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

Elica S.p.A.

2015 ANNUAL REPORT - SEPARATE FINANCIAL STATEMENTS

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Elica S.p.A.

DIRECTORS' REPORT
ON THE SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2015

Elica 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 motors 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 hood: it is no longer seen as a simple accessory but as a design object which improves the quality of life.

Economic overview 2015 and Outlook 2016[1]

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 ECB[2], which firstly launched a QE[3] programme at the beginning of the year amid low inflation levels in the EU[4], 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 SCB[5] at the beginning of the year to de-couple the Swiss Franc from the Euro.
GDP in the Eurozone in 2015[6] 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 IMF[7] 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 FED[8] 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 Renmimbi 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 metal.
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 BoE[9] 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 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.

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[1] Source: International Monetary Fund, World Economic Outlook
[2] European Central Bank
[3] Quantitative Easing
[4] European Union
[5] Swiss Central Bank
[6] Gross Domestic Product
[7] International Monetary Fund
[8] Federal Reserve System
[9] Bank of England

In 2015, the **global range hood market** contracted 2.3% on 2014[10], 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.

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

IAS/IFRS and 2015-2014 comparability

The financial statements of Elica S.p.A. 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.

The tables in the present Financial Statements are presented in Euro, while the notes are presented in thousands of Euro with all amounts rounded to the nearest thousand, unless otherwise specified.

Financial Highlights

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 Income Statement.

[10] Volume data estimated by the Company.

In Euro thousands	2015	2014	15 Vs 14 %
Revenue	313,860	292,625	7.3%
EBITDA before restructuring charges	**12,319**	**10,313**	19.4%
revenue margin	3.9%	3.5%	
EBITDA	**11,722**	**7,552**	55.2%
revenue margin	3.7%	2.6%	
EBIT	**2,455**	**(819)**	-399.8%
revenue margin	0.8%	-0.3%	
Interest income	(2,092)	(3,074)	-32.0%
revenue margin	-0.7%	-1.1%	
Dividends from subsidiaries	8,588	9,373	-8.4%
revenue margin	2.7%	3.2%	
Exchange rate gains/losses	(509)	92	-653.4%
revenue margin	-0.2%	0.0%	
Profit for the year	**6,552**	**4,954**	32.3%
revenue margin	2.1%	1.7%	

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

In Euro thousands	Dec 31, 15	Dec 31, 14
Cash and cash equivalents	**5,801**	**5,598**
Financial receivables from related parties	21,467	15,234
Financial payables to related parties	(2,141)	
Finance leases and other lenders	-	-
Bank loans and borrowings	(36,750)	(53,831)
Short-term debt	**(17,425)**	**(38,597)**
Finance leases and other lenders	-	-
Bank loans and borrowings	(43,904)	(28,838)
Long-term debt	**(43,904)**	**(28,838)**
Net Financial Debt	**(55,528)**	**(61,837)**

In Euro thousands	Dec 31, 15	Dec 31, 14
Trade receivables	46,147	41,767
Trade receivables - related parties	24,353	19,414
Inventories	30,603	28,970
Trade payables	(60,606)	(52,473)
Trade payables - related parties	(30,418)	(21,506)
Managerial Working Capital	**10,078**	**16,172**
% of revenue	*3.21%*	*5.50%*
Other net receivables/payables	(2,353)	(2,439)
Net Working Capital	**7,725**	**13,733**
% of revenue	*2.46%*	*4.70%*

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

2015 operating review

In 2015, revenue grew by 7.3% on the previous year (+10.6% from third parties, +6.5% from related parties).

EBITDA in 2015 (Euro 11.7 million) improved 55.2% on 2014, principally due to reduced restructuring charges in Italy (Euro 0.6 million in 2015 and Euro 2.8 million in 2014). EBITDA before restructuring charges saw significant growth of 19.5% on 2014, due to revenue growth and operating efficiencies.

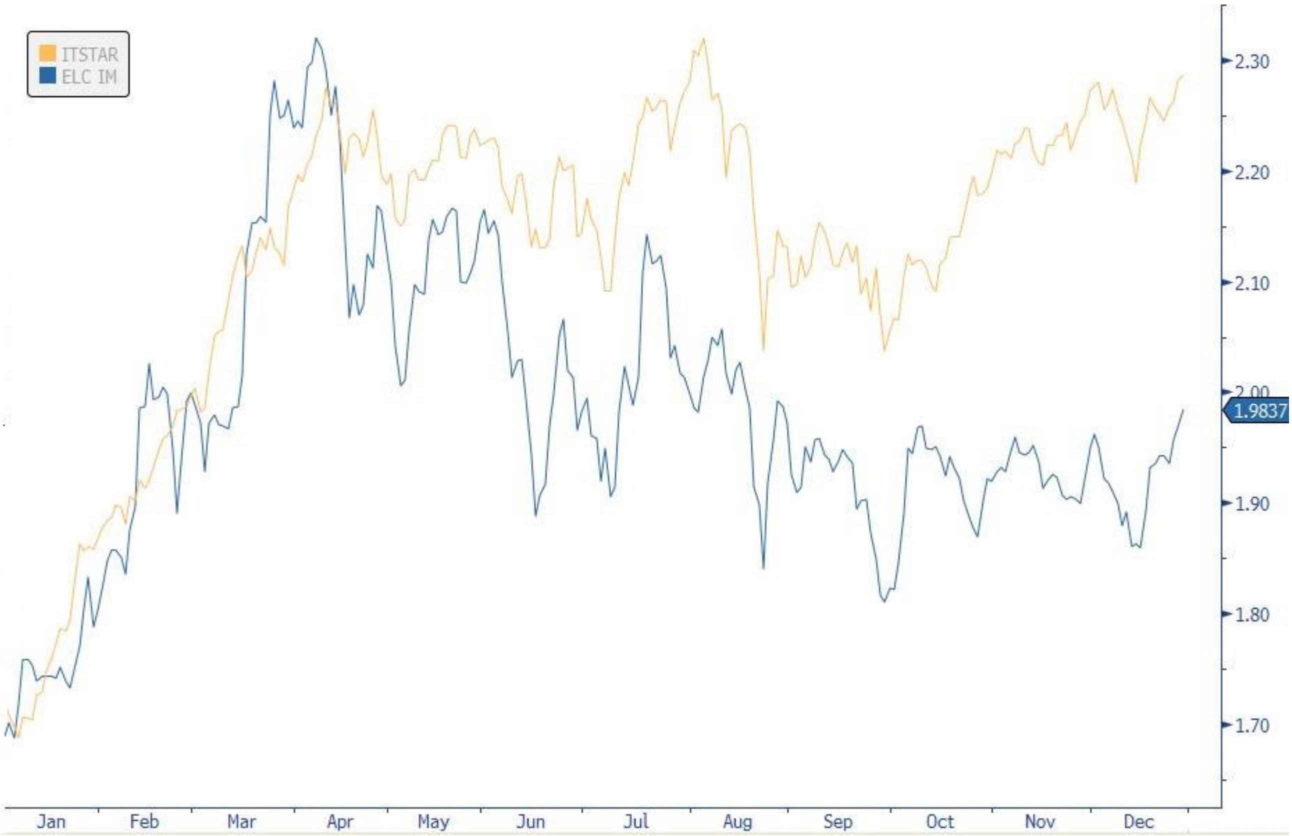
The company signed a two-year solidarity agreement in November 2014, renewable each year. This agreement was renewed in November 2015, with expiry in November 2016.

Net interest expense, including the financial component of IAS 19, reduced on 2014 by 32.0%, following the reduction in the average debt and also in the cost of debt.

The Managerial Working Capital, equal to 3.2% of revenue, significantly improved on December 2014 thanks to the continuous optimisation of financial resource allocation, in particular in relation to the management of trade payables.

The net financial debt reduced from Euro 61.8 million at December 31, 2014 to Euro 55.5 million at December 31, 2015, mainly due to the strong generation of cash from operating activities, which offset the payment of Euro 7.6 million for restructuring charges, concerning principally the restructuring plan implemented and expensed to the Income Statement in 2013 and 2014.

Elica S.p.A. and the financial markets



Source: Bloomberg

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 share[11], 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 5.36, to which reference should be made.

[11] 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 S.p.A. 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 S.p.A. 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 S.p.A. participated in an Investor Presentation, organised in Milan by Equita Sim, undertaking presentations and meetings with institutional investors.

On May 20, Elica S.p.A. 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 relative 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 S.p.A. 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.

Research and Development

Development activities are a central part of the company's operations: significant increases in resources were dedicated to develop, produce and offer clients innovative products both in terms of design and of the utilisation of materials and technological solutions.
During the year, the company was involved in industrial research, seeking to improve products as well as organisational, process and structural improvements.

Total research and development costs incurred amounted to Euro 6,293 thousand.

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 focused on increasing security levels at the plant, reducing and monitoring risks and training personnel for more conscientious behaviour and prudency in the workplace, further improving the already low rate of accidents and serious injuries.

Exposure to risks and uncertainty and financial risk factors

Elica'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, Elica S.p.A. commenced the implementation of a financial risks monitoring system through a "Financial Risk Policy" approved by the Board of Directors of the Company. Within this policy, the Company 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 Company 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.

Giuseppe Perucchetti
Chief Executive Officer, born in Varese (VA) on 30/10/1958, 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.

Gennaro Pieralisi
Director, born in Monsano (AN) on 14/02/1938, 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.

Elio Cosimo Catania
Independent Director, born in Catania on 05/06/1946, 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.

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.

Franco Borioni
Statutory Auditor, born in Jesi (AN) on 23/06/1945, 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.

Leandro Tiranti
Alternate Auditor, born in Sassoferrato (AN) on 04/05/1966, 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.

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
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Structure of the Elica Group

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. [manca la nota 12] - Fabriano (Ancona, Italy) is the ultimate parent company of the Group (in short Elica).

Subsidiaries
o Elica Group Polska Sp.zo.o – Wroclaw – (Poland) (in short Elica Group Polska). This wholly-owned company has been operational since September 2005 in the production and sale of electric motors and 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 wholly-owned 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 Ariafina CO., LTD – Sagamihara-Shi (Japan) (in short Ariafina). Incorporated in September 2002 as an equal joint venture with the Tokio-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 Hochleigstungs-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 producesand 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. Petersberg (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

In Euro thousands	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

For details on transactions with the present subsidiaries and other related parties, reference should be made to the following notes.

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 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 Company website 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 S.p.A. 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 Legislative Decree No. 58 of February 24, 1998, Elica S.p.A., having control, direct or indirect, over some companies registered and regulated in countries outside the European Union, makes available the financial statements of the above-mentioned companies, prepared for the purposes of the Elica Group Consolidated Financial Statements, 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 company, 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.

Proposal for the approval of the 2015 Financial Statements and allocation of Profit as approved by the Board of Directors on March 22, 2016

Dear Shareholders,

in relation to the motion at Point 1.1 on the Agenda:

1.1 Approval of the Financial Statements for the year ended December 31, 2015; Directors' Report; Board of Statutory Auditors' Report; Independent Auditors' Report. Presentation of the Consolidated Financial Statements at December 31, 2015;

The Financial Statements for the year 2015, which we present for your approval, report a profit of Euro 6,551,744 and equity of Euro 113,351,214.

