging	1,718	2,469	(751)
Purchases of supplies	619	634	(15)
Purchases of semi-finished materials	14,662	15,276	(614)
Purchase of finished products	6,120	5,898	222
Other purchases	1,160	814	346
Change in inventory of raw materials, consumables and goods for re-sale	(2,446)	(2,994)	548
Total	230,112	217,439	12,673

Raw material and consumables increased on 2014 Euro 12,673 thousand, while reducing as a percentage of revenues from 55.5% to 54.6%. The increase particularly concerns the Purchases of raw materials, Shipping expenses on purchases and Purchases of consumable materials, only partially offset by the decrease in the Purchases of semi-finished materials and Packaging accounts.

5.6 Service expenses

<i>In Euro thousands</i>	2015	2014	Changes
Outsourcing expenses	25,320	20,573	4,747
Transport	9,333	8,633	700
Finished goods inventories management	4,738	4,312	426
Consulting	4,963	4,654	309
Other professional services	9,833	8,916	917
Maintenance	2,610	2,295	315
Utilities	4,734	4,717	17
Commissions	1,912	2,036	(124)
Travel expenses	3,185	2,640	545
Advertising	3,141	2,833	308
Insurance	1,151	1,137	14
Directors & Statutory Auditor fees	2,009	1,681	328
Trade fairs and promotional events	2,012	891	1,121
Industrial services	461	491	(30)
Banking commissions and charges	469	449	20
Total	75,871	66,258	9,613

Service expenses increased Euro 9,613 thousand, and also as a percentage of revenue - from 16.9% to 18%. This increase principally concerns trade fairs and promotional events, increasing Euro 1.1 million and outsourcing expenses, increasing Euro 4.7 million. Outsourcing expenses concern the Parent for Euro 21,264 thousand, the subsidiary Airforce for Euro 514 thousand, the subsidiary Elicamex for Euro 671 thousand and Elica Group Polska for Euro 2,510 thousand.

5.7 Labour costs

Labour costs incurred by the Group in 2014 and 2015 were as follows:

<i>In Euro thousands</i>	2015	2014	Changes
Wages and salaries	59,458	59,030	428
Social security expenses	16,003	15,769	234
Post-employment benefits	2,592	2,791	(199)
Other costs	4,027	3,673	354
Total	82,080	81,263	816

The increase in the account was Euro 0.8 million. Labour costs principally concern Elica S.p.A. for Euro 48,647 thousand, Elica Group Polska for Euro 8,974 thousand, Elicamex for Euro 8,542 thousand, Gutmann for Euro 7,087 thousand, Putian for Euro 3,884 thousand, Airforce for Euro 3,575 thousand and Elica India for Euro 1,055 thousand. The labour costs of the parent decreased Euro 2,016 thousand. This is due to two main factors: the restructuring plan put in place by the Company in previous years and the tax receivable matured for research and development under Italian Regulations.

The table below reports the Group workforce at December 31, 2015 and December 31, 2014.

<i>Workforce</i>	Dec 31, 15	Dec 31, 14	Changes
Executives	29	27	2
White-collar	989	955	34
Blue-collar	2,316	2,221	95
Other	395	296	99
Total	3,729	3,499	230

5.8 Amortisation and depreciation

Amortisation and depreciation increased on the previous year, from Euro 16,672 thousand to Euro 17,350 thousand in 2015.

For further details, reference should be made to the accounting principles and to points 5.19 and 5.21 of the present Notes.

5.9 Other operating expenses and provisions

The details of the account are as follows:

<i>In Euro thousands</i>	2015	2014	Changes
Leasing and rental	2,413	2,038	375
Rental of vehicles and industrial equipment	2,420	2,413	7
Hardware, software and patents	809	783	26
Other taxes	1,180	1,084	96
Magazine and newspaper subscriptions	22	26	(4)
Sundry equipment	327	296	31
Catalogues and brochures	373	325	48
Losses and allowances for impairments	500	679	(179)
Provisions for risks and charges	726	1,150	(424)
Other prior year charges and losses	2,728	1,219	1,509
Total	11,498	10,014	1,485

The account increased by Euro 1,485 thousand. The increase principally related to Other prior year charges and losses which include expenses for damages and penalties amounting to Euro 1,550 thousand (Euro 352 thousand in 2014), charitable donations for Euro 130 thousand (Euro 172 thousand in 2014) and Samples for Euro 515 thousand (Euro 422 thousand in 2014).

5.10 Restructuring charges

Restructuring charges of Euro 1,751 thousand refer to the workforce Restructuring plan of the parent and the Mexican, German and Chinese subsidiaries, implemented in particular to scale down and optimise the Group's organisational structure. They principally concern labour costs.

5.11 Share of income/(expense) from associates

	2015	2014	Changes
<i>In Euro thousands</i>			
Share of income/(expense) from associates	(10)	(17)	7
Share of income/(expense) from associates	(10)	(17)	7

The amounts recorded under this heading relate to the Equity method of accounting for investments in the associate I.S.M. S.r.l..

5.12 Finance income

Details of finance income are shown below:

	2015	2014	Changes
<i>In Euro thousands</i>			
Income from other non-current financial assets	1	1	(0)
Interest on bank deposits	155	237	(82)
Other finance income	55	9	46
Finance income	211	247	(36)

The decrease principally concerns interest on bank deposits, only partially offset by the increase in Other financial income, which mainly includes financial discounts.

5.13 Finance expense

	2015	2014	Changes
<i>In Euro thousands</i>			
<u>Finance expense:</u>			
on overdrafts and bank loans	2,645	3,305	(660)
on other borrowings	93	54	39
on post-employment benefit provisions	233	331	(98)
Discounts on sales	648	549	99
<u>Other finance expense</u>			
Losses from cash flow hedges transferred from equity	135	38	97
Net finance gains/(losses) from traded financial instruments	1	11	(10)
Financial expense	3,754	4,287	(534)

The decrease in financial **expense** of Euro 534 thousand mainly concerns overdrafts and bank loans, which reduced in part due to the re-negotiation of medium/long-term contracts and market rates.

Paragraph 7. Information on risk management of the present Notes provides information on derivative operations.

5.14 Exchange rate gains/(losses)

	2015	2014	Changes
<i>In Euro thousands</i>			
Exchange losses	(8,181)	(4,244)	(3,937)
Exchange rate gains	10,637	6,044	4,593
Charges on derivative instruments	(3,766)	(3,180)	(586)
Gains on derivative instruments	2,026	1,078	948
Exchange rate gains/(losses)	717	(303)	1,019

Net exchange gains, excluding transactions in derivative instruments, amounted to Euro 2,456 thousand, compared to gains of Euro 1,800 thousand in 2014.

The account includes the balance of the unrealised gains and losses deriving from the adjustment at the end of the year of debtor and creditor positions in foreign currencies of gains of Euro 573 thousand in 2015 compared to gains of Euro 1,171 thousand in 2014.

Net Financial (Gains)/Charges on derivative instruments report charges in 2015 of Euro 1,740 thousand, compared to charges in 2014 of Euro 2,102 thousand.

Exchange rate gains and losses principally concern: Elica Group Polska Sp. z o.o for net losses of Euro 125 thousand, net gains of Euro 125 thousand for Zhejiang Elica Putian Electric Co. Ltd and of Euro 1.6 million for Elicamex S.A. de C.V..

5.15 Income taxes

Income taxes in 2015 and 2014 are broken down as follows:

	2015	2014	Changes
<i>In Euro thousands</i>			
Current taxes	(7,007)	(4,624)	(2,383)
Deferred taxes	1,212	1,220	(8)
Income taxes	(5,795)	(3,405)	(2,391)

Income taxes in the year increased by Euro 2.4 million on 2014. Current taxes refer principally to the Parent for Euro 1.8 million, to the Mexican subsidiary for Euro 3.8 million and to the Japanese subsidiary for Euro 1.2 million. Deferred tax income is in line with the previous year. This income in 2015 principally relates to the subsidiaries Putian, Elica France and Gutmann.

For 2015, the Parent theoretical tax rate (theoretical tax on pre-tax income) was 31.63%, in line with 2014, based on the corporate income tax (IRES) and regional business tax (IRAP) rates applicable to the reported taxable income for the year ended December 31, 2015. For foreign subsidiaries the tax rate varies from country to country.

The table below shows a reconciliation between the theoretical and effective income taxes ("IRES" for the Italian Group companies) paid by the Parent.

The effective tax rate increased from 29.8% to 41.4% due to non-recurring events both last year and in the present year.

Reconciliation between expected and effective tax rates

	2015				% IRES on pre- tax result
	Assessable	Income taxes	IRAP	Total	
Theoretical IRES rate					27.50%
Theoretical IRAP rate					4.13%
<i>(in Euro thousands)</i>					
Income taxes					
- Current		5,579	316	5,895	
- IRES tax refund and other		1,111	-	1,111	
- Deferred – cost (income)		(1,216)	5	(1,211)	
[A] TOTAL INCOME TAXES		5,474	321	5,795	41.3%
PROFIT BEFORE TAXES	13,240				
+					
Tax calculated using local tax rate		3,641			27.5%
+ Tax effect of (expenses)/revenue exempt/not deductible for tax purposes	(718)	(197)			-1.5%
Tax effect on the different tax rates of the foreign subsidiaries	2,121	583			4.4%
- Other differences	554	152			1.1%
[B] Effective tax expense and tax rate net of substitute tax	15,196	4,179			31.6%
- Tax credit for Polish investments		184			1.4%
- Tax refund effect and other		1,111			8.4%
[C] Effective tax expense and tax rate	15,196	5,474			41.4%

	2014				% IRES on pre-tax result
	Assessable	Income taxes	IRAP	Total	
Theoretical IRES rate					27.50%
Theoretical IRAP rate					4.13%
<i>(in Euro thousands)</i>					
Income taxes					
- Current		3,094	1,370	4,464	
- IRES tax refund and other		159	0	159	
- Deferred – cost (income)		(1,197)	(22)	(1,219)	
[A] TOTAL INCOME TAXES		2,056	1,348	3,404	49.40%
PROFIT BEFORE TAXES	6,890				
+					
Tax calculated using local tax rate		1,894			27.50%
+ Tax effect of (expenses)/revenue exempt/not deductible for tax purposes	1,350	372			5.40%
Tax effect on the different tax rates of the foreign subsidiaries	(1,056)	(291)			-4.20%
- Other differences	(290)	(80)			-1.20%
[B] Effective tax expense and tax rate net of substitute tax	6,894	1,895			27.50%
- Tax credit for Polish investments		-			0.00%
- Tax refund effect and other		160			2.30%
[C] Effective tax expense and tax rate	6,894	2,056			29.80%

5.16 Profit attributable to non-controlling interests

The profit attributable to non-controlling interests relates to those subsidiaries not wholly-owned by the Elica Group and in particular to Aria fina CO., LTD (non-controlling interest 49%), Airforce S.p.A. (40%), Airforce Germany Hochleistungs-Dunstabzugssysteme GmbH (43%), Zhejiang Elica Putian Electric Co. Ltd (33.24%) and Elica PB Private Ltd. (49%).