More generally, we propose approval of the 2015 Separate Financial Statements, collectively and individually, the Directors' Report and the review of the Board of Statutory Auditors' Report and the Independent Auditors' Report, in addition to the Consolidated Financial Statements at December 31, 2015.

In relation to the motion at Point 1.2 on the Agenda:

1.2 Deliberations on the result for the year;

we propose the distribution of a dividend of Euro 0.098 per share (before withholding taxes) from the Profit of the Parent, resulting in a payout ratio of 9.4%. Dividend coupon No. 8 of May 23, 2016 and record date of May 24, 2016.

We propose the payment of the dividend on May 25, 2016 and the allocation of the residual amount to the Extraordinary Reserve.

We thank you for your assistance.

The Board of Directors

THE EXECUTIVE CHAIRMAN

Francesco Casoli

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

ELICA S.p.A.

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

Separate Financial Statements at 31/12/2015

Income Statement

In Euro	***Note***	**2015**	**2014**
Revenue - third parties	**4.1**	254,339,565	238,798,876
Revenue - related parties	**4.1**	59,520,328	53,826,231
Other operating income	**4.2**	3,944,769	5,866,966
Changes in inventories of finished and semi-finished goods	**4.3**	1,131,103	274,116
Increase in internal work capitalised	**4.4**	3,599,057	3,409,724
Raw materials and consumables – third parties	**4.5**	(111,769,340)	(100,218,953)
Raw materials and consumables – related parties	**4.5**	(93,812,659)	(90,402,809)
Services – third parties	**4.6**	(48,054,059)	(42,888,555)
Services – related parties	**4.6**	(1,924,713)	(1,547,183)
Labour costs	**4.7**	(48,647,401)	(50,663,373)
Amortisation & Depreciation	**4.8**	(9,266,651)	(8,371,105)
Other operating expenses and provisions	**4.9**	(6,007,984)	(6,142,245)
Restructuring charges	**4.10**	(596,853)	(2,761,106)
Operating profit/(loss)		**2,455,162**	**(819,416)**
Share of profit/(loss) from associates and subsidiaries	**4.11**	8,587,720	9,373,098
Impairment of AFS financial assets	**4.22**	(100,000)	-
Financial income	**4.12**	917,248	642,061
Financial charges	**4.13**	(3,008,982)	(3,716,044)
Exchange rate gains/(losses)	**4.14**	(509,112)	92,085
Profit before taxes		**8,342,036**	**5,571,784**
Income taxes	**4.15**	(1,790,292)	(617,903)
Profit from continuing operations		**6,551,744**	**4,953,881**
Profit from discontinued operations		-	-
Profit for the year		**6,551,744**	**4,953,881**

Statement of Comprehensive Income

In Euro	***Note***	**2015**	**2014**
Profit for the year		**6,551,744**	**4,953,881**
Other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the year:			
Actuarial gains/(losses) of employee defined plans	***4.30***	262,056	(1,550,382)
Tax effect concerning the Other income/(expense) which may not be subsequently reclassified to the profit/(loss) for the year		(8,316)	389,035
Total other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the year, net of the tax effect		**253,740**	**(1,161,347)**
Other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the year:			
Net change in cash flow hedges	***7.2.2***	(1,453,000)	(751,423)
Tax effect concerning the Other income/(expense) which may be subsequently be reclassified to the profit/(loss) for the year		399,575	206,641
Total other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the year, net of the tax effect		**(1,053,425)**	**(544,782)**
Total other comprehensive income/(expense), net of the tax effect:		**(799,685)**	**(1,706,129)**
Total comprehensive income for the year		**5,752,059**	**3,247,752**

Statement of Financial Position

In Euro	***Note***	**Dec 31, 15**	**Dec 31, 14**
Property, plant & equipment	**4.17**	42,116,844	42,735,149
Goodwill	**4.18**	23,342,460	23,342,460
Other intangible assets	**4.18**	16,531,085	15,022,495
Investments in subsidiaries	**4.19**	85,602,859	85,602,859
Investments in associates	**4.19**	1,376,926	1,376,926
Other receivables	**4.20**	63,229	73,056
Tax assets		-	5,413
Deferred tax assets	**4.21**	9,102,759	9,772,125
AFS financial assets	**4.22**	53,227	153,227
Derivative financial instruments	**4.28**	18	604
Total non-current assets		**178,189,407**	**178,084,314**
Trade receivables	**4.23**	46,146,525	41,767,309
Trade receivables - related parties	**4.24**	24,352,774	19,414,391
Financial receivables - related parties	**4.24**	21,466,830	15,233,806
Inventories	**4.25**	30,602,555	28,969,804
Other receivables	**4.26**	5,488,559	5,398,897
Tax assets	**4.27**	6,170,535	6,427,342
Derivative financial instruments	**4.28**	587,658	1,033,810
Cash and cash equivalents	**4.29**	5,801,409	5,597,982
Current assets		**140,616,844**	**123,843,341**
Assets of discontinued operations		-	-
Total Assets		**318,806,251**	**301,927,655**
Liabilities for post-employment benefits	**4.30**	9,689,245	11,807,217
Provisions for risks and charges	**4.31**	2,220,866	5,191,182
Deferred tax liabilities	**4.21**	750,497	929,667
Bank loans and borrowings	**4.32**	43,904,454	28,838,084
Other payables	**4.34**	619,283	815,287
Tax liabilities	**4.33**	441,893	567,830
Derivative financial instruments	**4.28**	165,729	145,738
Non-current liabilities		**57,791,967**	**48,295,005**
Provisions for risks and charges	**4.31**	6,070,850	2,069,249
Bank loans and borrowings	**4.32**	36,749,952	53,830,834
Trade payables	**4.35**	60,606,338	52,472,790
Trade payables - related parties	**4.35**	30,417,798	21,506,475
Financial payables - related parties	**4.35**	2,141,435	-
Other payables	**4.34**	5,272,481	8,252,363
Tax liabilities	**4.33**	2,668,476	3,943,260
Derivative financial instruments	**4.28**	3,735,740	2,112,676
Current liabilities		**147,663,070**	**144,187,647**
Liabilities of discontinued operations		-	-
Share capital		12,664,560	12,664,560
Capital reserves		71,123,335	71,123,335
Hedging reserve		(1,880,614)	(743,490)
Reserve for actuarial gains/losses		(2,742,164)	(2,995,904)
Treasury shares		(3,550,986)	(3,550,986)
Retained earnings		31,185,339	27,993,607
Net Result		6,551,744	4,953,881
Equity	**4.36**	**113,351,214**	**109,445,003**
Total liabilities and equity		**318,806,251**	**301,927,655**

Statement of Cash Flows

In Euro	Dec 31, 15	Dec. 31, 14
Opening cash and cash equivalents	**5,597,982**	**2,386,326**
Operating profit - EBIT	2,455,162	(819,416)
Amortisation & Depreciation	9,266,651	8,371,105
EBITDA	11,721,813	7,551,689
Trade working capital	6,094,283	(328,239)
Other working capital accounts	(5,747,488)	536,932
Income taxes paid	(300,000)	(1,303,448)
Change in provisions	(1,039,302)	405,115
Other changes	-	(588,151)
Cash flow from operating activities	**10,729,306**	**6,273,898**
Net increases	(1,569,216)	1,806,059
Intangible assets	(5,411,571)	(2,040,582)
Property, plant & equipment	(4,745,365)	(3,589,134)
Equity Investments and other financial assets	8,587,720	7,435,775
Cash flow used in investing activities	**(1,569,216)**	**1,806,059**
Dividends	(1,762,143)	(1,669,074)
Increase (decrease) in loans and borrowings	(6,106,101)	(1,615,888)
Net changes in other financial assets/liabilities	762,156	1,184,926
Interest paid	(1,850,575)	(2,768,265)
Cash flow used in financing activities	**(8,956,663)**	**(4,868,302)**
Change in cash and cash equivalents	**203,427**	**3,211,656**
Closing cash and cash equivalents	**5,801,409**	**5,597,982**

Statement of changes in Equity

In Euro thousands	Share capital	Share premium reserve	Treasury shares	Retained earnings	Exchange rate gains reserve	Hedging reserve	Profit for the year	Total Equity
Balance at December 31, 2013	**12,665**	**71,123**	**(3,551)**	**31,412**		**(1,990)**	**(1,749)**	**107,910**
Change in cash flow hedges net of the tax effect						(588)		**(588)**
Actuarial profits/(losses) on post-employment benefits						(1,161)		**(1,161)**
Total gains/(losses) recognised directly to equity	-	-	-	-		(1,750)	-	**(1,750)**
Profit for the year							4,954	**4,954**
Total gains/(losses) recognised in the income statement	-	-		-		-	4,954	**4,954**
Allocation of profit for the year				(1,749)		-	1,749	-
Other changes								
Dividends				(1,669)				**(1,669)**
Balance at December 31, 2014	**12,665**	**71,123**	**(3,551)**	**27,994**		**(3,739)**	**4,954**	**109,445**
Change in cash flow hedges net of the tax effect						(1,137)		**(1,137)**
Actuarial profits/(losses) on post-employment benefits						254		**254**
Total gains/(losses) recognised directly to equity	-	-	-	-		(883)	-	**(883)**
Profit for the year							6,552	**6,552**
Total gains/(losses) recognised in the income statement	-	-		-		-	6,552	**6,552**
Allocation of profit for the year				4,338	616		(4,954)	-
Other changes			-	616	(616)			-
Dividends				(1,762)				**(1,762)**
Balance at December 31, 2015	**12,665**	**71,123**	**(3,551)**	**31,185**	-	**(4,623)**	**6,552**	**113,351**

Notes to the Separate financial statements as at and for the year ended December 31, 2015

1. Accounting principles and policies
2. Accounting standards, amendments and interpretations applied after January 1, 2015 and not yet applicable by the Company
3. Significant accounting estimates
4. Notes to the Separate Financial Statements
5. Significant non-recurring events and operations
6. Guarantees, commitments and contingent liabilities
7. Risk management policy
8. Disclosure on management compensation and related-party transactions
9. Positions or transactions arising from exceptional and/or unusual transactions
10. Subsequent events

1. Accounting principles and policies

1.1 General information

Elica S.p.A. is a company incorporated under Italian law based in Fabriano (Ancona), Italy.
The company is listed on the STAR segment on the Italian Stock Exchange.
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.
The Euro is the functional and presentation currency of the company. The financial statement amounts are in Euro while the amounts in the notes are in thousands of Euro.

1.2 General Principles

The 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 Separate Financial Statements at December 31, 2015 are compared with the previous year and consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the 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 Company 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 Separate Financial Statements.
The financial statement accounts have been measured in accordance with the general criteria of prudence and accruals and on a going concern basis, and also take into consideration the economic function of the assets and liabilities.

1.3 Financial Statements

The Management of the Company, in accordance with IAS 1, made the following choices in relation to the presentation of the financial statements.

- The **Income Statement** is prepared in accordance with the nature of the item and shows intermediary results relating to the operating result and the result before taxes in order to allow a better assessment of the normal operating performance.
  The operating profit is the difference between the net operating costs and revenues (the latter inclusive of non-cash items relating to amortisation/depreciation and write-downs of current and non-current assets, net of any restatements in value) and inclusive of gain/losses generated on the disposal of non-current assets.
- The **Statement of Comprehensive Income** reports, beginning with the profit (loss) in the year, the effect of the other comprehensive income statement items recorded directly to equity (other comprehensive income).
- The **Statement of Financial Position** is presented with separation between current and non-current assets and liabilities. An asset/liability is classified as current when it satisfies any of the following criteria: it is expected to be realised/settled or is expected to be sold or utilised in the normal operating cycle of the company; it is held for trading; it is expected that it will be realised/settled within 12 months from the reporting period. Where none of these conditions apply, the assets/liabilities are classified as non-current.
- The **Statement of Cash Flows** is prepared using the indirect method in which the operating result is adjusted by non-cash items.
  It classifies cash flows generated respectively from Operating Activities, from Investments and from Financing Activities, in line with 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. This amount is however presented separately.

- **Statement of Changes in Equity** illustrates the changes in Equity accounts.

1.4 Accounting principles and policies

The main accounting principles and policies adopted in the preparation of the separate 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, 2005 and are considered representative of the fair value of the asset at the revaluation date (deemed cost as per IFRS 1).

Depreciation is calculated on a straight-line basis on the estimated useful life of the relative assets applying the following percentage rates:

buildings	3%
light structures	10%
plant and machinery	6-10%
industrial and commercial equipment	16%
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 company. 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 Company'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

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 where 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 Company 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 Company only holds intangible assets with definite useful life.

Impairment Tests
At each reporting date, the Company 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 Company 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 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 Company 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 being 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.

Investments in subsidiaries and associates
The investments in subsidiaries, joint ventures and associates not classified as held-for-sale are recorded at cost.
Income from investments is recorded only in relation to the dividends received, generated subsequent to the acquisition date. Dividends received in excess of profits generated subsequent to the acquisition date are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.
At each reporting date, an evaluation is made as to whether indications exist of a reduction in the value of the cost of the investment; where such indications exist, a valuation test is carried out in accordance with IAS 36. A reduction in the value of the investment is recorded when the recoverable value is lower than the carrying value. The recoverable value is the highest between the fair value of the investment, less costs to sell, where they may be determined, and the value in use, represented by the present value of the expected revenue streams for the years of operations of the company subject to the valuation test and deriving from its disposal at termination of the useful life. Where in subsequent periods there is a reduction in the indications that the loss does not exist or is reduced, the value of the investment is restated to take into account the reduced loss in value. Following the write-down of the cost of the investment, further losses recorded on the investment are recorded under liabilities, where a legal implicit obligation to cover the losses in the investment exists.

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 provision for doubtful debt 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 Company 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 Company.
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 the exchange rates and interest rates and the value of commodities, reference should be made to paragraph 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.
On the basis of IAS 19 – Employee benefits, the Company presents in the balance sheet the deficit or surplus of the relevant provision, with 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, any 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 provision were modified by Law No. 296 of 27 December 2006 ("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, concerning 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. Subsequent changes in the fair value at 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 Company has a current obligation that is the result of a past event and it is probable that the Company 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 Company at the lower of their fair value at the date of the lease contract, and the present value of the minimum lease payments due under the lease contract. The corresponding liability towards the lessor is included in the balance sheet 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
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. 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 over the period in which the related costs are recorded, with a reduction in the generating account.
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.
Current income taxes are based on taxable income for the year as determined under applicable tax law. The liability for current income taxes is calculated using the current rates at the reporting date.
Elica S.p.A. and the subsidiary Airforce S.p.A. (since 2008) 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 income tax receivable is shown under Tax Receivables, determined as the difference between the income taxes in the year, payments on account, withholding taxes and, in general, tax receivables. Tax Receivables also include the current IRES charge as determined on an estimate of the taxable income and tax losses of the companies taking part in the Consolidated national tax regime, net of payments on account, taxes withheld and tax receivables; tax assets are offset by the payables due to the subsidiary companies by Elica for the residual receivable attributable to the Consolidated national tax regime.
The liability for tax losses surrendered by a subsidiary is recorded under Amounts due to subsidiaries.
Deferred tax assets and liabilities arise from timing differences between the carrying amount of assets and liabilities determined in accordance with the financial reporting criteria set out by the Italian Civil Code and their tax base.
No tax provision has been made in relation to reserves subject to taxation upon distribution as no transactions that could trigger their taxation are planned.
Deferred tax assets are recognised insofar as it is likely that, in the years the deductible timing differences leading to their creation reverse, there will be taxable income not less than the amount of the differences. The carrying amount of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.
Deferred taxation is calculated based on the tax rate expected to be in force when the assets are realised or the liabilities extinguished. Deferred tax is charged or credited directly to the Income Statement, except when it relates to items recognised directly at Equity, in which case the deferred tax is also recognised at Equity.
The deferred tax assets and liabilities are compensated when there is a direct right to compensate the tax assets and liabilities and when they refer to income taxes due to the same fiscal authority and there is the intention to pay the amount on a net basis.

2. Accounting standards, amendments and interpretations applied after January 1, 2015 and not yet applicable by the Company

2.1 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 separate financial statements at December 31, 2014. No new accounting standards with significant impact on the 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.

2.2 Accounting standards, amendments and interpretations not yet 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 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 Financial Statements in accordance with IFRS, Elica S.p.A.'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. Notes to the Separate Financial Statements

INCOME STATEMENT

4.1 Revenue

An analysis of revenue with a breakdown between product sales and services follows:

In Euro thousands	2015	2014	Changes
Revenue from product sales	308,486	288,574	19,912
Revenue from services	5,374	4,051	1,323
Total	**313,860**	**292,625**	**21,235**

The account increased approximately 7.3% on the previous year.
For further information on revenue, reference should be made to the Directors' Report.
A breakdown of revenues from third parties and from related parties (principally subsidiaries) is shown below.

In Euro thousands	2015	2014	Changes
Third parties	254,340	238,799	15,541
Related parties	59,520	53,826	5,694
	313,860	**292,625**	**21,235**

Revenue from related parties amount to Euro 59,520 thousand; these amounts principally refer to the sale of components and finished products to the subsidiary AirForce for Euro 1,422 thousand (Euro 1,456 thousand in 2014), to the subsidiary Ariafina for Euro 273 thousand (Euro 291 thousand in 2014), to the subsidiary Elica Group Polska for Euro 34,988 thousand (Euro 31,916 thousand in 2014), to the subsidiary Elicamex for Euro 12,267 thousand (Euro 11,583 thousand in 2014), to the subsidiary Gutmann for Euro 3,445 thousand (Euro 3,147 thousand in 2014), to Elica India for Euro 575 thousand (Euro 532 thousand in 2014), to the Chinese subsidiary Putian for Euro 1,266 thousand (Euro 832 thousand in 2014), to the Russian subsidiary Elica Trading for Euro 3,736 thousand (Euro 3,849 thousand in 2014) and to the subsidiary Elica France for Euro 1,547 thousand (Euro 219 thousand in 2014). The remaining revenue from related parties concern the associate ISM S.r.l.. All transactions are regulated at prices in line with market conditions applied to third parties.
Finally we present revenue by geographic area.

Breakdown of revenue from sales and services by geographic area and from third party and related companies:

In Euro thousands	2015	2014	Changes
Europe + CIS	284,960	265,898	19,062
Other countries	14,884	15,042	(158)
The Americas	14,016	11,684	2,332
Total	**313,860**	**292,625**	**21,236**

Clients who comprise more than 10% of total revenue, not within the Group, constituted 22% of revenue in 2015 compared to 23% in 2014.

4.2 Other operating revenue

In Euro thousands	2015	2014	Changes
Rental income	2	2	0
Grants related to income	736	1,034	(298)
Ordinary gains on disposal	307	3,447	(3,140)
Claims and insurance payouts	886	186	700
Expenses recovered	805	774	31
Other revenue and income	1,209	425	784
Total	**3,945**	**5,868**	**(1,923)**

The account decreased Euro 1,923 thousand. The decrease concerned the Ordinary Gains account, which reduced Euro 3,140 thousand, which in the previous year included the sale to third parties of the warehouse in Serra San Quirico (AN). On the other hand, Other revenue and income increased Euro 0.8 million, with Claims and Insurance payouts increasing Euro 0.7 million.
Other revenue and income includes a range of items, among which the sale of production assets and insurance compensation.

4.3 Changes in inventories of finished and semi-finished goods

Changes in inventories of finished and semi-finished goods and work in progress were positive at December 31, 2014 for Euro 274 thousand and at December 31, 2015 were again positive for Euro 1,131 thousand due to the increase in inventories, in particular of finished and semi-finished goods.

4.4 Increases on internal work capitalised

The account amounted to Euro 3,599 thousand (Euro 3,409 thousand in the previous year) and mainly relates 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 implementation of new IT programmes.

4.5 Raw materials and consumables

The breakdown of consumables (third parties and related parties) are as follows:

In Euro thousands	2015	2014	Changes
Purchases of consumable materials	1,111	1,064	47
Purchases of supplies	485	496	(11)
Purchase of raw materials	96,928	84,426	12,502
Change in inventory of raw materials, consumables and goods for re-sale	(502)	(1,114)	612
Finished and semi-finished products	105,976	104,311	1,665
Packaging	634	746	(112)
Other purchases	169	133	36
Shipping expenses on purchases	780	560	220
Total	**205,582**	**190,622**	**14,960**

The balance is broken down as follows:

In Euro thousands	2015	2014	Changes
Third parties	111,769	100,219	11,550
Related parties	93,813	90,403	3,410
	205,582	**190,622**	**14,960**

Raw materials and consumables increased approximately of Euro 15 million on 2014. Purchases from third parties increased 11.5%, while purchases from related parties increased 3.8%.

Those from related parties amounted to Euro 93,813 thousand (Euro 90,403 thousand in 2014). The most significant item relates to the purchases of finished products and goods from the subsidiary Elica Group Polska for Euro 89,572 thousand (Euro 87,543 thousand in 2014), with the amount concerning this subsidiary representing the majority of movement in this account, in addition to movements against all other companies, including Putian, of Euro 1.5 million.
All transactions are regulated at prices in line with market conditions applied to third parties.

4.6 Service expenses

In Euro thousands	**2015**	**2014**	**Changes**
Outsourcing expenses	21,264	18,096	3,168
Transport	4,400	4,248	152
Finished goods inventories management	3,660	3,470	190
Consulting	3,557	3,399	158
Maintenance	2,667	2,608	59
Utilities	2,860	2,866	(6)
Commissions	583	625	(42)
Travel expenses	1,479	1,208	271
Advertising	1,020	637	383
Insurance	624	671	(47)
Directors & Statutory Auditor fees	1,606	1,347	259
Trade fairs and promotional events	1,561	723	838
Industrial services	293	319	(26)
Banking commissions and charges	307	320	(13)
Other services	4,098	3,899	199
Total	**49,979**	**44,436**	**5,543**

Service expenses increased Euro 5.5 million on the previous year (+12.5%). The principal increases relate to Outsourcing expenses for Euro 3,168 thousand, Trade fairs and promotional events for Euro 838 thousand and Advertising for Euro 383 thousand.
The account Other Services in 2015 include communication services for Euro 500 thousand (Euro 547 thousand in 2014), technical assistance costs for Euro 1,264 thousand (Euro 1,424 thousand in 2014), canteen costs for Euro 329 thousand (Euro 304 thousand in 2014), cleaning costs Euro 288 thousand (Euro 269 thousand in 2014), vehicle expenses Euro 365 thousand (Euro 393 thousand in 2014), training courses for Euro 106 thousand (Euro 94 thousand in 2014), medical visits for Euro 79 thousand (Euro 75 thousand in 2014) and personnel recruitment costs for Euro 213 thousand (Euro 88 thousand in 2012).