5.17 Basic earnings per share – Diluted earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	2015	2014
<u>From continuing and discontinued operations:</u>		
Profit for the year (thousands of Euro)	6,190	2,592
Average number of ordinary shares net of treasury shares	62,047,302	62,047,302
Basic earnings per share	9.98	4.18
Weighted average number of ordinary shares to calculate diluted earnings per share	62,047,302	62,047,302
Diluted earnings per share	9.98	4.18
<u>From continuing operations</u>		
Profit for the year (thousands of Euro)	6,190	2,592
Average number of ordinary shares net of treasury shares	62,047,302	62,047,302
Basic earnings per share	9.98	4.18
Weighted average number of ordinary shares to calculate diluted earnings per share	62,047,302	62,047,302
Diluted earnings per share	9.98	4.18

5.18 Other information on the Income Statement accounts

The research and development costs charged in the Income Statement in 2014 and 2015 are summarised in the table below:

	2015	2014	Changes
<i>In Euro thousands</i>			
R&D costs expensed	5,543	6,217	(674)
Amortisation of capitalised R&D costs	2,329	1,760	569
Total R&D costs	7,872	7,977	(105)
R&D costs capitalised during the year	2,597	1,968	629

Development costs capitalised in the year regard product design and development activities.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.19 Property, plant and equipment

The table below shows details of the changes in property, plant and equipment in 2014.

	Dec 31, 13	Increases	Disposals & other reclassifications	Other changes	Dec 31, 14
<i>In Euro thousands</i>					
Historical cost					
Land and buildings	64,656	796	(30)	3,810	69,232
Plant and machinery	80,462	3,247	(1,870)	2,445	84,284
Industrial and commercial equipment	96,651	6,938	(4,032)	138	99,695
Other assets	11,750	1,214	(369)	321	12,916
Assets under construction and payments on account	653	842	(668)	(504)	323
Total	254,172	13,037	(6,968)	6,210	266,451

	Dec 31, 13	Depreciation	Disposals & other reclassifications	Other changes	Dec 31, 14
<i>In Euro thousands</i>					
Accumulated depreciation					
Land and buildings	19,162	2,003	(32)	522	21,656
Plant and machinery	60,459	3,511	(1,746)	606	62,830
Industrial and commercial equipment	84,020	4,313	(3,875)	(36)	84,422
Other assets	8,599	1,528	(222)	(373)	9,532
Total	172,240	11,355	(5,875)	719	178,439

	Dec 31, 13	Increases	Disposals & other reclassifications	Other changes	Depreciation	Dec 31, 14
<i>In Euro thousands</i>						
Net value						
Land and buildings	45,495	796	2	3,287	(2,003)	47,577
Plant and machinery	20,002	3,247	(123)	1,839	(3,511)	21,454
Industrial and commercial equipment	12,632	6,938	(157)	174	(4,313)	15,274
Other assets	3,153	1,214	(147)	695	(1,528)	3,387
Assets under construction and payments on account	653	842	(668)	(504)	-	323
Total	81,932	13,037	(1,094)	5,491	(11,355)	88,014

The movements in 2015 were as follows:

	Dec 31, 14	Increases	Disposals & other reclassifications	Other changes	Dec 31, 15
<i>In Euro thousands</i>					
Historical cost					
Land and buildings	69,232	549	(139)	717	70,359
Plant and machinery	84,284	3,229	(3,166)	1,582	85,929
Industrial and commercial equipment	99,695	4,673	(4,765)	220	99,823
Other assets	12,916	1,704	(420)	1,200	15,400
Assets under construction and payments on account	323	1,798	(141)	(452)	1,528
Total	266,451	11,953	(8,631)	3,267	273,039

	Dec 31, 14	Depreciation	Disposals & other reclassifications	Other changes	Dec 31, 15
<i>In Euro thousands</i>					
Accumulated depreciation					
Land and buildings	21,656	1,942	-	83	23,681
Plant and machinery	62,830	3,485	(3,078)	1,579	64,816
Industrial and commercial equipment	84,422	4,192	(4,679)	82	84,017
Other assets	9,532	1,392	(318)	1,140	11,746
Total	178,439	11,011	(8,075)	2,884	184,260

	Dec 31, 14	Increases	Disposals & other reclassifications	Other changes	Depreciation	Dec 31, 15
<i>In Euro thousands</i>						
Net value						
Land and buildings	47,577	549	(139)	633	(1,942)	46,678
Plant and machinery	21,454	3,229	(88)	3	(3,485)	21,113
Industrial and commercial equipment	15,274	4,673	(86)	137	(4,192)	15,806
Other assets	3,387	1,704	(102)	57	(1,392)	3,654
Assets under construction and payments on account	323	1,798	(141)	(452)	-	1,528
Total	88,014	11,953	(556)	378	(11,011)	88,779

The investments made in the year mainly regarded the upgrading and expansion of facilities, improvements to the manufacturing plant and machinery, the acquisition of new mouldings and equipment for the launch of new products and the development of hardware for the implementation of new projects.

Other movements principally include net exchange rate gains of Euro 0.6 million. They include assets acquired under finance lease agreements. The net value of assets held under finance leases was Euro 7 thousand.

It is recalled that the historical cost criteria was retained as the measurement criteria for property, plant and equipment after initial recognition.

The historical cost includes revaluations permitted by previous legislation on first time application as considered representative of the fair value of the property, plant and equipment when the revaluation was made.

5.20 Goodwill

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Goodwill	45,712	44,911	801
Goodwill	45,712	44,911	801

The account increased mainly due to exchange rate movements. No operations in the period produced additional goodwill compared to December 2014.

Details of the allocations are provided below:

	Dec 31, 14	Other movements	Acquisitions/ (write-downs)	Dec 31, 15
<i>In Euro thousands</i>				
Cost per CGU				
Europe	36,306	222	-	36,528
The Americas	-	-	-	-
Asia	8,605	579	-	9,184
Total	44,911	801	-	45,712

Based on its strategic vision, the Elica Group established the following Cash Generating Unit's (CGU's) as those which reflect the Group situation, based on international expansion and IAS 36: Cash Generating Unit Europe, Cash Generating Unit Asia and Cash Generating Unit America.

In addition, a series of assets utilised in the common interest of the three CGU's were identified and which therefore were not allocated to the various CGU's. For this reason they must be identified as corporate assets and valued according to the provisions of IAS 36.

The recoverable value of the Cash Generating Units to which the individual goodwill is allocated was verified through the determination of the value in use considered as the present value of the expected cash flows utilising a rate which reflects the risks of the individual Cash Generating Units at the valuation date. In particular, these calculations discount the financial cash flow projections of the various CGU's over a time period of 5 years, the first of which (2016) coincides with the updated budget and the subsequent years (2017-2020) estimated based on the respective budgets, utilising a CAGR of revenues for the 2017-2020 period of 3.5% for the Cash Generating Unit Europe, 2.9% for the Cash Generating Unit Asia, and 2.9% for the Cash Generating Unit America, in line with the best estimates available. In relation to raw material costs, an annual average increase of their percentage of revenue of 0.7% is provided for in relation to the Cash Generating Unit Europe, an annual increase of 0.2% for the Cash Generating Unit Asia and an increase of 0.7% for the Cash Generating Unit America. These changes are based on the 2016 budget for the various categories of goods, which overall report a decrease of 4.4% on the previous year. The variable operational cost components (direct labour, outsourcing and commercial costs) are expected to remain constant in terms of revenues while the fixed operating cost components are projected to increase by 2% in the 2016 budget for the Cash Generating Unit Europe, by 2.9% for the Cash Generating Unit Asia and by 2.9% for the Cash Generating Unit America, in line with inflation.

The working capital absorbed by the CGU's ordinary operations is projected to maintain the annual revenue margin at around 6% for the Cash Generating Unit Europe, 9% for the Cash Generating Unit Asia and 7% for the Cash Generating Unit America. These amounts were based on a growth rate of 2% for the Cash Generating Unit Europe and Corporate (1.6% in 2014), of 2.4% for the Cash Generating Unit Asia (3.4% in 2014) and of 3.1% for the Cash Generating Unit America (3.2% in 2014). The discount rate (WACC), calculated using the Capital Asset Pricing Model (CAPM), was estimated at 6.8% for the Cash Generating

Unit Europe and Corporate (7.2% in 2014), at 8.2% for the Cash Generating Unit Asia (8.3% in 2014) and at 9.4% for the Cash Generating Unit America (8.5% in 2014).

These are the principal assumptions used by the Group to predict future performances and for the year-end impairment test.

Regarding the CGU's analysed, the valuations made at consolidated level did not result in the recognition of a loss in value of Goodwill at December 31, 2015. The Cash Generating Unit Europe has a coverage of the carrying amount against the value in use of 5 times. The Cash Generating Unit Asia has a coverage of the carrying amount against the value in use of 2 times. The Cash Generating Unit America has a coverage of the carrying amount against the value in use of 6.8 times. No write-down was considered necessary for the corporate assets considering the excess capacity of the Cash Generating Units.