The balance is comprised of:

In Euro thousands	**2015**	**2014**	**Changes**
Third parties	48,054	42,889	5,165
Related parties	1,925	1,547	378
	49,979	**44,436**	**5,543**

The increase concerns both service expenses to third parties and those to related parties.

4.7 Labour costs

Labour costs incurred in 2015 and 2014 were as follows:

In Euro thousands	**2015**	**2014**	**Changes**
Wages and salaries	34,403	35,443	(1,040)
Social security expenses	10,565	11,018	(453)
Post-employment benefits	2,433	2,643	(210)
Other costs	1,246	1,559	(313)
Total	**48,647**	**50,663**	**(2,016)**

Overall Labour costs 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 as per Italian Regulations.

The table below shows the average number of employees at December 31, 2015 and December 31, 2014:

In Euro thousands	**2015**	**2014**	**Changes**
Executives	23	22	1
White-collar	384	379	5
Blue-collar	784	868	(85)
Other	3	3	-
	1,193	**1,272**	**(80)**

The decrease in personnel numbers is principally due to corporate restructuring by the Company, mainly in the two previous years.

4.8 Amortisation and depreciation

The account amounted to Euro 9,267 thousand, an increase on Euro 8,371 thousand of 2014 (+10.7%). For the detailed changes in the year of amortisation and depreciation, reference should be made to the paragraph on fixed assets.

4.9 Other operating expenses and provisions

The details of the account are as follows:

In Euro thousands	**2015**	**2014**	**Changes**
Leasing and rental	423	230	193
Rental of vehicles and industrial equipment	1,862	1,939	(77)
Hardware, software and patents	792	771	21
Other taxes	426	412	14
Magazine and newspaper subscriptions	14	16	(2)
Sundry equipment	145	103	42
Catalogues and brochures	255	234	21
Losses and allowances for impairments	450	527	(77)
Provisions for risks and charges	455	1,038	(583)
Other prior year charges and losses	1,185	873	312
Total	**6,008**	**6,143**	**(135)**

Overall, the account decreased Euro 135 thousand. The principal reduction concerns the Provisions for risks and charges. For further details on this account, reference should be made to the note on provisions for risks and charges.

4.10 Restructuring charges

The restructuring charges mainly refer to the workforce restructuring plan of the Company, undertaken particularly to scale down and optimise the Company's organisational structure. They principally concern labour costs.

4.11 Share of income/(expense) from associates and subsidiaries

In Euro thousands	2015	2014	Changes
Income /(expense) - subsidiaries and associates			
Dividends from subsidiaries	8,588	9,373	(785)
	8,588	**9,373**	**(785)**

Dividends from subsidiaries were distributed in the year by the subsidiaries Airforce S.p.A. for Euro 90 thousand, Ariafina for Euro 758 thousand, ElicaMex for Euro 5,477 thousand and Elica Group Polska for Euro 2,262 thousand.

4.12 Finance income

Details of finance income are shown below:

In Euro thousands	2015	2014	Changes
Interest income from subsidiaries	835	534	301
Interest on bank deposits	1	104	(103)
Other financial income	81	4	77
Total	**917**	**642**	**275**

The increase concerns principally the account Interest income from subsidiaries, given the decision of the company to centralise the bank debt.

4.13 Finance expense

In Euro thousands	2015	2014	Changes
Finance expense:			
Interest expense to subsidiaries	14	-	(14)
on overdrafts and bank loans	2,780	3,391	(611)
on other borrowings	1	15	(14)
on post-employment benefit provisions	215	310	(95)
Total	**3,009**	**3,716**	**(721)**

The account decreased Euro 721 thousand. This change principally concerns Financial expense on overdrafts and bank loans, principally due to the reduction of money market rates and of the cost of debt. Financial expense on overdrafts and bank loans include also discounts for Euro 552 thousand.

4.14 Exchange rate gains/(losses)

In Euro thousands	2015	2014	Changes
Exchange losses	(3,400)	(1,861)	(1,539)
Exchange rate gains	3,839	2,676	1,163
Income/(Charges) on derivative instruments	(948)	(722)	(226)
Net exchange rate gains/(losses)	**(509)**	**92**	**(602)**

Net exchange rate gains in the year amounted to Euro 439 thousand, compared to Euro 815 thousand in 2014.
The account includes net unrealised losses deriving from the adjustment at the end of the year of debtor and creditor positions in foreign currencies of Euro 237 thousand. At December 31, 2015 the exchange rate adjustment of items in foreign currencies did not result in unrealised rate exchange gains; therefore, as

considering a net exchange loss, it was not necessary to allocate any amount to the non-distributable reserve as per Article 2426, point 8-*bis* of the Italian Civil Code. The "Exchange rate gains reserve", allocated on the approval of the previous year's financial statements, was consequently reclassified to an available reserve.
The account Income/(Expense) on derivative instruments recorded a net charge of Euro 948 thousand in 2015 and an expense of Euro 722 thousand in 2014, and relates principally to the result on currency derivatives, which in accordance with the accounting standards may not be treated as hedging operations, although they were made for this purpose. For this reason, they were recognised at their fair value and recognised in the income statement.

4.15 Income taxes

The tax expense in the year is broken down between current and deferred taxes:

In Euro thousands	**2015**	**2014**	**Changes**
Current income tax	(1,800)	(1,135)	(665)
Deferred taxes	9	517	(508)
	(1,790)	**(618)**	**(1,172)**

The increase in income tax expense is principally due to the recognition of IRES taxes and withholding taxes applied on dividends distributed by the Mexican subsidiary.

The company took part in the National Tax Consolidation, as per Article 117 and subsequent of the Income Tax Law, with the subsidiary Air Force S.p.A. for the years 2014, 2015 and 2016.
According to the consolidation agreements, in the case of the transfer to the fiscal consolidation (fiscal unit) of a tax loss, of a ROL excess (EBITDA), of an interest charge excess or an excess in the ACE (Economic Growth Support) deduction compared to the assessable income, the Company will recognise remuneration equal to the tax advantage gained by the Group (IRES rate 27.5%); this amount is recognised to "Consolidation income" in the income statement.
The reconciliation between the theoretical and effective tax rate (IRES) is shown in the table below.

The change in the effective tax rate is due to non-recurring events, both last year and in the present year.

Tax Rate Reconciliation

	2014	2015
IRES rate	27.50 %	27.50 %
IRAP rate	4.13%	4.13%

	2014					**2015**				
	Assessable	**IRES**	**IRAP**	**Total**	**% IRES on pre-tax result**	**Assessable**	**IRES**	**IRAP**	**Total**	**% IRES on pre-tax result**
Income taxes										
- Current		(284)	1,259	975			481	207	688	
- IRES income tax refund/ Foreign taxes		160	0	160			1,111	0	1,111	
- Deferred – cost (income)		(495)	(22)	(517)			(13)	4	(9)	
[A] TOTAL INCOME TAXES		**(619)**	**1,237**	**618**	**-11.11%**		**1,579**	**211**	**1,790**	**18.93%**
PRE-TAX PROFIT/LOSSES	5,572					8,342				
Tax calculated using local tax rate		1,532			27.50%		2,294			27.50%
Tax effect of exempt income	(10,441)	(2,871)			-51.53%	(9,692)	(2,665)			-31.95%
Tax effect of expenses not deductible	2,326	640			11.48%	2,498	687			8.23%
Other differences	(290)	(80)			-1.43%	554	152			1.83%
[B] Effective tax expense and tax rate net of substitute tax	**(2,833)**	**(779)**			**-13.98%**	**1,702**	**468**			**5.61%**
Refund Tax Effect/ Foreign taxes		160			2.87%		1,111			13.32%
[C] Effective tax expense and tax rate		**(619)**			**-11.11%**		**1,579**			**18.93%**

4.16 Other information about income statement items

The research and development costs capitalised and expensed in 2015 are summarised in the table below:

In Euro thousands	**2015**	**2014**	**Changes**
R&D costs expensed	4,521	4,432	89
Amortisation of capitalised R&D costs	1,772	1,342	430
Total R&D costs	**6,293**	**5,773**	**520**
R&D costs capitalised during the year	**2,143**	**1,023**	**1,120**

STATEMENT OF FINANCIAL POSITION

4.17 Property, plant and equipment

The table below shows details of the changes in property, plant and equipment in 2014 and 2015.

In Euro thousands	Dec 31, 14	Increases	Disposals & other reclassifications	Dec 31, 15
Historical cost				
Land and buildings	35,633	307	-	35,939
Plant and machinery	62,574	1,700	(2,261)	62,013
Industrial and commercial equipment	80,346	2,152	(4,527)	77,971
Other assets	6,250	314	(13)	6,552
Assets under construction and payments on account	300	418	(251)	466
Total	**185,103**	**4,890**	**(7,051)**	**182,942**

In Euro thousands	Dec 31, 14	Depreciation	Disposals & other reclassifications	Dec 31, 15
Accumulated depreciation				
Land and buildings	14,865	981	-	15,845
Plant and machinery	50,498	1,736	(2,299)	49,935
Industrial and commercial equipment	71,026	2,500	(4,597)	68,930
Other assets	5,981	147	(14)	6,115
Total	**142,370**	**5,364**	**(6,909)**	**140,825**

In Euro thousands	Dec 31, 14	Increases	Disposals & other reclassifications	Depreciation	Dec 31, 15
Net value					
Land and buildings	20,768	307	-	(981)	20,094
Plant and machinery	12,076	1,700	37	(1,736)	12,078
Industrial and commercial equipment	9,320	2,152	70	(2,500)	9,041
Other assets	269	314	1	(147)	437
Assets under construction and payments on account	302	418	(253)	-	466
Total	**42,735**	**4,890**	**(144)**	**(5,364)**	**42,117**

The movements in 2014 were as follows:

In Euro thousands	Dec 31, 13	Increases	Disposals & other reclassifications	Dec 31, 14
Historical cost				
Land and buildings	34,688	671	274	35,633
Plant and machinery	62,330	1,820	(1,576)	62,574
Industrial and commercial equipment	80,994	3,209	(3,857)	80,346
Other assets	6,307	26	(83)	6,250
Assets under construction and payments on account	491	753	(944)	300
Total	**184,810**	**6,479**	**(6,186)**	**185,103**

In Euro thousands	Dec 31, 13	Depreciation	Disposals & other reclassifications	Dec 31, 14
Accumulated depreciation				
Land and buildings	13,860	1,036	(31)	14,865
Plant and machinery	50,494	1,738	(1,734)	50,498
Industrial and commercial equipment	72,631	2,238	(3,843)	71,026
Other assets	5,917	147	(83)	5,981
Total	**142,902**	**5,159**	**(5,691)**	**142,370**

In Euro thousands	Dec 31, 13	Increases	Disposals & other reclassifications	Depreciation	Dec 31, 14
Net value					
Land and buildings	20,828	671	305	(1,036)	20,768
Plant and machinery	11,836	1,820	158	(1,738)	12,076
Industrial and commercial equipment	8,363	3,209	(14)	(2,238)	9,320
Other assets	390	26	(0)	(147)	269
Assets under construction and payments on account	491	753	(942)	0	302
Total	**41,910**	**6,479**	**(493)**	**(5,159)**	**42,735**

The investments made in the year mainly regarded improvements to the manufacturing plant and machinery, such as palletisers and robotic bending equipment and the acquisition of mouldings and equipment for the launch of new products.
Property, plant and equipment are adequately insured against fire, weather damage and similar risks by means of insurance policies arranged with leading insurance companies.
The financial statements include assets acquired under finance lease agreements which by the end of 2010 had all been redeemed.