A sensitivity analysis was also carried out, increasing the basic parameters of the WACC by 1% for each individual CGU. Following these analyses, the recoverable value of each CGU was still greater than the respective carrying amount. A stress test was carried out on the basis of changes in the parameters of the underlying business, without revealing particular potential recoverability problems.

In carrying out the analyses for the impairment tests, assumptions and projections of future performance were utilised based on the corporate plans and the best currently available estimates: of sales, prices of raw materials and operating costs, investments, changes in working capital and the average weighted cost of capital. For this reason, and considering the uncertainties which continue to affect the market, management will monitor periodically the circumstances and the events which affect the above-mentioned assumptions and future trends.

5.21 Other intangible assets

The table below shows details of changes in other intangible assets in 2014 and 2015.

	Dec 31, 13	Increases	Other changes and reclassifications	Amort.	Dec 31, 14
<i>In Euro thousands</i>					
Net value					
Development Costs	6,713	1,968	1,262	(1,760)	8,183
Industrial patents and intellectual property rights	8,249	1,819	2,560	(2,422)	10,206
Concessions, licenses, trademarks & similar rights	1,620	65	8	(135)	1,558
Other intangible assets	4,480	280	101	(999)	3,862
Assets under construction and payments on account	4,274	2,259	(3,682)	-	2,851
Other intangible assets	25,336	6,391	249	(5,316)	26,660

	Dec 31, 14	Increases	Other changes and reclassifications	Amort.	Dec 31, 15
<i>In Euro thousands</i>					
Net value					
Development Costs	8,183	2,597	857	(2,329)	9,309
Industrial patents and intellectual property rights	10,206	1,138	134	(2,732)	8,746
Concessions, licenses, trademarks & similar rights	1,558	109	2	(130)	1,539
Other intangible assets	3,862	194	(10)	(1,010)	3,036
Assets under construction and payments on account	2,851	4,376	(1,181)	-	6,046
Other intangible assets	26,660	8,414	(198)	(6,201)	28,676

At December 31, 2015, intangible assets amounted to Euro 28,676 thousand, an increase of Euro 2,016 thousand on the previous year.

Development costs relate to core business product design and development activities. The increase is mainly attributable to the cost of developing new products.

"Industrial patents and intellectual property rights" includes the recognition of patents, intellectual property rights and software programmes; the increase principally relates to the parent and costs for the new patents developed.

Concessions, licenses, brands and similar rights refers to the registration of brands by Group companies.

The assets in progress and advances of Euro 6,046 thousand refer in part to advances and the development of projects for the implementation of new IT platforms, the design and development of new software applications and also the development of new products.

The account Other intangible assets relates principally to the recording both of technologies developed and the client portfolio deriving from the acquisition of the German subsidiary Exklusiv Hauben Gutmann GmbH in 2008.

The Other changes column includes a total exchange loss of Euro 25 thousand.

The criteria applied to amortise intangibles is considered appropriate to reflect the remaining useful life of the assets.

5.22 Investments in associates

The table below shows changes in investments in associates:

	Dec 31, 14	(Write-downs)	Other changes	Dec 31, 15
<i>In Euro thousands</i>				
Investments in associates	1,437	(10)	(4)	1,423
Investments in associates	1,437	(10)	(4)	1,423

The column (Write-downs), negative for Euro 10 thousand, includes the balance of the adjustments made during the year to the investment, based on results in the year.

The table below shows the carrying values at the end of the previous year and as at December 31, 2015.

	Purchase cost	Pro-quota post-acq. gain/loss (exclud. dividends)	Balance at Dec 31, 15	Purchase cost	Pro-quota post-acquis. gain/loss (exclud. dividends)	Balance at Dec 31, 14
<i>In Euro thousands</i>						
I.S.M. S.r.l.	1,899	(476)	1,423	1,899	(462)	1,437
Total	1,899	(476)	1,423	1,899	(462)	1,437

5.23 Other receivables (non-current)

The breakdown of the Other receivables is as follows:

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
From employees	55	52	3
Other	275	130	145
Other receivables (non-current)	330	182	148

Management considers that this value approximates the fair value.

5.24 Available-for-sale financial assets

This account regards investments held by the Elica Group in other companies. The investments are held in unlisted companies whose shares are not traded on a regulated market.

Therefore, as there were no purchases or sales of these shares in the last year, their fair value cannot be determined in a reliable manner.

The carrying value at cost of the investments is shown below:

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Meccano S.p.A.	15	15	-
Consorzio Energia	4	4	-
Ceced	4	4	-
Other minor investments	33	133	(100)
Total	56	156	(100)

The decrease on the previous year of Euro 100 thousand concerns the cancellation of the Magna Carta Foundation asset held by the Parent.

5.25 Trade receivables and loan assets

The account consists of:

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Trade receivables	68,504	63,456	5,048
Total trade receivables	68,504	63,456	5,048

The account increased Euro 5,048 thousand, principally due to the increase in revenue in 2015.

The Group adopts a Credit Policy which governs the management of credit and the reduction of the related risk. In particular, it is Group policy to transfer the risk deriving from receivables to third parties and therefore a significant part of the relative risk is protected by insurance policies with leading international insurance companies.

Receivables are recorded net of the allowance for impairment, amounting to Euro 4,529 thousand, accrued based on a specific analysis of the individual risks and on the basis of a collective provision calculated in accordance with the provisions of the Credit Policy.

Management considers that the value approximates the fair value of the receivables.

The provision for the year, considered adequate to adjust receivables to their realisable value, was Euro 500 thousand.

The receivables from the associate I.S.M. at December 31, 2015 amounted to Euro 2 thousand and derive from ordinary operations. The receivable from I.S.M. S.r.l. in the previous year of Euro 100 thousand related for Euro 98 thousand to dividends to be issued.

5.26 Inventories

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14	Changes
Raw materials, ancillary and consumables	26,236	25,162	1,074
Raw materials obsolescence provision	(1,747)	(1,477)	(270)
Total	24,489	23,685	804
Products in work-in-progress and semi-finished goods	15,013	13,845	1,168
Semi-finished goods obsolescence provision	(875)	(851)	(24)
Total	14,138	12,994	1,144
Finished products and goods for resale	25,381	22,664	2,717
Finished products obsolescence provision	(1,312)	(1,739)	427
Total	24,069	20,925	3,144
Payments on account	5	5	-
Total inventories	62,701	57,609	5,092

The value of inventories increased Euro 5,092 thousand.

Inventories are stated net of obsolescence provisions of approximately Euro 3,934 thousand, 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.

Inventories also include materials and products that were not physically held by the Company at the balance sheet date. These items were held by third parties on display, for processing or for examination.

The quantification of the stock obsolescence provision of raw materials, semi-finished and finished products is based on assumptions made by Management and amounts to 6% of inventories (7% in 2014).

5.27 Other receivables (current)

The breakdown is as follows:

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14	Changes
Other receivables	5,327	5,351	(24)
Prepayments and accrued income	2,044	1,584	460
Other receivables (current)	7,370	6,935	435

The account increased Euro 435 thousand. Other current receivables relate principally to Elicamex for Euro 661 thousand, Gutmann for Euro 344 thousand, Putian for Euro 332 thousand and the Parent for Euro 5.9 million and mainly concern government loans for investments. Management considers that this value approximates the fair value.

5.28 Tax assets (current)

The breakdown of the account Tax assets is summarised in the table below:

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
IRES	12	224	(212)
IRAP	93	-	93
VAT	3,182	4,828	(1,646)
Other tax assets	4,539	2,278	2,261
Tax assets (current)	7,825	7,330	495

The two principal balances concern VAT and Other tax assets. The change in the VAT asset relates to commercial transaction dynamics. Other tax assets principally concern the Parent, with the change mainly due to the recognition of the tax asset for research and development activities as per Law No. 190/2014 by the Tax Authorities. Management considers that this value approximates the fair value.

5.29 Derivative financial instruments

	Dec 31, 15		Dec 31, 14	
<i>In Euro thousands</i>	Assets	Liabilities	Assets	Liabilities
Derivatives on foreign exchange	101	1,721	146	1,233
Derivatives on interest rates	0	469	1	330
Derivatives on commodities	121	1,712	-	695
Derivative financial instruments	223	3,902	147	2,259
of which				
Non-current	0	166	1	146
Current	223	3,736	146	2,113
Derivative financial instruments	223	3,902	147	2,259

For a description of the above account, reference should be made to paragraph 7. Information on risk management of the present Notes.

5.30 Cash and cash equivalents

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Bank and postal deposits	34,400	35,155	(755)
Cash and cash equivalents on hand	64	86	(22)
Cash and cash equivalents	34,463	35,241	(778)

This account reflects positive balances held in bank current accounts and cash on hand. The increase was due to a different composition in the Group's net financial position. The carrying amount of these assets reflects their fair value. For further information, reference should be made to the section on the net financial position in the Directors' Report.

5.31 Liabilities for post-employment benefits

The Elica Group reports obligations of Euro 10,619 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.

The most recent actuarial calculation of the present value of the provision was performed at December 31, 2015 by the services company Towers Watson.

The amounts recognised in the Income Statement were as follows:

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Costs relating to current employee services	2,588	2,791	(203)
Financial charges	233	331	(98)
	2,820	3,121	(301)

The changes for the year regarding the present value of retirement benefit obligations were as follows:

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Opening balance	12,752	11,230	1,522
Costs relating to current employee services	2,588	2,791	(203)
Actuarial gains and losses	(270)	1,728	(1,998)
	2,318	4,519	(2,201)
Financial charges	233	331	(98)
Pension fund	(2,475)	(2,922)	447
Benefits provided	(2,209)	(405)	(1,804)
	(4,451)	(2,996)	(1,455)
Liabilities for post-employment benefits	10,619	12,752	(2,133)

The interest component of the charge relating to employee defined-benefit schemes is shown under financial charges, with a resulting increase of Euro 233 thousand in this item for the year. The cost of current retirement benefits and the effect of the curtailment were recorded under labour costs. Actuarial gains and losses, amounting to Euro 270 thousand, comprise the majority of the actuarial gains (losses) of the defined benefit plans reported in the Consolidated Statement of Comprehensive Income.