4.18 Goodwill and other intangible assets

Goodwill

The movements in the account in the year were as follows:

In Euro thousands	Dec 31, 14	Acquisitions/(write -downs)	Dec 31, 15
Goodwill	23,342	-	23,342
Total carrying amount of goodwill	**23,342**	-	**23,342**

The account Goodwill amounts to Euro 23,342 thousand, in line with 2014.

The recoverable amount of the CGU was verified through the determination of the value in use considered as the current value of the expected cash flows utilising a discount rate which reflects the risks of the CGU at the valuation date.
From 2011, based on a strategic vision, the Elica Group established the following Cash Generating Units (CGU) as those which reflect best 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 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.
Elica S.p.A. is included in the CGU Europe and, in particular, the cash flows utilised for the impairment test to measure the recoverability of assets of Elica S.p.A. represent the consolidated result of the companies Elica S.p.A. and Elica Group Polska sp.zo.o.. These cash flows were compared with the consolidated invested capital of the two legal entities. This choice is due to the restructuring under which Elica Group Polska sells all of its production to Elica S.p.A. which interacts with the market. This organisational structure does not allow the Company to break down the cash flows generated by the two legal entities, as they are entirely interdependent.
Such calculations discount the cash flows projected over a time horizon of five years, of which the first (2016) based on the updated budget and the subsequent years (2017-2020) estimated as follows.
The years 2017-2020 were extrapolated from the 2016 budget, utilising an annual average growth rate of revenue of 3.5% in line with the best estimates available. Relating to raw material costs, an average annual increase on revenue of 0.7% is forecast. The variable operational cost components (direct labour, outsourcing, commercial costs) are expected to remain constant in terms of revenue while the fixed operating cost components are projected to increase by 2% in the 2016 budget, in line with the expected inflation.
The working capital absorbed by operations is expected to remain stable in 2015.
The terminal value was determined through the discounting of the perpetual return of cash flow freely available estimated for 2020 and at a growth rate of 2.03%.
The discount rate (WACC), calculated utilising the Capital Asset Pricing Model (CAPM) technique, was estimated net of taxes (in line with the cash flows to be discounted) at 6.82% (7.2% in 2014).
The valuations made did not result in the recognition of a loss in value at December 31, 2015.
Coverage of the carrying amount against the value in use is 1.4 times.
A sensitivity analysis was also carried out, increasing the basic parameters of the WACC by 1%. Following these analyses, the recoverable amount was still greater than the respective carrying amount.
The change in these assumptions could give rise to a significantly different value in use and thus difficulties of "impairment". For this reason, and considering the uncertainties which currently pervade the market, Management will monitor periodically the circumstances and the events which affect the above-mentioned assumptions and future trends.

Other intangible assets

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

In Euro thousands	**Dec 31, 13**	**Increases**	**Decreases & reclass.**	**Amortisation**	**Dec 31, 14**
Net value					
Development Costs	5,228	1,023	1,253	(1,342)	6,161
Industrial patents and intellectual property rights	6,871	909	771	(1,751)	6,801
Concessions, licenses, trademarks & similar rights	61	63	5	(22)	106
Other intangible assets	179	260	-	(99)	341
Assets under construction and payments on account	3,855	2,113	(4,354)	-	1,613
Total	**16,194**	**4,368**	**(2,325)**	**(3,214)**	**15,022**

In Euro thousands	Dec 31, 14	Increases	Decreases & reclass.	Amortisation	Dec 31, 15
Net value					
Development Costs	6,161	2,143	1,051	(1,772)	7,582
Industrial patents and intellectual property rights	6,801	1,023	173	(1,997)	6,001
Concessions, licenses, trademarks & similar rights	106	109	-	(23)	193
Intangible intangible assets	341	60	3	(111)	293
Assets under construction and payments on account	1,613	2,075	(1,226)	-	2,462
Total	**15,022**	**5,411**	**1**	**(3,903)**	**16,531**

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.
Concessions, licenses, trademarks and similar rights refers to the registration of trademarks by the company.
Other intangible assets mainly consists of shared costs regarding the development of equipment, mouldings and machinery refurbishment. The criteria applied to amortise intangible assets is considered appropriate to reflect the remaining useful life of the assets.
The Intangible assets under construction of Euro 2,462 thousand refer principally to the design and development of new products and software application programmes.

4.19 Investments

Investments in subsidiaries

In Euro thousands	Dec 31, 14	Acquisitions & Sub.	Sales	Write-back in value	Dec 31, 2015
Investments in subsidiaries	85,603	-	-	-	85,603
Total	**85,603**	-	-	-	**85,603**

The details of investments in subsidiaries are shown below:

In Euro thousands	Dec 31, 14	Acquisitions & Sub.	2015
Elica Trading LLC	3,880	-	3,880
Elica Group Polska S.p.zoo	22,276	-	22,276
Elicamex S.a. de C.V.	30,483	-	30,483
Leonardo Services S.a. de C.V.	77	-	77
Ariafina Co.Ltd	49	-	49
Airforce S.p.A.	1,212	-	1,212
Exklusiv Hauben Gutmann GmbH	8,869	-	8,869
Elica India P.B.	4,071	-	4,071
Zhejiang Elica Putian Electric Co. Ltd	14,612	-	14,612
Elica France S.A.S.	74	-	74
Total	**85,603**	-	**85,603**

Investments in subsidiaries were unchanged on 2014.

The recoverable amount of the investments was verified through the determination of the value in use considered as the current value of the expected cash flows utilising a discount rate which reflects the risks of

the various investments at the valuation date. Such calculations discount the cash flows projected by the business plans of the investments over a time horizon of five years, of which the first (2016) based on the updated budget and the subsequent years (2017-2020), estimated as follows.
In particular, for the period 2017-2020 an extrapolation was carried out using a growth rate of revenue which varies between 2% and 9% annually. The terminal value was determined based on a growth rate between 1.5% and 5.0%. For the discount rate (WACC), the interval was estimated between 6.2% and 11.5%.
The valuations made on the investments did not result in the recognition of a loss in value in these investments.
A sensitivity analysis was also carried out, increasing the basic parameters of the WACC by 1%. Following this analysis, the recoverable amount was still greater than the respective carrying amount.
In carrying out the above analysis, the Company utilised different assumptions, including estimates of future sales, of prices of raw materials and operating costs, of investments, of changes in working capital and the average weighted cost of capital. Naturally, a change in these assumptions could result in a different value in use.
The table below summarises the key figures derived from the subsidiary companies financial statements as at December 31, 2015:

In Euro thousands Reporting package figures	**Registered Office**	**% direct**	**% indirect**	**Share capital**	**Equity**	**Net Profit**
Elicamex S.a.d. C.V.	Queretaro (Mexico)	98%	2%	31,003	31,072	6,699
Elica Group Polska Sp.z o.o	Wroclaw (Poland)	100%	-	22,246	23,026	2,445
Airforce S.p.A.	Fabriano (AN) - (Italy)	60%	-	103	2,931	442
Ariafina Co.Ltd	Sagamihara - Shi (Japan)	51%	-	84	6,408	2,003
Leonardo Services S.a. de C.V.	Queretaro (Mexico)	98%	2%	78	(169)	(113)
Exklusiv Hauben Gutmann GmbH	Muhlacker (Germany)	100%	-	25	6,452	(2,652)
Elica Inc.	Chicago, Illinois (United States)	-	100%	3	203	18
Airforce GE (*)	Stuttgart (Germany)	-	95%	26	57	(8)
Elica PB India Private Ltd.	Pune (India)	51%	-	700	2,987	369
Zhejiang Elica Putian Electric Co. Ltd	Shengzhou (China)	67%	-	3,332	2,535	(181)
Elica France S.A.S.	Paris (France)	100%	-	50	(620)	(354)
Elica Trading LLC	Sankt Peterburg (Russia)	100%	-	3,777	765	(457)

(*) Airforce Germany Hochleistungs-dunstabzugssysteme Gmbh

In Euro thousands	**% held**	**Value at Dec 31, 15**	**Net Profit**	**Equity**
Elicamex S.a.d. C.V.	98%	30,483	6,699	31,072
Elica Group Polska Sp.z o.o	100%	22,276	2,445	23,026
Airforce S.p.A.	60%	1,212	442	2,931
Ariafina Co.Ltd	51%	49	2,003	6,408
Leonardo Services S.a. de C.V.	98%	77	(113)	(169)
Exklusiv Hauben Gutmann GmbH	100%	8,869	(2,652)	6,452
Elica PB India Private Ltd.	51%	4,071	369	2,987
Zhejiang Elica Putian Electric Co. Ltd	67%	14,612	(181)	2,535
Elica France S.A.S.	100%	74	(354)	(620)
Elica Trading LLC	100%	3,880	(457)	765

(*) Airforce Germany Hochleistungs-dunstabzugssysteme Gmbh

Investments in Associates

There were no changes in investments in associated companies during the year.
These investments relate to:

In Euro thousands Reporting package figures	Registered Office	% held	Carrying amount Dec 31, 2015	Net Profit	Equity	Pro-quota Equity at Dec 31, 2015
I.S.M. Srl	Cerreto D'Esi (AN) - (Italy)	49%	377	(25)	2,882	1,423

At December 31, 2015, the Company considered that the amount of the investment in I.S.M. S.r.l. was recoverable through the real estate activity undertaken by the company and its real estate values.

4.20 Other Receivables (non-current)

The breakdown of the other receivables is as follows:

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Employees	48	57	(9)
Other receivables	15	16	(1)
Total	**63**	**73**	**(10)**

The decrease of Euro 10 thousand is principally due to the INPS Receivable for Earthquakes in the account Employee Receivables. Management considers that this value approximates the fair value. This account includes payables beyond 5 years of Euro 15 thousand.

4.21 Deferred tax assets and liabilities

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Deferred tax assets	9,103	9,772	(669)
Deferred tax liabilities	(750)	(930)	180
	8,352	**8,842**	**(490)**

The account Deferred tax assets principally include the non deductible provisions, goodwill and the tax loss. The account Deferred tax liabilities principally includes the latent taxes due on unrealised exchange gains and merger adjustments.
The following table details deferred tax assets and liabilities:

In Euro thousands	Dec 31, 14			Income Statement		Dec 31, 15	
	Assets	Liabilities	Eq./Others	Costs	Revenue	Assets	Liabilities
Amortisation & Depreciation	807	-	-	113	(93)	787	-
Provisions	1,798	-	-	295	(359)	1,861	-
Costs ded. in future years	316	-	-	316	-	-	-
Inventory write-down	741	-	-	41	(28)	727	-
Exchange rate differences	-	(93)	-	-	(50)	-	(43)
Gains, Grants	-	(1)	-	-	(1)	-	-
Merger adjustments	-	(832)	-	-	(127)	-	(705)
Other deferred costs	3	-	-	3	-	-	-
Goodwill	399	(3)	-	89	-	309	(3)
IRS Valuation	282	-	420	-	-	702	-
Post-employment benefit provision	201	-	-	-	-	201	-
IRAP from IRES repayment	1,224	-	-	-	-	1,224	-
Tax loss	2,741	-	(911)	207	(43)	1,667	-
Employee bonuses	1,260	-	-	478	(846)	1,627	-
Total	9,772	(930)	(491)	1,540	(1,549)	9,103	(750)

The decrease in deferred tax assets principally refers to the tax loss. The reduction in liabilities principally relates to prior year merger adjustments.

4.22 Available-for-sale financial assets

This account relates to investments held by Elica S.p.A. 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 amount at cost of the investments is shown below:

In Euro thousands	**Dec 31, 15**	**Dec 31, 14**	**Changes**
Meccano S.p.A.	15	15	-
Consorzio Energia	4	4	-
Ceced	2	2	-
Other minor investments	32	132	(100)
Total	**53**	**153**	**(100)**

The above investments are recorded at cost in accordance with article 10 of Law 72/1983 and no revalutions have been made pursuant to specific laws.
The decrease on the previous year of Euro 100 thousand concerns the cancellation of the Magna Carta Foundation asset.

4.23 Trade receivables – third parties

The account consists of:

In Euro thousands	**Dec 31, 15**	**Dec 31, 14**	**Changes**
Receivables within one year	43,960	39,112	4,848
Receivables after one year	2,187	2,655	(468)
	46,147	**41,767**	**4,380**

Net trade receivables increased Euro 4,380 thousand; this increase relates to increased revenue in 2015. The account does not include receivables due after 5 years.
The company adopts a Credit Policy which governs the management of credit and the reduction of the related risk. In particular, it is company policy to transfer the risk deriving from trade receivable recovery to third parties and therefore a significant part of the relative risk is protected by insurance policies with leading international insurance companies.
Allowance for impairment is covered by a related provision accrued based on a specific analysis of the individual risks and on the basis of a general provision calculated in accordance with the provisions of the Credit Policy.
The realignment of receivables to their fair value is achieved through the allowance for impairment.
Management believes that the value approximates the fair value of the receivables.
The movements in the allowance for impairment are set out below:

In Euro thousands	**Dec 31, 15**	**Dec 31, 14**	**Changes**
Opening balance	3,674	3,390	284
Provisions	450	527	(77)
Utilisations/Releases	(104)	(243)	139
Total	**4,020**	**3,674**	**346**

4.24 Trade and financial receivables from related parties

Receivables from related companies include both receivables of a commercial and financial nature from related parties.
The details are shown in the table below:

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Receivables from subsidiaries	45,818	34,548	11,270
Receivables from other related parties	-	-	-
Receivables from parents	-	-	-
Receivables from associates	2	100	(98)
Total	**45,820**	**34,648**	**11,172**

Receivables from subsidiaries are broken down as follows:

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Elica Trading LLC	2,328	576	1,752
Air Force S. p. A.	405	453	(48)
Elica Group Polska S.p.z.oo	10,472	8,542	1,930
Elicamex S.A. de C.V.	4,553	3,346	1,207
Ariafina Co Ltd	274	276	(2)
Exklusiv Hauben Gutmann GmbH	13,936	10,971	2,965
Elica PB India Private Ltd.	4,596	3,450	1,146
Elica France S.A.S.	1,902	879	1,023
Zhejiang Elica Putian Electric Co. Ltd	7,352	6,055	1,297
Total	**45,818**	**34,548**	**11,270**

The account includes financial receivables from subsidiary companies, respectively for Euro 10,650 thousand from the company Exklusiv Hauben Gutmann Gmbh, Euro 4,107 thousand from the Chinese company Zhejiang Elica Putian Electric Co. Ltd., Euro 998 thousand from the Mexican company Elicamex S.a. de C.V., Euro 433 thousand from the French subsidiary Elica France S.A.S, Euro 1,373 thousand from the Polish company Elica Group Polska S.p.z.oo and Euro 3,905 thousand from the Indian company Elica PB India Private. The latter receivable includes the IAS measurement of the obligatorily convertible bond loan undertaken by the Company in 2013.
The changes show the synergies created in order to optimise cash management.
The receivables from the associate I.S.M. at December 31, 2015 related to operating activities, while at December 31, 2014 included Euro 99 thousand of dividends not yet received.
This account does not include any receivables due after more than five years at the year-end, except for part of the financial receivable from Elica India for Euro 344 thousand.

4.25 Inventories

The value of inventories reports an increase of approximately Euro 1.6 million.

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Raw material, ancillary and consumables	11,948	11,388	560
Raw materials obsolescence provision	(959)	(900)	(59)
Total	**10,989**	**10,488**	**501**
Products in work-in-progress and semi-finished	8,138	7,608	530
Work in progress obsolescence provision	(640)	(644)	4
Total	**7,499**	**6,964**	**535**
Finished products and goods for resale	13,164	12,667	497
Finished products obsolescence provision	(1,049)	(1,148)	99
Total	**12,115**	**11,519**	**596**
Carrying amount	**30,603**	**28,970**	**1,632**

Inventories are recorded net of the obsolescence provision which amounts to Euro 2,648 thousand (Euro 2,692 thousand at December 31, 2014), in order to provide for the effect of waste, obsolete and slow moving items. The quantification of the stock obsolescence provision of raw materials, semi-finished and finished products is 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, consignment stock, or for examination.

4.26 Other receivables (current)

The breakdown is as follows:

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Customs reimbursements	49	48	1
Deposits	183	325	(142)
Supplier advances	419	613	(194)
Other receivables	3,519	3,452	67
Insurance prepayments	14	10	4
Maintenance prepayments	42	33	9
Advertising prepayments	44	8	36
Rental prepayments	224	263	(39)
Other prepayments and accrued income	995	647	348
Total	**5,489**	**5,399**	**90**

The account increased by Euro 90 thousand, relating in particular to Other Prepayments and Accrued Income and partially offset by the decrease in Deposits and Supplier advances. Other receivables mainly includes receivables from the granting of government investment loans. Management considers that this value approximates the fair value.
The account includes receivables over five years of Euro 77 thousand.

4.27 Tax receivables (current)

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

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
IRES	-	66	(66)
IRAP	93	-	93
VAT	3,569	4,201	(632)
Other tax receivables	2,509	2,161	348
	6,171	**6,428**	**(257)**

The changes relate to the decrease in the VAT receivable related to the volume of commercial transactions and the increase in the Other tax receivables account, principally due the recognition of the research and development tax receivable as per Law No. 190/2014. Management considers that this value approximates the fair value.

4.28 Derivative financial instruments

	Dec 31, 15		Dec 31, 14	
In Euro thousands	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivatives on foreign exchange	466	1,720	1,034	1,233
Derivatives on interest rates	-	469	1	330
Derivatives on commodities	121	1,712	-	695
Total	**588**	**3,901**	**1,035**	**2,258**
of which				
Non-current	-	166	1	146
Current	588	3,736	1,034	2,113
Total	**588**	**3,901**	**1,035**	**2,258**

For further information, refer to paragraph 7 Information on risk management.

4.29 Cash and cash equivalents

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Bank and postal deposits	5,792	5,587	205
Cash and cash equivalents on hand	9	11	(2)
Total	**5,801**	**5,598**	**203**

This account reflects positive balances held in bank current accounts and cash on hand.
For further information, reference should be made to the section on net funds/(debt) in the Directors' Report and to the Cash Flow Statement.

4.30 Liabilities for post-employment benefits

The amount provisioned in the accounts of Euro 9,689 thousand is the current value of pension liabilities matured by employees at the year end.
The most recent calculation of the present value of the provision was performed at December 31, 2015 by actuaries from Tower Watson.
The amounts recognised in the Income Statement were as follows:

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Costs relating to current employee services	2,433	2,643	(210)
Financial expenses	215	310	(95)
	2,648	**2,953**	**(305)**

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

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Opening balance	**11,807**	**10,548**	**1,259**
Costs relating to current employee services	2,433	2,643	(210)
Actuarial gains and losses	(232)	1,523	(1,755)
	2,201	**4,166**	**(1,965)**
Financial expenses	215	310	(95)
Pension fund	(2,433)	(2,868)	435
Benefits provided	(2,101)	(348)	(1,753)
	(4,319)	**(2,906)**	**(1,413)**
Total	**9,689**	**11,807**	**(2,118)**

The interest component of the expense relating to employee defined-benefit schemes is shown under financial expenses, with a resulting increase of Euro 215 thousand in this item for the year. The cost of current retirement benefits and the effect of the curtailment and settlement were recorded under labour costs. Actuarial gains and losses, amounting to Euro 232 thousand, comprise the majority of the actuarial gains (losses) of the defined benefit plans reported in the Statement of Comprehensive Income.

Assumptions adopted for the calculation:

	Dec 31, 15	Dec 31, 14
Discount rate to determine the obligation	2.20%	2.00%
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 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 9,134 thousand, while if the discount rate decreased by 0.5% (1.70%), the value of the pension obligations would amount to Euro 10,280 thousand.

Number of employees

The average number of employees in 2015 was 1,193 (1,272 in 2014), as outlined in note 4.7.

4.31 Provisions for risks and charges

The composition and movements of the provisions are as follows:

In Euro thousands	Dec 31, 14	Provisions	Utilisations/ Reversal	Dec 31, 15
Agents' termination benefits	476	28	(3)	501
Product warranty provisions	613	485	(463)	635
Product disposal provision	154	17	(73)	98
Legal, tax and other risks provision	1,686	75	(139)	1,622
Long Term Incentive Plan provision	2,875	1,011	-	3,886
Personnel Fund	1,456	1,550	(1,456)	1,550
Total	**7,260**	**3,165**	**(2,134)**	**8,292**
of which				
Non-current	5,191			2,221
Current	2,069			6,071
	7,260			**8,292**

The Agent termination benefits are intended to cover possible charges upon termination of relations with agents and sales representatives. Changes in the fund relate to adjustments in the indemnities and the relative utilisations.
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 provision increased in the year by Euro 22 thousand.
The Legal, tax and other risks provision relates to likely costs and charges to be incurred as a result of ongoing legal disputes. The provisions have been determined based on the best possible estimates, considering the available information.
The Personnel fund includes contractual indemnities and the performance based remuneration of employees provisioned in the year, based on the best estimates according to the information available. The utilisations relate to the liquidation in 2015 in this regard.
The Long Term Incentive Plan provision concerns the accrued liability at December 31, 2015, approved by the Board of Directors on November 14, 2013.