The costs relating to current employee services and utilisations of pension funds respectively include the charges and settlements in the year.

Assumptions adopted for the calculation

	Dec 31, 15	Dec 31, 14
Discount rate to determine the obligation	2.20%	2.00%
Expected salary growth rate	2.79%	2.79%
Rate of inflation	2.00%	2.00%

The discount rates utilised by the Group were selected based on the yield curve of high-quality fixed income securities, as in previous years.

This financial variable is considered as the most significant and therefore chosen to undertake a sensitivity analysis. The objective of a sensitivity analysis is to show that the result of the valuation alters on the change of an assumption adopted for the calculation, maintaining all other assumptions unchanged.

Therefore, where the discount rate increases 0.5% (2.70%), the value of the provision would amount to Euro 9,979 thousand, while if the discount rate decreased by 0.5% (1.70%), the value of the pension obligations would amount to Euro 11,309 thousand.

At December 31, 2015 employees numbered 3,729 (3,499 in 2014), as detailed in paragraph 5.7.

5.32 Provisions for risks and charges

The composition and movements of the provisions are as follows:

<i>In Euro thousands</i>	Dec 31, 14	Provisions	Utilisation/ Reversal	Other changes	Dec 31, 15
Agents' termination benefits	514	28	(21)	2	523
Product warranty provisions	1,550	540	(661)	6	1,435
Provisions for risks	1,973	1,427	(212)	(4)	3,183
Long Term Incentive Plan provision	2,875	1,011	-	-	3,886
Personnel Fund	1,489	1,550	(1,456)	(32)	1,550
Other Provisions	47	633	(36)	32	675
Provisions for risks and charges	8,447	5,189	(2,386)	4	11,252
of which					
Non-current	5,441				3,854
Current	3,006				7,398
Provisions for risks and charges	8,447				11,252

Agents' termination benefits are intended to cover possible charges upon termination of relations with agents and sales representatives.

Product warranty provisions represent an estimate of the costs likely to be incurred to repair or replace items sold to customers. These provisions reflect the average warranty costs historically incurred by the company 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. They include allocations required to comply with the waste disposal regulation and other provisions made by the Indian subsidiary.

The Personnel Fund includes contractual indemnities and employee bonuses provisioned in the year and based on the best estimates according to the information available, which will be paid in the subsequent year.

The Long Term Incentive Plan provision refers to the accrued liability at December 31, 2015, approved by the Board of Directors on November 14, 2013.

Other movements relates to exchange rate gains/losses for Euro 26 thousand.

5.33 Deferred tax assets – Deferred tax liabilities

At December 31, 2015, details of deferred tax assets and liabilities, determined on the basis of the asset-liabilities method, were as follows:

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14	Changes
Deferred tax assets	16,185	15,265	920
Deferred tax liabilities	(4,749)	(4,910)	161
Total	11,436	10,355	1,081

The table below shows all the types of timing differences that gave rise to deferred taxes:

<i>In Euro thousands</i>	Dec 31, 14		Credit/Debit to Inc. statement	Other move. /Equity	Dec 31, 15	
	Assets	Liabilities			Assets	Liabilities
Amortisation & Depreciation	944	(110)	209		1,721	(1,096)
Provisions	1,856	-	(1,529)		3,237	147
Losses carried forward	8,969	-	1,046	(911)	7,012	-
Inventory write-down	741	-	(76)		817	-
Exchange rate differences	-	(93)	(56)	562	728	(203)
Allocation of acquisition price	-	(1,645)	(546)	(2,128)		(3,227)
Other provisions (e.g. on the cost of labour, LTI, employee bonuses and post-employment benefits and R&D)	1,512	-	(63)	247	1,919	(344)
Goodwill	399	(2,285)	93	2,281	305	(3)
Others	844	(777)	(290)	66	446	(23)
	15,265	(4,910)	(1,212)	(130)	16,185	(4,749)

The column Other movements/Equity includes all the changes in deferred tax assets and liabilities which do not have an effect on the Income Statement in the deferred tax income or charge accounts; they mainly include the effects on the valuation of the cash flow hedge for Euro 562 thousand, the movement of losses carried forward by Elica S.p.A., in addition to the currency effect and reclassifications.

Deferred tax asset recognition for each Group company is carried out by Management through evaluating the projected future recovery based on budget projections.

5.34 Finance leases and other lenders

<i>In Euro thousands</i>	Minimum leasing payments due		Present value of the minimum leasing payments due	
	Dec 31, 15	Dec 31, 14	Dec 31, 15	Dec 31, 14
Due within one year	6	12	6	12
Due within five years	10	13	9	12
Due after five years	-	-	-	-
	16	25	15	24
<i>of which:</i>				
- future financing costs	1	1	-	-
- present value of obligations under finance leases	15	24	15	24
<i>of which:</i>				
- due within one year			6	12
- due after one year			9	12

The account mainly includes payables for finance leases of the German subsidiary. Finance leases refer to plant and machinery. The current value of the minimum payments due at December 31, 2015 is Euro 15 thousand, of which Euro 6 thousand due within 12 months.

5.35 Bank loans and borrowings

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Bank loans and borrowings	87,453	86,641	812
Total	87,453	86,641	812
Bank loans and borrowings have the following repayment schedules:			
On demand or within one year	43,405	57,364	(13,959)
Within two years	14,551	15,005	(454)
Within three years	10,927	11,446	(519)
Within four years	10,952	2,826	8,126
Within five years	7,243	-	7,243
After 5 years	375	-	375
Total	87,453	86,641	812
Less amounts to be repaid within one year	43,405	57,364	(13,959)
Due after one year	44,048	29,277	14,771

The majority of borrowings indicated above carry a floating rate of interest. While it is exposed to interest rate risk, in 2015 the Group did not systematically hedge its exposure as, particularly concerning short-term debt, given the expectations of constantly generated cash flows, it is inclined to repay early its bank loans, thus eliminating the need for any such hedge. For further information on interest rate hedges, reference should be made to paragraph 7. Information on risk management of the present Notes.

5.36 Other Payables

Other Payables (non-current)

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Other payables	2,753	4,100	(1,347)
INAIL contributions – earthquake suspension 1997	39	50	(11)
INPDAl contributions – earthquake suspension 1997	20	26	(6)
Employee INPS contributions – earthquake 1997	465	609	(144)
Other Payables (non-current)	3,277	4,786	(1,509)

The account reduced Euro 1.5 million, principally due to the reduction of Euro 1.2 million in the payable of Elica Group Polska for the acquisition of ISM Poland. The balance principally therefore concerns EGP for Euro 2.6 million and the parent Elica for Euro 650 thousand (Euro 846 thousand in 2014). The Elica S.p.A. payable decreased principally following the payment of a portion of the suspension payables following the earthquake in 1997.

Other payables (current)

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Payables to social security institutions	2,040	432	1,608
Other payables	5,228	4,298	930
Payables to personnel for remuneration	5,045	9,449	(4,404)
Accrued liabilities and deferred income	1,296	1,177	119
Customer advances	272	756	(484)
Directors and Statutory Auditors	252	284	(32)
Other payables (current)	14,133	16,394	(2,261)

The account reports a net decrease of Euro 2,262 thousand.

The movement in Payables to personnel for remuneration on 2014 mainly concerns the parent and was influenced principally by the anomaly in the previous year, which included amounts for the completion of the restructuring. The significant increase in Payables to Social Security Institutions also concerned primarily the Parent and a non-recurring issue, with the Company receiving in December from the INPS an amount relating to social security schemes.

5.37 Current and non-current tax liabilities**Tax liabilities (non-current)**

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
ILOR payable – earthquake suspension	91	117	(26)
Other taxliabilities	83	106	(23)
Employee leaving indemnity payable – earthquake suspension	13	17	(4)
Flat tax payable – earthquake suspension	1	1	-
Taxes on equity reserves – earthquake suspension	255	327	(72)
Total	442	568	(126)

The decrease of the account relates principally to the payment in the year of earthquake suspension payables following the earthquake in 1997. Management considers that this value approximates the fair value.

Tax liabilities (current)

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Other tax liabilities	5,260	2,828	2,432
IRPEF withheld	2,354	3,810	(1,456)
Income tax liabilities for the year	112	80	32
Total	7,726	6,719	1,007

The account increased Euro 1 million. The increase concerns Other tax liabilities for Euro 2,432 thousand, principally concerning the overseas subsidiaries, in particular Elicamex, Elica Group Polska and Ariaфина. Management considers that this value approximates the fair value.

5.38 Trade payables

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Trade payables	99,474	88,238	11,236
Total	99,474	88,238	11,236

Trade payables mainly include payables for trade purchases and other costs. Management believes that the carrying amount of trade payables and other payables reflects their fair value.

5.39 Equity attributable to owners of the Parent

For the analysis on the movements in Equity, reference should be made to the relative table. Comments are provided on each of the Equity reserves.

Share capital

The share capital at December 31, 2015 amounts to Euro 12,664,560, consisting of 63,322,800 ordinary shares with a par value of Euro 0.20 each, fully subscribed and paid-in.

Capital reserves

The capital reserves amount to Euro 71,123 thousand and relate entirely to the Share Premium Reserve. The costs of the IPO, amounting to Euro 3,650 thousand, net of the relevant tax effect Euro 2,190 thousand, were charged to the Share Premium Reserve, in accordance with IAS/IFRS.

Hedging, translation and stock grant reserve

This account, negative for Euro 11,408 thousand (in 2014 negative for Euro 9,585 thousand), changed as follows: conversion of financial statements expressed in foreign currencies (ELICAMEX S.A. de C.V., Leonardo S.A. de C.V., Elica Group Polska Sp. z o.o, ARIAFINA CO., LTD, Elica Inc., Elica PB India Private Ltd., Zhejiang Elica Putian Electric Co. Ltd and Elica Trading LLC) resulting in a decrease of Euro 225 thousand, including the fair value changes of cash flow hedges, net of the positive tax effect of Euro 1,599 thousand.