4.32 Bank loans and borrowings

In Euro thousands	**Dec 31, 15**	**Dec 31, 14**	**Changes**
Bank loans and borrowings	80,654	82,669	(2,015)
Total	**80,654**	**82,669**	**(2,015)**
Bank borrowings have the following repayment schedules			
On demand or within one year	36,750	53,831	(17,081)
Within two years	14,432	14,706	(274)
Within three years	10,906	11,327	(421)
Within four years	10,952	2,805	8,147
Within five years	7,239	-	7,239
After 5 years	375	-	375
Total	**80,654**	**82,669**	**(2,015)**
Less amounts to be repaid within one year	36,750	53,831	(17,081)
Due after one year	**43,904**	**28,838**	**15,066**

All bank loans and borrowings are denominated in Euro.
The majority of borrowings indicated above carry a floating rate of interest. As it is exposed to interest rate risk, in 2015 the Company undertook hedges on interest rate movements on medium/long-term loans, although not on short-term debt, as - 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.

4.33 Current and non-current tax liabilities

Tax liabilities (non-current)

The movements in non-current Tax liabilities relate to the monthly payments of the earthquake suspension payables following the earthquake in 1997.
This account does not include payables beyond 5 years. They are reported below:

In Euro thousands	**Dec 31, 15**	**Dec 31, 14**	**Changes**
ILOR payable – earthquake suspension	91	117	(26)
Other tax liabilities	83	106	(23)
Employee leaving indemnity payable – earthquake suspension	13	17	(4)
Flat tax payable – earthquake suspension	1	1	(0)
Taxes on equity reserves – earthquake suspension	255	327	(72)
Total	**442**	**568**	**(126)**

Tax liabilities (current)

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Other taxes	574	459	115
IRPEF withheld	1,983	3,484	(1,501)
Income tax liabilities	112	-	112
Total	**2,668**	**3,943**	**(1,275)**

The decrease in the account Tax liabilities (current) principally refers to the decrease in the IRPEF payable. Management considers that this value approximates the fair value.

4.34 Sundry and Other Payables

Other Payables (non-current)

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Other payables	97	132	(35)
INAIL contributions – earthquake suspension 1997	39	50	(11)
INPDAI contributions – earthquake suspension 1997	20	26	(6)
Employee INPS contributions – earthquake 1997	463	607	(144)
Total	**619**	**815**	**(196)**

The decrease in the present account principally relates to suspension payables following the earthquake in 1997, which reduced following repayments. The balance does not include payables due after 5 years.

Other payables (current)

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Payables to social security institutions	1,571	42	1,529
Other payables	113	91	22
Payables to personnel for remuneration	3,037	7,261	(4,224)
Customers	9	17	(8)
Accrued liabilities and deferred income	113	267	(154)
Directors and Statutory Auditors	252	280	(28)
Customer advances	177	294	(117)
Total	**5,272**	**8,252**	**(2,980)**

The account decreased by Euro 2,980 thousand.
The movement in payables to personnel on 2014 mainly concerns the anomaly in the previous year, which included amounts for the completion of the restructuring. Payables to Social Security Institutions significantly increased, also due to a non-recurring issue, with the Company receiving in December from the INPS an amount relating to social security schemes.
The present account includes payables after 5 years for Euro 15 thousand.

4.35 Trade payables to third parties and trade and financial payables to related companies

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Trade payables	60,606	52,473	2,262
Trade payables to third parties	**60,606**	**52,473**	**2,262**
Subsidiaries	32,549	21,499	(8,071)
Payables to other related companies	10	7	3
Payables to related parties	**32,559**	**21,506**	**(8,068)**
Total trade and financial payables	**93,166**	**73,979**	**(5,806)**

These mainly include payables for trade purchases and other costs. The average payment days is approximately 101.
The balance of the payables to other related companies (Euro 10 thousand) includes the payables at December 31, 2015 to Fastnet S.p.A. concerning commercial transactions.
Management believes that the carrying amount of trade payables and other payables reflects their fair value.
Subsidiary payables are detailed below.

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Elica Trading LLC	8	90	(82)
Elica Group Polska S.p.z.oo	28,006	19,882	8,124
Air Force S.p.A.	371	280	91
Elicamex S.A.	134	-	134
Ariafina Co Ltd	1,543	7	1,536
Zhejiang Elica Putian Electric Co. Ltd	1,310	698	612
Elica PB India Private Ltd.	122	120	2
Elica France S.A.S.	0	14	(14)
Exklusiv Hauben Gutmann GmbH	1,053	409	644
Total	**32,549**	**21,499**	**11,049**

The balance includes financial positions for Euro 2.1 million, in addition to commercial positions. The amounts of a commercial nature refer principally to purchases from Elica Group Polska of Euro 28,006 thousand (Euro 19,882 thousand in 2014).

4.36 Equity

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 thousand, 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 to the Share Premium Reserve.

Hedge reserves

In Euro thousands	Dec 31, 14	Changes in hedge reserve	Other changes	Dec 31, 15
Hedge reserve	(743)	(1,137)	-	(1,881)
	(743)	**(1,137)**	-	**(1,881)**

The hedge reserve amounts to Euro 1,881 thousand which represents the negative fair value of hedging derivatives (cash flow hedges) net of the tax effect (in the previous year negative for Euro 743 thousand).

Treasury shares

	Number	Carrying amount *In Euro thousands*
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.

Reserve for actuarial gains/(losses)

In Euro thousands	Dec 31, 14	IAS 19 actuarial effect	Dec 31, 15
Reserve for post-employment benefit actuarial gains/(losses)	(2,974)	232	(2,742)
Reserve for LTI actuarial gains/(losses)	(21)	21	-
	(2,995)	**253**	**(2,742)**

Retained earnings

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Legal reserve	2,533	2,533	-
IAS transition reserve	1,675	1,675	-
Extraordinary reserve	26,977	23,786	3,191
Total	**31,185**	**27,994**	**3,191**

The increase in the Extraordinary Reserve of Euro 3,191 thousand includes an increase of Euro 4,954 thousand for the allocation to this account of the profit of the company in 2014 and a decrease for the approval of dividends of Euro 1,762 thousand. For the allocation of the 2014 profit, the Non-distributable unrealised exchange gains reserve was established for Euro 616 thousand, reversed to the Extraordinary Reserve at December 31, 2015, as the reason for the initial allocation was no longer applicable.

Information on distributable reserves

The following table shows the equity accounts divided by origin, the possibility of utilisation and distribution, as well as any utilisations in the previous three years. The amounts are in units of Euro.

Description origin	Amount	Poss. of utilisation	Quota available	Util. in past 3 years to cover losses	Util. in past 3 years for other reasons
I Share capital	**12,664,560**	**=**		**-**	
II Share premium reserve	**71,123,336**	**A,B,C**	**71,123,336**	-	-
IV Legal reserve	2,532,912	B		-	
VII Other reserves:					
Extra. reserve	26,977,330	A,B,C	23,426,344	1,749,419	2,999,809
Reserve Law 488/92	-		-		-
IAS transition reserve	1,675,096	A,B,C	1,675,096		
Retained earnings	**31,185,338**				
Non-distributable quota	-		**7,582,134**		
Residual quota distributable	-		**88,642,643**		
A - for share capital increase					
B - coverage of losses					
C: for distribution to shareholders					

The non-distributable quota, in accordance with Article 2426, paragraph 5 of the Italian Civil Code, of Euro 7,582 thousand refers to the residual amount to be amortised of development expenses. The part of the Extraordinary Reserve not available for distribution of Euro 3,551 thousand relates to the value of the treasury shares held in portfolio, in accordance with Article 2357-ter of the Italian Civil Code.

4.37 Net financial debt

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

In Euro thousands	**Dec 31, 15**	**Dec 31, 14**
Cash and cash equivalents	**5,801**	**5,598**
Financial receivables from related parties	21,467	15,234
Financial payables to related parties	(2,141)	-
Bank loans and borrowings	(36,750)	(53,831)
Current debt	**(17,425)**	**(38,597)**
Bank loans and borrowings	(43,904)	(28,838)
Non current debt	**(43,904)**	**(28,838)**
Net Financial Debt	**(55,528)**	**(61,837)**

At December 31, 2015, the Net financial debt was Euro 55,528 thousand, improving Euro 6.3 million on December 31, 2014. For further comment, reference is made to the Directors’ Report.

5. Significant non-recurring events and operations

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

In Euro thousands	Equity		Profit for the year	
	Amount	**%**	**Amount**	**%**
As per accounts	113,351		6,552	
Restructuring charges	(597)	-1%	(597)	-9%
Taxes concerning restructuring charges	164	0%	164	3%
Taxes concerning tax assessments	(330)	0%	(330)	-5%
Taxes concerning the change in the IRES rate in 2017	(250)	0%	(250)	-4%
Gross notional carrying amount	**114,364**		**7,564**	

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

Elica is 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.
Prudent provisions were also made concerning contingent risks from pending legal disputes; at December 31, 2015, the risks and charges provision for disputes amounted 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

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).
Elica S.p.A. has undertaken guarantees in favour of Putian for credit lines of Euro 15.58 million and Elica Group Polska has a rotating receivable factoring cap of Euro 3.5 million.

Commitments with suppliers for fixed asset purchases at December 31, 2015 amount to approximately Euro 443 thousand, principally relating to investments in the productive capacity.
At December 31, 2015 The company has commitments in place for the purchase of raw materials, as described in paragraph 7.2.2 Commodity Risk.

6.3. Operating leases

At the reporting date there were rental agreements for, among others, several industrial and commercial properties, motor vehicle rental agreements and operating leases for hardware. The account other operating leases concerns commitments for a new operating lease contracts, signed by the Company concerning photovoltaic panels. Future payments due against lease contracts are summarised in the following table:

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Property rentals	738	1,194	(456)
Car and fork lift rental	2,321	1,933	388
Hardware operating leases	2,346	2,406	(60)
Other operating leases	2,560	2,930	(370)
Total	**7,965**	**8,463**	**(498)**

In Euro thousands	Dec 31, 15	Within 1 year	1 - 5 years	Beyond 5 years
Property rentals	738	264	475	-
Car and fork lift rental	2,321	1,120	1,201	-
Hardware operating leases	2,346	826	1,520	-
Other operating leases	2,560	370	1,851	339
Total	**7,965**	**2,579**	**5,047**	**709**

7. Risk management policy

7.1 Introduction

Elica'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 Company. Within this policy, the Company 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 Company 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 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:

- orudent 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 Elica 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, Elica uses derivative instruments to hedge its risks and 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 Company's operating currency is the Euro. However, the Company trades also in American Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Swiss Francs (CHF), Russian Rubles (RUB) Polish Zloty (PLN), Indian Rupees (INR), Chinese Yuan (CNY) and Mexican Pesos (MXN). In all of these currencies, except for the Swiss Franc, the Company has higher revenue than costs; therefore changes in the exchange rates between the Euro and these currencies impact the Company 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 Company 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.
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:

In Euro thousands	**Dec 31, 15**		**Dec 31, 14**	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
CHF	0	(38)	-	(34)
CNY	7,232	(1,203)	5,245	(603)
GBP	338	(23)	264	(311)
JPY	276	(1,543)	280	(7)
PLN	17,146	(27,555)	13,736	(19,896)
RUB	2,334	(8)	772	(90)
USD	6,676	(2,118)	5,153	(1,340)
INR	3,441	(122)	2,095	(115)
MXN	84	-	90	-
Total	**37,527**	**(32,610)**	**27,635**	**(22,394)**

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, EUR/INR and EUR/MXN
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.