<i>In Euro thousands</i>	Dec 31, 14	Reserve adjustment	Dec 31, 15
Hedge reserve	(743)	(1,599)	(2,342)
Translation reserve	(8,842)	(225)	(9,067)
	(9,585)	(1,824)	(11,408)

Treasury shares

	Number	Carrying amount <i>In Euro thousands</i>
Opening balance at January 1, 2015	1,275,498	3,551
Closing balance at December 31, 2015	1,275,498	3,551

In 2015, there was no change to the number of treasury shares. At December 31, 2015, the treasury shares in portfolio represent 2% of the Share Capital.

Retained earnings

Retained earnings increased from Euro 39,894 thousand in 2014 to Euro 40,630 thousand in 2015. The net increase of Euro 736 thousand is principally due to profit allocations in 2014 of Euro 2,592 thousand and a decrease of Euro 1,762 thousand for the approval of dividends.

5.40 Equity attributable to non-controlling interests

The account increased by Euro 806 thousand, principally due to:

- an increase of Euro 1,255 thousand for the allocation of the 2015 profit attributable to non-controlling interests;
- an increase of Euro 553 thousand concerning the non-controlling interest share of the translation effect of financial statements of the investee companies ARIAFINA CO., LTD, Elica PB India Private Ltd., Zhejiang Elica Putian Electric Co Ltd and Elica Trading LLC, expressed in foreign currencies;
- a decrease of Euro 789 thousand for the distribution of dividends by Ariaфина and Airforce.

5.41 Reconciliation between Parent and Consolidated Equity and Profit

The following table contains a reconciliation between the Equity and Profit for the year of Elica S.p.A. and Consolidated Equity and Profit.

December 31, 2014 and December 31, 2015

<i>In Euro thousands</i>	Dec 31, 15		Dec 31, 14	
	Profit/(loss)	Equity	Profit/(loss)	Equity
As per Parent Financial Statements	6,552	113,351	4,954	109,445
Elimination of the effect of intercompany operations net of tax effect:				
Non-realised gains on fixed assets	88	(380)	(19)	(468)
Non-realised gains on sale of goods	227	(75)	457	(432)
Tax effect	(68)	160	(144)	117
Dividends received from consolidated companies	(8,704)	(8,704)	(9,473)	(9,473)
Other	770	32	237	(30)
Share of expenses/(income) from equity investments	(13)	46	(17)	61
Carrying value of consolidated companies		(86,503)		(86,463)
Equity and result for the year of consolidated companies	8,858	83,966	7,718	86,389
Allocation of differences to assets of consolidated companies and related depreciation and write-down				
Tangible and intangible assets (net of the tax effect)	(265)	6,995	(227)	6,807
Consolidation difference		10,318	-	9,658
As per Consolidated Financial Statements	7,445	119,208	3,486	115,610
Attributable to owners of the Parent	6,190	112,742	2,592	109,950
Attributable to non-controlling interests	1,255	6,466	894	5,660

5.42 Net financial debt, default risk and covenants

(Pursuant to Consob Comm. No. DEM/6064293 of July 28, 2006)

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14
Cash and cash equivalents	34,463	35,241
Finance leases and other lenders	(6)	(12)
Bank loans and borrowings	(43,405)	(57,364)
Current loans and borrowings	(43,411)	(57,376)
Finance leases and other lenders	(9)	(12)
Bank loans and borrowings	(44,048)	(29,277)
Non-current loans and borrowings	(44,057)	(29,289)
Net Financial Debt	(53,005)	(51,424)

For further information on the net financial position movements, reference should be made to the Directors' Report.

Concerning the default risk and covenants on debt, reference should be made to section 7. Information on risk management of the present Notes.

5.43 Significant non-recurring events and operations

A summary of the non-recurring operations, considered significant, during the year and with their relative impact, net of taxes, on the Equity and Profit are shown below.

<i>In Euro thousands</i>	Amount	Equity %	Profit for the year Amount	%
As per accounts	119,208		7,445	
Restructuring charges	(1,751)	-1%	(1,751)	-24%
Taxes concerning restructuring charges	419	0%	419	6%
Taxes concerning tax assessments	(330)	0%	(330)	-4%
Taxes concerning the change in the IRES rate in 2017	(250)	0%	(250)	-3%
Gross notional carrying amount	121,120		9,357	

Restructuring charges and the relative tax impact relate principally to the reorganisation plan in place.

The income taxes concerning the tax assessment were recognised by the Parent in settlement of the amount due.

The taxes concerning the change in the IRES rate in 2017 are calculated for the Italian scope in line with legislative changes.

6. Guarantees, commitments and contingent liabilities

6.1. Contingent liabilities

The Parent and its subsidiaries are not involved in administrative, judicial or arbitration proceedings that are underway or have been settled by means of a ruling or arbitration award issued in the last 12 months and which might have or might have had an effect on the financial situation or profitability of the Group.

Group companies have valued the contingent liabilities that could arise from pending judicial proceedings and have made appropriate provisions in their financial statements on a prudent basis.

The provision included in the Group consolidated financial statements at December 31, 2015 for contingent risks and charges relating to legal disputes amount to Euro 788 thousand. Management considers that the provision for risks in order to cover possible liabilities from pending or potential disputes is, on the whole, adequate.

6.2 Guarantees and commitments

Group commitments for the purchase of raw materials amount to Euro 2.1 million, in addition to those outlined at paragraph 7.2.2 Commodity risk, while the amount relating to fixed asset purchases at December 31, 2015 was approx. Euro 1,756 thousand, principally relating to investments in the productive capacity such as moulds and lasers.

On December 18, 2013, F.A.N. S.r.l. (previously FAN S.A.), the parent of Elica S.p.A., and Whirlpool Europe S.r.l. ("Whirlpool") renewed the shareholder agreement (the "Shareholder Agreement") of December 10, 2007.

The Shareholder Agreement covers, among other issues, aspects relating to the governance of Elica S.p.A.. It sets a number of limits on the transfer of investments held by the Parties and commits FAN and the entities controlled by it to a non-competition clause.

The Shareholder Agreement had no impact on the control of Elica S.p.A., which pursuant to Article 93 of the Consolidated Finance Act, continues to be indirectly held by Gianna Pieralisi.

For further information on the matter, reference should be made to the Annual Corporate Governance Report, available on the Company website <http://corporation.elica.com> (Corporate Governance section).

The Group has not undertaken significant guarantees, except for those provided by Elica S.p.A. in favour of Putian for credit lines of Euro 15.58 million and for the EGP to have a rotating receivable factoring cap of Euro 3.5 million.

6.3. Operating leases

At the reporting date there were rental agreements for several industrial and commercial properties, motor vehicle rental agreements and operating leases for hardware and photovoltaic panels. The payments due by the Group under the property rentals and operating leases are summarised in the following table:

	Dec 31, 15	Dec 31, 14	Changes
<i>In Euro thousands</i>			
Property rentals	2,188	2,321	(133)
Car and fork lift rental	2,738	1,939	799
Hardware operating leases	2,375	2,436	(61)
Other operating leases	2,564	2,954	(390)
Total	9,865	9,649	215

	Dec 31, 15	Within 1 year	1 - 5 years	Beyond 5 years
<i>In Euro thousands</i>				
Property rentals	2,188	883	1,237	68
Car and fork lift rental	2,738	1,332	1,405	-
Hardware operating leases	2,375	855	1,520	-
Other operating leases	2,564	374	1,851	339
Total	9,865	3,444	6,013	407

7. Risk management policy

7.1 Introduction

The Elica Group's operations are exposed to different types of financial risks, or risks associated to changes in exchange rates, interest rates, commodity prices and cash flow. In order to mitigate the impact of these risks on the company's results, the Elica Group commenced the implementation of a financial risk monitoring system through a "Financial Risk Policy" approved by the Board of Directors of the Parent. Within this policy, the Group constantly monitors the financial risks related to the operating activities in order to assess any potential negative impact and undertakes corrective action where necessary.

The main guidelines for the Group risk policy management are as follows:

- identify the risks related to the achievement of the business objectives;
- assess the risks to determine whether they are acceptable compared to the controls in place and if they require additional treatment;
- respond to risks appropriately;
- monitor and report on the current state of the risks and the effectiveness of their control.

The Group Financial Risk Policy is based on the principle of proficient management and the following assumptions:

- prudent management of the risk with a view to protecting the expected value of the business;
- use of “natural hedges” in order to minimise the net exposure on the financial risks described above;
- undertake hedging operations within the limits approved by Management and only in the presence of effective and clearly identified exposures;

The process for the management of the financial risks is structured on the basis of appropriate procedures and controls, based on the correct separation of the activities of conclusion, settlement, registration and reporting of the results.

The paragraphs below report an analysis of the risks which the Elica Group is exposed to, indicating the level of exposure and, for the market risks, the potential impact on the results deriving from hypothetical fluctuations in the parameters (sensitivity analysis).

7.2 Market risks

Within these types of risks, IFRS 7 includes all the risks directly or indirectly related to the fluctuations of the general market prices and the financial markets in which the company is exposed:

- currency risk;
- commodity risk, related to the volatility of the prices of the raw materials utilised in the production processes;
- interest rate risk.

In relation to these risk profiles, the Group uses derivative instruments to hedge its risks. The Group does not engage in derivative trading.

The paragraphs below individually analyse the different risks, indicating where necessary, through sensitivity analysis, the potential impact on the results deriving from hypothetical fluctuations in the parameters.

7.2.1 Currency risk

The Group’s operating currency is the Euro. However, the Group companies trade also in American Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Polish Zloty (PLN), Mexican Pesos (MXN), Swiss Francs (CHF), Russian Roubles (RUB), Chinese Reminbi (CNY) and the Indian Rupee (INR). In all of these currencies, except for the Swiss Franc, the Polish Zloty, the Chinese Reminbi, the Mexican Peso, the Elica Group has higher revenues than costs; therefore changes in the exchange rates between the Euro and these currencies impact the Group results as follows:

- the appreciation of the Euro has negative effects on revenue and operating results;
- the depreciation of the Euro has positive effects on revenue and operating results.

The amount of the exchange risk, defined in advance by management of the Group on the basis of the budget for the year, is gradually hedged over the acquisition process of the orders, up to the amount of the orders corresponding to budget projections or emerging during the year.

The hedge is made through agreements with third party financiers of forward contracts for the purchase and sale of foreign currency. As previously described, these operations are undertaken without any speculative or trading purpose, in line with the strategic policies of a prudent management of the cash flows.

As well as the trading risks just described, the Group is also exposed to translation risks. The assets and liabilities of companies consolidated in currencies other than the Euro may be translated into Euro at varying exchange rates, whose amount is recorded in the translation reserve under Equity.

The Group monitors this exposure, against which there were no hedging operations at the reporting date; in addition, against the total control by the Parent over its subsidiaries, the governance on the respective foreign currency operations is greatly simplified.

The values at December 31, 2015 of the statement of financial position accounts in foreign currencies for the most significant currencies are shown below:

<i>In Euro thousands</i>				
	Dec 31, 15		Dec 31, 14	
Currency	Assets	Liabilities	Assets	Liabilities
CHF	-	(38)	-	(34)
CNY	7,178	(1,173)	5,217	(491)
GBP	339	(23)	265	(311)
JPY	276	(1,543)	280	(7)
PLN	17,285	(23,980)	13,545	(16,171)
RUB	2,332	(8)	772	(89)
USD	31,568	(14,005)	26,242	(11,278)
MXN	99	49	90	61
INR	3,441	(121)	2,095	(113)
Total	62,518	(40,842)	48,506	(28,433)

For the purposes of the sensitivity analysis on the exchange rate, the potential movements on the Euro/CHF, Euro/CNY, Euro/GBP, Euro/YEN, Euro/PLN, Euro/RUB, Euro/USD, Euro/MXN and EUR/INR rates were analysed.

The following table shows the sensitivity to reasonably possible movements in the exchange rates, maintaining all other variables unchanged, of the pre tax profit, due to changes in the value of current assets and liabilities in foreign currencies:

<i>In Euro thousands</i>				
	Dec 31, 15		Dec 31, 14	
Currency	Depreciation of foreign currencies 5%	Appreciation of foreign currencies 5%	Depreciation of foreign currencies 5%	Appreciation of foreign currencies 5%
CHF	2	(2)	2	(2)
CNY	(286)	316	(225)	249
GBP	(15)	17	2	(2)
JPY	60	(67)	(13)	14
PLN	319	(352)	125	(138)
RUB	(111)	122	(33)	36
USD	(836)	924	(713)	788
MXN	(7)	8	(7)	8
INR	(158)	175	(94)	104
Total	(1,032)	1,141	(956)	1,057

The hedging operations at December 31, 2015 with financial counterparties have a total negative Fair Value of approximately Euro 1,619 thousand.

The table below shows the details of the notional and fair values:

Currency	Dec 31, 15		Dec 31, 14	
	Notional <i>In thousands (foreign currency)</i>	Fair Value <i>In thousands of Euro</i>	Notional <i>In thousands (foreign currency)</i>	Fair Value <i>In thousands of Euro</i>
USD				
Forward	54,920	(1,297)	24,030	(1,173)
PLN				
Forward	196,820	(290)	123,645	50
Options	22,242	(31)	-	-
JPY				
Forward	200,000	42	-	-
Options	-	-	219,000	54
RUB				
Forward	206,000	60	94,000	43
CNY				
Forward	5,000	(102)	5,000	(60)
Total		(1,619)		(1,085)

The notional exposure in USD aggregates operations respectively in USD/EUR and in USD/MXN; these latter amount to USD 12,500 thousand.

For the purposes of the sensitivity analysis on the exchange rate, the potential movements on the EUR/USD, EUR/PLN, EUR/RUB, EUR/JPY and EUR/CNY and the EUR and foreign exchange interest rate curves were analysed.

In the stress testing we have stressed, as well as the spot to spot exchange rate, also the monetary curve rates at December 31, 2015 in order to show the effect of changes in the rate curve.

For this purpose, the maximum change in the interval between the beginning of November 2015 and the first week of January 2016 was considered.

For the EUR/USD exchange rates a stress of 6.0% was applied, for EUR/PLN 6%, for EUR/JPY 7%, for EUR/RUB 25%, for EUR/CNY 5% and for USD/MXN 11%.

For interest rates on forward exchange contracts, a stress was applied of 50 bps for the Eurozone rates, 50 bps for the US rates, 50 bps for the Polish rates, 200 bps for the Russian rates, 50 bps for the Chinese rates and 50 bps for the Mexican rates.

The following table shows the sensitivity to the changes in the exchange rates and the rate curves indicated, maintaining all other variables unchanged, of the Fair Value of the operations in foreign currencies at December 31, 2015 (compared with December 31, 2014):

<i>In Euro thousands</i>	Dec 31, 15				
	USD Notional 54,920 USD/000	PLN Notional 219,062 PLN/000	JPY Notional 200,000 JPY/000	RUB Notional 206,000 RUB/000	CNY Notional 5,000 CNY/000
Depreciation of foreign currencies	2,830	(81)	(100)	530	32
Currency depreciation EURO	67	12	(4)	-	3
Currency depreciation other	(69)	12	-	-	(3)
Sensitivity to Depreciation	2,828	(57)	(104)	530	32
Appreciation of foreign currencies	(2,743)	97	115	(883)	(35)
Currency appreciation EURO	(68)	(12)	4	-	(2)
Currency appreciation other	67	(12)	-	-	3
Sensitivity to Appreciation	(2,744)	73	119	(883)	(34)

<i>In Euro thousands</i>	Dec 31, 14				
	USD	PLN	JPY	RUB	CNY
	Notional	Notional	Notional	Notional	Notional
	24,030	123,645	219,000	94,000	5,000
	USD/000	PLN/000	JPY/000	RUB/000	CNY/000
Depreciation of foreign currencies	1,573	280	58	217	30
Currency depreciation EURO	9	-	3	-	5
Currency depreciation other	(10)	-	-	-	(6)
Sensitivity to Depreciation	1,572	280	61	217	29
Appreciation of foreign currencies	(1,310)	(315)	(36)	(507)	(33)
Currency appreciation EURO	(9)	-	(3)	-	(5)
Currency appreciation other	10	-	-	-	6
Sensitivity to Appreciation	(1,309)	(315)	(39)	(507)	(32)

7.2.2 Commodity risk

The Group is subject to market risk deriving from fluctuations in commodity prices used in the production process. The raw materials purchased by the Group (including copper and aluminum) are affected by the trends of the principal markets. The Group regularly evaluates its exposure to the risk of change in the price of commodities and manages this risk through fixing the price of contracts with suppliers and through hedging contracts with financial counterparties.

In particular, between the end and the beginning of the year, on the basis of the production budget for the year, the prices and quantities were fixed through both channels described above. Operating in this manner, the Group covers the standard cost of the raw materials contained in the budget from possible increases in commodity prices, achieving the operating profit objective.

The notional value and the relative value of the copper derivatives in place at December 31, 2015 are reported below:

Copper coverage	Dec 31, 15		Dec 31, 14	
	Notional	Fair value	Notional	Fair value
<i>In Euro thousands</i>				
Forward	15,383	(1,591)	12,167	(697)
Total	15,383	(1,591)	12,167	(697)

Also the commodities risk is measured through sensitivity analysis, in accordance with IFRS 7. The changes in the prices of copper utilised for the sensitivity analysis were based on the volatility of the market rates.

This analysis highlights a revaluation in the price of copper of 5%, resulting in an increase in the fair value of forward contracts at December 31, 2015 of Euro 626 thousand.

Similarly, a reduction of 5% results in a decrease in the fair value of forward contracts of Euro 626 thousand. The Net change in the cash flow hedge reserve account is primarily impacted by this issue.

7.2.3 Interest rate risk

The management of the interest rate risk by the Elica Group is in line with the consolidated practices over time to reduce the volatility risk on the interest rates, while at the same time minimising the borrowing costs within the established budget limits.

The Group's debt carries mainly a floating rate of interest.

Relating to the Group debt, from the sensitivity analysis a decrease of 25 bps in the interest rate curve in the short-term incurs lower financial expenses of Euro 132 thousand, while an increase of 25 bps in the same interest rate curve converts into higher financial charges of Euro 132 thousand.

The Group hedges the interest rate risk through the utilisation of Interest Rate Swaps and through CAP options against specific medium-long term loans at a variable rate.
The table below shows the details of the notional and fair values:

	Dec 31, 15		Dec 31, 14	
	Notional	Fair value	Notional	Fair value
<i>In Euro thousands</i>				
Interest Rate Swap	67,432	(469)	20,386	(330)
CAP	3,812	-	4,062	1
Total	71,244	(469)	24,448	(329)

Also the interest rate risk is measured through sensitivity analysis, in accordance with IFRS 7. The changes in the interest rate curve utilised for the sensitivity analysis were based on the volatility of the market rates. The analysis shows that a decrease in the interest rate curve of 25 bps converts into a decrease in the Fair Value of the Interest Rate Swap at December 31, 2015 of Euro 375 thousand.

An increase however of 25 bps of the curve would cause an increase in the fair value of the Interest Rate Swap of Euro 371 thousand.

With reference to the CAP options, the sensitivity analysis carried out on the interest rate curve shows against a decrease in the curve of 25 bps, the Fair Value decreases by Euro 0 thousand.

On the other hand, an increase in the interest rate curve of 25 bps results in an increase in the fair value of Euro 0.7 thousand.

7.3 Credit risk

The credit risks represent the exposure of the Elica Group to potential losses deriving from the non-compliance of obligations by trading partners. This risk derives in particular from economic-financial factors related to a potential solvency crisis of one or more counterparties.

The Group adopts a Credit Policy (related to the Financial Risk Policy) which governs credit management and the reduction of the related risk, also through insurance policies with leading international insurance companies.

The maximum theoretical credit risk exposure for the Group at December 31, 2015 is based on the carrying amount of the receivables recognised to the financial statements, net of the specific insurance coverage, in addition to the nominal value of the guarantees given to third parties.

At December 31, 2015, trade receivables of Euro 68.5 million (Euro 63.5 million at December 31, 2014) included approximately Euro 9.9 million (Euro 9.7 million at December 31, 2014) of overdue receivables. 9% of receivables (21% at December 31, 2014) were overdue by more than 60 days.

The amount of trade receivables reported in the statement of financial position is net of the allowance for doubtful accounts. The provision is allocated either on a specific basis or on the general basis of overall risks, in accordance with the company's Credit Policy.

For more details, see paragraph 5.25 of these notes.

7.4 Liquidity risk

The liquidity risk represents the risk related to the unavailability of financial resources necessary to meet short-term commitments assumed by the Group and its own financial needs.

The principal factors which determine the liquidity of the Group are, on the one hand, the resources generated and absorbed by the operating and investment activities and, on the other, the maturity dates and the renewal of the payable or liquidity of the financial commitments and also market conditions. These factors are monitored constantly in order to guarantee a correct equilibrium of the financial resources.

The following table shows the expected cash flows in relation to the contractual expiries of trade payables and various financial liabilities from derivatives:

<i>In Euro thousands</i>	Dec 31, 15	within one year	1 - 5 years	after 5 years
Finance leases and other lenders		6	9	
Bank loans and borrowings		43,405	43,673	375
Trade and other payables		113,607	3,262	15
Total		157,018	46,944	390

<i>In Euro thousands</i>	Dec 31, 14	within 12 months	1 - 5 years	after 5 years
Finance leases and other lenders		12	12	-
Bank loans and borrowings		57,364	29,277	-
Trade and other payables		104,616	4,786	16
Total		161,992	34,074	16

During the year, the Group re-negotiated and signed with major financial counterparties medium/long-term loan contracts which include an obligation to respect financial covenants based on the Consolidated Financial Statements of the Group and/or of the borrowing company.

In particular the structure of the covenants on some of the medium/long-term loans do not immediately determine default of the line through non respecting of the limits, but, in the first instance, results in an increase in the cost of the loan.

At December 31, 2015 the level of the covenants in question were comfortably complied with both in relation to the increase in the cost of the loan and the level of default of the credit line.

Management believes that at the present moment, the funds available, in addition to those that will be generated from operating and financial activities, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and repayment of debt in accordance with their maturities.

For details on the Net Financial Debt, reference should be made to note 5.42 of the notes.

7.5 Classification of the financial instruments

<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14
AFS financial assets	56	156
Derivative financial instruments	-	1
Non-current assets	56	157
Derivative financial instruments	223	146
Trade receivables and loan assets	68,504	63,456
Cash and cash equivalents	34,463	35,241
Current assets	103,191	98,843
Finance leases and other lenders	9	12
Bank loans and borrowings	44,048	29,277
Derivative financial instruments	166	146
Non-current liabilities	44,223	29,435
Trade payables	99,474	88,238
Finance leases and other lenders	6	12
Bank loans and borrowings	43,405	57,364
Derivative financial instruments	3,736	2,113
Current liabilities	146,621	147,727

The Group considers that the carrying amount of the accounts approximate their fair value. In relation to the valuation methods for the individual accounts, reference should be made to paragraph 2. Accounting principles and basis of consolidation of these Notes.

7.6 Hierarchy of Fair Value according to IFRS 7

IFRS 7 requires that the classification of financial instruments valued at fair value is determined based on the quality of the input sources used in the valuation of the fair value.

The IFRS 7 classification implies the following hierarchy:

- Level 1: determination of fair value based on prices listed in active markets for identical assets or liabilities. The instruments which the Group operates directly on active markets or in "Over the Counter" markets characterised by an adequate level of liquidity belong to this category;
- Level 2: determination of fair value based on other inputs than the listed prices included in "Level 1" but which are directly or indirectly observable. In particular instruments which the Group operates on "Over the Counter" markets, not characterised by an adequate level of liquidity are included in this category;
- Level 3: determination of fair value based on valuation models whose input is not based on observable market data.

The classification of the financial instruments may have a discretionary element, although not significant, where in accordance with IFRS, the Group utilises, where available, prices listed on active markets as the best estimate of the fair value of derivative instruments.

All the derivative instruments in place at December 31, 2015 and December 31, 2014 belong to level 2 of the fair value hierarchy, except for commodities which belong to level 1.

The details of the process followed in order to identify fair value are shown below:

Financial Assets/Liabilities	Fair value at Dec 31, 15	Fair value at Dec 31, 14	Fair value hierarchy	Valuation techniques & key inputs	Significant unobservable inputs	Relation between the unobservable inputs and the fair value
1) Currency forwards and options	Assets Euro 101 thousand; Liabilities Euro (1,721) thousand	Assets Euro 147 thousand; Liabilities Euro (1,233) thousand	Level 2	(a)	n/a	n/a
2) Interest rate swaps	Assets Euro 0 thousand; Liabilities (designated hedges) Euro (469) thousand;	Assets Euro 1 thousand; Liabilities (designated hedges) Euro (330) thousand;	Level 2	(b)	n/a	n/a

(a) Discounted cash flow. The future cash flows are estimated based on the forward currency rates (from the forward currency rates observable at the end of the period) and the forward contract rates, discounted at a rate which reflects the credit risk of the various counterparties.

(b) Discounted cash flow. The future cash flows are estimated based on the forward interest rates (from the interest rate curve observable at the end of the period) and the interest rate contracts, discounted at a rate which reflects the credit risk of the various counterparties.

The table below reports the following information on derivative instruments at December 31, 2015 and December 31, 2014:

- The notional value of the derivative contracts, broken down by maturity;
- The carrying amount of these contracts, represented by their fair value.

Dec 31, 15	Notional Value				Carrying amount
<i>In Euro thousands</i>	Maturity within 1 year		Maturity after 1 year		
Interest rate risk					
Cash Flow hedge as per IAS 39	17,193		50,238		(469)
Fair Value hedge as per IAS 39	-		-		-
Not considered hedges under IAS 39	999		2,094		-
Total derivatives on interest rates	18,192		52,332		(469)
Foreign currency risks	sales	purchases	sales	purchases	
Cash Flow hedge as per IAS 39	27,508	5,296	-	-	(492)
Fair Value hedge as per IAS 39	-	-	-	-	-
Not considered hedges under IAS 39	48,047	29,552	-	-	(1,126)
Total derivatives on foreign exchange	75,555	34,848	-	-	(1,619)
Management of commodity risk	sales	purchases	sales	purchases	
Cash Flow hedge as per IAS 39	-	11,652	-	2,477	(1,591)
Fair Value hedge as per IAS 39	-	-	-	-	-
Not considered hedges under IAS 39	-	-	-	-	-
Total derivatives on commodities	-	11,652	-	2,477	(1,591)

Dec 31, 14	Notional Value				Carrying amount
<i>In Euro thousands</i>	Maturity within 1 year		Maturity after 1 year		
Interest rate risk					
Cash Flow hedge as per IAS 39	12,151		8,235		(330)
Fair Value hedge as per IAS 39	-		-		-
Not considered hedges under IAS 39	1,441		2,621		1
Total derivatives on interest rates	13,592		10,856		(329)
Foreign currency risks	sales	purchases	sales	purchases	
Cash Flow hedge as per IAS 39	-	-	-	-	-
Fair Value hedge as per IAS 39	-	-	-	-	-
Not considered hedges under IAS 39	35,268	14,044	570	601	(1,085)
Total derivatives on foreign exchange	35,268	14,044	570	601	(1,085)
Management of commodity risk	sales	purchases	sales	purchases	
Cash Flow hedge as per IAS 39	-	12,167	-	-	(697)
Fair Value hedge as per IAS 39	-	-	-	-	-
Not considered hedges under IAS 39	-	-	-	-	-
Total derivatives on commodities	-	12,167	-	-	(697)

8. Disclosure pursuant to IAS 24 on management compensation and related-party transactions

The Group is indirectly controlled by the Casoli Family through Fintrack S.p.A. of Fabriano (Ancona, Italy). Francesco Casoli, Chairman of Elica S.p.A., is a shareholder and Sole Director of Fintrack S.p.A., a holding company that does not carry out management and coordination activities in accordance with Article 2497 and subsequent of the Italian Civil Code. This conclusion derives from the fact that the majority shareholder does not carry out management activities within the company and, although exercising their voting rights at the shareholders' meeting, does not exercise any managerial directives or have any involvement in the production and financial programmes. The Company therefore carries out its operations through a totally autonomous and independent decision-making process.

Gianna Peralisi Casoli holds a life-time right of usufruct on 68.33% of the shares of Fintrack S.p.A., thus exercising control over the Issuer, pursuant to Article 93 of the Consolidated Finance Act.

8.1 Remuneration of Directors, Statutory Auditors and Senior Executives

The remuneration of the above-mentioned in total amounted to Euro 7,634 thousand.

The details are reported in the Remuneration Report. This report is available on the Company website <http://corporation.elica.com> (Investor Relations section).

8.2 Share-based payments

There were none in 2015.

8.3 Information on subsidiary companies

The tables below show key figures for subsidiaries and the amount of transactions entered into with them as at and for the year ended December 31, 2015.

8.3.1. Subsidiaries – 2015 Financial Highlights

Reporting package figures

<i>In Euro thousands</i>	Assets	Liabilities	Equity	Revenue	Net Result
Elicamex S.A.de C.V.	46,756	15,684	31,072	67,191	6,699
Elica Group Polska Sp.z o.o	56,227	33,202	23,026	94,632	2,445
Airforce S.p.A.	10,564	7,632	2,931	20,281	442
Aria fina CO., LTD	9,565	3,158	6,408	17,705	2,003
Leonardo S.A.de C.V.	638	807	(169)	8,784	(113)
Exklusiv Hauben Gutmann GmbH	24,237	17,785	6,452	23,905	(2,652)
Elica Inc.	418	216	203	608	18
Airforce GE (*)	62	5	57	26	(8)
Elica PB India Private Ltd.	10,477	7,490	2,987	12,659	369
Zhejiang Elica Putian Electric Co. Ltd	25,020	22,485	2,535	19,648	(181)
Elica Trading LLC	3,954	3,188	765	5,921	(457)
Elica France S.A.S.	1,841	2,462	(620)	2,176	(354)

(*) Airforce Germany Hochleistungs-dunstabzugssysteme GmbH

Elica also has financial relations with Group companies as a result of loans made to them as part of a general plan to centralise cash management activities. These loans are interest bearing and at market rates. Transactions with consolidated companies have been eliminated from the Consolidated Financial Statements. As a result they are not reported in these notes.

8.3.2. Subsidiaries with significant third party presence – figures at December 31, 2015

<i>In Euro thousands</i>	Country	Non-controlling interest share	Profit/(loss) attributed to non-controlling interests		Equity attributed to non-controlling interests	
			Dec 31, 15	Dec 31, 14	Dec 31, 15	Dec 31, 14
Airforce S.p.A.	Italy	40%	175	213	1,209	1,102
Ariafina Co.Ltd	Japan	49%	982	845	3,140	2,612
Airforce Germany Hochleistungs- dunstabzugssysteme GmbH	Germany	43%	(3)	(3)	24	28
Elica PB India Private Ltd.	India	49%	249	153	(1,042)	(1,147)
Zhejiang Elica Putian Electric Co. Ltd	China	33%	(147)	(314)	3,135	3,066
Date consolidated			1,255	894	6,466	5,661

<i>In Euro thousands</i>	Airforce S.p.A.		Ariafina Co.Ltd		Elica PB India Private Ltd.		Zhejiang Elica Putian Electric Co. Ltd	
	Dec 31, 15	Dec 31, 14	Dec 31, 15	Dec 31, 14	Dec 31, 15	Dec 31, 14	Dec 31, 15	Dec 31, 14
Reporting package figures								
Current assets	8,715	8,472	7,967	7,661	7,992	4,565	11,492	9,910
Non-current assets	1,849	1,607	1,599	69	2,485	2,179	13,528	10,067
Current liabilities	6,427	6,141	3,158	2,424	3,377	4,082	18,378	13,609
Non-current liabilities	1,206	1,336	-	-	4,113	200	4,107	3,848
Equity attributed to owners of the parents	1,759	1,561	3,268	2,707	1,523	1,255	1,698	1,682
Equity attributed to the non-controlling interests	1,173	1,041	3,140	2,600	1,464	1,206	836	837
Revenue	20,281	20,017	17,705	18,951	12,659	10,077	19,648	18,618
EBIT	861	1,140	3,220	2,770	509	374	13	(800)
Profit for the year	442	537	2,003	1,699	369	199	(181)	(720)
Dividends paid to third parties	(60)	(60)	(729)	(684)	-	-	-	-
Change in net financial position	68	523	1,036	73	(907)	(1,124)	(2,878)	(3,028)

8.4 Information on the associates

The table below reports the key financial highlights for the associate from companies' financial statements in accordance with Italian GAAP.

8.4.1 Associates – key data at December 31, 2015

<i>In Euro thousands</i>	Registered Office	% held	Share capital	Equity	Profit for the year
I.S.M. S.r.l.	Cerreto d'Esi (AN-Italy)	49.39%	10	1,366	29

This company operates in the real estate sector.

	I.S.M. s.r.l.	
<i>In Euro thousands</i>	Dec 31, 15	Dec 31, 14
Current assets	381	509
Non-current assets	1,007	1,047
Current liabilities	12	204
Non-current liabilities	10	12
Equity	1,366	1,341
Revenue	142	142
EBIT	30	19
Profit for the year	29	20
Dividends paid to third parties	-	-
Change in net financial position	(43)	142

8.4.2. Commercial transactions with associates

The table below shows the operating and financial details from transactions with associates for 2015. No separate disclosure of these positions was provided in the financial statements, given the limited amounts involved, in accordance with Consob resolution No. 15519 of July 27, 2006. All transactions were conducted on an arm's length basis in the ordinary course of business.

<i>In Euro thousands</i>	Payables	Receivables	Costs	Revenue
I.S.M. srl	-	2	-	1

8.5 Transactions with other related parties

In 2015, transactions with other related parties took place. All transactions were conducted on an arm's length basis in the ordinary course of business. No separate disclosure of these positions was given in the financial statements, given the limited amounts involved, in accordance with Consob resolution No. 15519 of July 27, 2006.

The table below shows the main operating and financial amounts arising from trading transactions with FASTNET S.p.A. (30% interest held by FAN, the parent of Elica). No transactions took place with Fintrack S.p.A. (company that indirectly controls the Parent Elica S.p.A.) and with FAN S.r.l. (parent of Elica S.p.A.).

<i>In Euro thousands</i>	Payables	Receivables	Costs	Revenue
Fastnet S.p.A.	16		26	
	16	-	26	-

The operating and financial balances arise from trading transactions conducted to purchase goods and services on an arm's length basis.

The trading relationship with FASTNET S.p.A. forms part of a strategic partnership to develop projects and implement advanced technological solutions; these projects have accompanied and continue to accompany the growth of the business: from intranet solutions to extranet solutions, from wiring to wireless solutions, from software consultancy to hardware consultancy and from training to web marketing.

The Procedures for Transactions with Related Parties is published on the website of the Company <http://corporation.elica.com> (Corporate Governance section).

9. Positions or transactions arising from exceptional and/or unusual transactions

In 2015, no operations classifiable in this category were recorded.

10. Subsequent events

For information on events after the year-end, reference should be made to the Directors' Report.

Fabriano, March 22, 2016

For the Board of Directors
The Executive Chairman
Francesco Casoli

Disclosure pursuant to Article 149-duodecies of the CONSOB Issuers' Regulation

The following table, prepared pursuant to Article 149-duodecies of the CONSOB Issuer's Regulations, reports the payments made in 2015 for audit and other services carried out by the independent auditors and entities associated with them.

Type of service	Service provider	Company	Remuneration <i>In Euro thousands</i>
Audit	Kpmg S.p.A.	Elica S.p.A.	165
Audit	Kpmg S.p.A.	Air Force S.p.A.	15
Audit	KPMG Cardenas Dosal, S.C.	Elicamex S.A. de C.V.	19
Audit	KPMG Polska (*)	Elica Group Polska S.p.z.o.o.	19
Audit	KPMG AG	Exklusiv Hauben Gutmann GmbH	33
Audit	KPMG China	Zhejiang Elica Putian Electric Co. Ltd	22
Audit	B S R & Co. LLP (Kpmg network)	Elica PB India Private Ltd.	9
Audit	KPMG Japan	Aria fina CO., LTD	10
Other services	Kpmg Advisory S.p.A.	Elica S.p.A.	51
Other services	KPMG	Zhejiang Elica Putian Electric Co. Ltd	3
Total			346

(*) KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Statement on the Consolidated Financial Statements as per Article 81-ter of CONSOB Regulation No. 11971 of May 14, 1999 and subsequent modifications and integrations

The undersigned Giuseppe Perucchetti, as Chief Executive Officer, and Alberto Romagnoli, Corporate financial reporting manager of Elica S.p.A., affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the conformity in relation to the characteristics of the company and
- the effective application,

of the administrative and accounting procedures for the compilation of the consolidated financial statements for 2015.

We also declare that:

- the Consolidated Financial Statements:
 - a) corresponds to the underlying accounting documents and records;
 - b) were prepared in accordance with International Financial Reporting Standards adopted by the European Union and also in accordance with article 9 of Legislative Decree 38/2005;
 - c) provide a true and correct representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.
- The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer together with a description of the principal risks and uncertainties to which they are exposed.

Fabriano, March 22, 2016

The Chief Executive Officer
Giuseppe Perucchetti

Corporate financial reporting manager
Alberto Romagnoli

List of holdings in non-listed companies, including foreign, of over 10% at the reporting date

<i>In Euro thousands</i>	Registered Office	% total	of which % direct	of which % indirect	held by (*)	"Direct" holding value	"Indirect" holding value	consolidation method
Elicamex S.a.d. C.V.	Queretaro (Mexico)	100%	98%	2%	Elica Group Polska Sp.z o.o	30,484	625	line-by-line
Elica Group Polska Sp.z o.o	Wroclaw (Poland)	100%	100%	n/a	n/a	22,274	n/a	line-by-line
Airforce S.p.A.	Fabriano (AN) - (Italy)	60%	60%	n/a	n/a	1,212	n/a	line-by-line
Ariafina Co.Ltd	Sagamihara - Shi (Japan)	51%	51%	n/a	n/a	49	n/a	line-by-line
Leonardo Services S.a. de C.V.	Queretaro (Mexico)	100%	98%	2%	Elica Group Polska Sp.z o.o	75	2	line-by-line
Exklusiv Hauben Gutmann GmbH	Muhlacker (Germany)	100%	100%	n/a	n/a	8,869	n/a	line-by-line
Elica Inc.	Chicago, Illinois (United States)	100%	0%	100%	Elicamex S.a.d. C.V.	-	216	line-by-line
Airforce Germany Hochleistungs- dunstabzugssysteme GmbH	Stuttgart (Germany)	95%	0%	95%	Airforce S.p.A.	-	57	line-by-line
Elica PB India Private Ltd.	Pune (India)	51%	51%	n/a	n/a	4,072	n/a	line-by-line
Zhejiang Elica Putian Electric Co. Ltd	Shengzhou (China)	67%	67%	n/a	n/a	14,612	n/a	line-by-line
Elica Trading LLC	Sankt Peterburg (Russia)	100%	100%	n/a	n/a	3,880	n/a	line-by-line
I.S.M. S.r.l.	Cerreto D'Es (AN) - (Italy)	49%	49%	n/a	n/a	1,437	n/a	equity
Elica France S.A.S.	Paris (France)	100%	100%	n/a	n/a	74	n/a	line-by-line

(*) name and legal form of any subsidiary companies which directly hold investments in non-listed companies and relative holdings.