In Euro thousands	**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	317	(287)	(221)	244
GBP	17	(15)	2	(2)
JPY	(67)	60	(13)	14
PLN	(548)	496	293	(324)
RUB	122	(111)	(33)	36
USD	240	(217)	(182)	201
INR	175	(158)	(94)	104
MXN	4	(4)	(4)	5
Total	**258**	**(234)**	**(250)**	**276**

The hedging operations of Elica as at December 31, 2015 with financial counterparties have a total negative Fair Value of Euro 1,254 thousand.
The table below shows the details of the notional and fair values:

	Dec 31, 15		Dec 31, 14	
	Notional	**Fair Value**	**Notional**	**Fair Value**
Currency	*(in foreign currency/000)*	*In thousands of Euro*	*(in foreign currency/000)*	*In thousands of Euro*
USD				
Forward	54,920	(933)	9,030	(286)
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		**(1,254)**		**(199)**

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 Japanese 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):

Dec 31, 15 *In Euro thousands*	**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	1,453	(81)	(100)	530	32
Currency depreciation EURO	67	12	(4)	0	3
Currency depreciation	(69)	12	0	0	(3)
Sensitivity to Depreciation	**1,451**	**(57)**	**(104)**	**530**	**32**
Appreciation of foreign currencies	(1,639)	97	115	(883)	(35)
Currency appreciation EURO	(68)	(12)	4	0	(2)
Currency appreciation	67	(12)	0	0	3
Sensitivity to Appreciation	**(1,640)**	**73**	**119**	**(883)**	**(34)**

Dec 31, 14 *In Euro thousands*	**USD Notional** **9,030** **USD/000**	**PLN Notional** **123,645** **PLN/000**	**JPY Notional** **219,000** **JPY/000**	**RUB Notional** **94,000** **RUB/000**	**CNY Notional** **5,000** **CNY/000**
Depreciation of foreign currencies	150	280	58	217	30
Currency depreciation EURO	5	-	3	-	5
Currency depreciation	(6)	-	-	-	(6)
Sensitivity to Depreciation	**150**	**280**	**61**	**217**	**30**
Appreciation of foreign currencies	(170)	(315)	(36)	(507)	(33)
Currency appreciation EURO	(5)	-	(3)	-	(5)
Currency appreciation	6	-	-	-	6
Sensitivity to Appreciation	**(170)**	**315**	**(39)**	**(507)**	**(33)**

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 *In Euro thousands*	**Dec 31, 15** **Notional**	**Fair value**	**Dec 31, 14** **Notional**	**Fair value**
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 139 thousand, while an increase of 25 bps in the same interest rate curve converts into higher financial charges of Euro 139 thousand.
The Group hedges the interest rate risk through the utilisation of four 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:

Instrument *In Euro thousands*	Dec 31, 15 Notional	Fair value	Dec 31, 14 Notional	Fair value
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 Elica 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 Company 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 Company 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. The value, at the end of December 2015, of receivables covered by insurance or other guarantees was Euro 42.3 million (89% of gross receivables).
At December 31, 2015, trade receivables from non-Group clients of Euro 46.1 million (Euro 41.7 million at December 31, 2014), included approximately Euro 4.8 million (Euro 5 million at December 31, 2014) concerning overdue receivables, of which Euro 0.05 million over 60 days.
The amount of trade receivables reported in the financial statements 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 4.23 of the present 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 Company and its own financial needs.
The principal factors which determine the liquidity of the Company 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:

In Euro thousands	Within 1 year	Dec 31, 15 1 - 5 years	after 5 years
Bank loans and borrowings	36,750	43,529	375
Trade and other payables	96,282	619	15
Total	**133,032**	**44,148**	**390**

		Dec 31, 14	
In Euro thousands	**Within 1 year**	**1 - 5 years**	**after 5 years**
Bank loans and borrowings	53,831	28,838	-
Trade and other payables	82,216	815	16
Total	**136,046**	**29,653**	**16**

During the year, the Company signed with major financial counterparties Medium-Long term loan contracts which include an obligation to respect financial covenants based on the Consolidated Financial Statements and/or of the borrowing company.
In particular, the covenants on some of the 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 Debt, reference should be made to note 4.37 of the notes.

7.5 Classification of the financial instruments

In Euro thousands	**Dec 31, 15**	**Dec 31, 14**
AFS financial assets	53	153
Derivative financial instruments	0	1
Non-current assets	**53**	**154**
Trade receivables and loan assets	91,966	76,416
Derivative financial instruments	588	1,034
Cash and cash equivalents	5,801	5,598
Current assets	**98,355**	**83,047**
Bank loans and borrowings	43,904	28,838
Derivative financial instruments	166	146
Non-current liabilities	**44,070**	**28,984**
Trade and financial payables	93,166	73,979
Bank loans and borrowings	36,750	53,831
Derivative financial instruments	3,736	2,113
Current liabilities	**133,651**	**129,923**

The Company 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 1 Accounting principles and policies 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 Company 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 Company 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 discretional element, although not significant, where in accordance with IFRS, the Company 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.

7.7 Derivative contracts at December 31, 2015

The table below shows the following information on derivative instruments at December 31, 2015:

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

December 31, 2015 *In Euro thousands*		**Notional Value**			**Value as per financial position**
Interest rate risk		Maturity within 1 year		Maturity after 1 year	
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		Maturity within 1 year		Maturity after 1 year	
	sales	purchases	sales	purchases	
Cash Flow hedge as per IAS 39	5,124	5,296			(31)
Fair value hedge as per IAS 39					
Not considered hedges under IAS 39	59,414	29,552			(1,223)
Total derivatives on foreign exchange	**64,538**	**34,848**	-	-	**(1,254)**
Management of commodity risk		Maturity within 1 year		Maturity after 1 year	
	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)**

December 31, 2014	**Notional Value**				**Value as per**
In Euro thousands					**financial position**
Interest rate risk					
	Maturity within 1 year		Maturity after 1 year		
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**		**10,855**		**(329)**
Foreign currency risks	Maturity within 1 year		Maturity after 1 year		
	sales	purchases	sales	purchases	
Cash Flow hedge as per IAS 39					
Fair Value hedge as per IAS 39					
Not considered hedges under IAS 39	23,756	14,044	570	601	(199)
Total derivatives on foreign exchange	**23,756**	**14,044**	**570**	**601**	**(199)**
Management of commodity risk	Maturity within 1 year		Maturity after 1 year		
	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)**

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

Financial Assets/ Liabilities *In Euro thousands*	**Fair value Dec 31, 15**	**Fair value 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 466; Liabilities (1,720).	Assets Euro 147; Liabilities (346).	Level 2	(1)	n/a	n/a
2) Interest rate swaps	Assets 0.; Liabilities (*)(469) .	Assets 1; Liabilities (*)(330) .	Level 2	(2)	n/a	n/a

(*) designated hedges

(1) 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 year) and the forward contract rates, discounted at a rate which reflects the credit risk of the various counterparties.
(2) 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 year) and the interest rate contracts, discounted at a rate which reflects the credit risk of the various counterparties.

8. Disclosure on Management compensation and related-party transactions

As required by law, the total remuneration of Directors, Statutory Auditors and Managers with strategic roles also in other companies are reported below.

8.1 Remuneration of Directors, Statutory Auditors and Senior Executives

The remuneration of the above-mentioned in total amounted to Euro 7,264 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 Management and direction activity

Elica S.p.A. is indirectly controlled by the Casoli Family through Fintrack S.p.A. of Fabriano (AN - 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.
Gianna Pieralisi 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.
During the year, transactions with related parties took place. All transactions were conducted on an arm's length basis in the ordinary course of business.
The tables below show key figures for subsidiaries and the amount of transactions entered into with them at and for the year ended December 31, 2015.

Subsidiaries – 2015 Financial Highlights

In Euro thousands	**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
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 also carries out transactions with Group companies as part of a general plan to centralise treasury management activities. These loans are interest bearing and at market rates. The details are shown below:

In Euro thousands	Dec 31, 15	Dec 31, 14	Changes
Loans to subsidiaries			
Zhejiang Elica Putian Electric Co. Ltd	4,107	3,848	259
Elica PB India Private Ltd.	3,905	1,269	2,636
Elica France S.A.S.	433	383	50
Elicamex S.A.	998	484	514
Elica Group Polska S.p.z.oo	1,373	-	1,373
Exklusiv Hauben Gutmann GmbH	10,650	9,250	1,400
	21,467	**15,234**	**6,233**
Loans from subsidiaries			
Elica Group Polska S.p.z.oo	483	-	483
Elicamex S.A.	133	-	133
Ariafina Co.Ltd	1,526	-	1,526
	2,141	-	**2,141**

The table below summarises the transactions and balances with related parties in 2015:

Related parties *In Euro thousands*	**Trade/Financial receivables/for derivatives**	**Trade/Financial payables**	**Financial costs and charges**	**Revenue, Other Revenue and Financial Income**
subsidiaries				
Elicamex S.a.d. C.V.	4,918	134	20	14,348
Ariafina Co.Ltd	274	1,543	50	275
Elica Group Polska S.p.z.oo	10,472	28,006	90,934	35,105
Air Force S.p.A.	405	371	738	1,425
Zhejiang Elica Putian Electric Co. Ltd	7,352	1,310	1,902	1,768
Exklusiv Hauben Gutmann GmbH	13,936	1,053	1,917	3,896
Elica PB India Private Ltd.	4,596	122	122	834
Elica Trading LLC	2,328	8	52	3,754
Elica France S.A.S.	1,902	0	1	1,607
associate				
I.S.M. S.r.L.	2	-	-	1
other related parties				
Fastnet S.p.a.	-	10	19	-

Dividends are not reported in the present table.

Transactions with other related parties
Among the other related parties, Elica only carries out transactions exclusively of a trading nature with Fastnet S.p.A.. There are no transactions with Fintrack S.p.A. and with FAN S.r.l..

Transactions of a commercial and financial nature
The table above shows the main operating and financial amounts arising from trading transactions with Fastnet S.p.A. (30% interest held by the parent company of Elica).
The transactions with Fastnet S.p.A. forms part of a strategic partnership to develop projects and implement advanced technological solutions: from intranet solutions to extranet solutions, from wiring to wireless solutions, from software consultancy to hardware consultancy and from training to web marketing.

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

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 audit firm and entities associated with the audit firm.

Type of service	Service provider	Company	Remuneration *In Euro thousands*
Audit	Kpmg. S.p.A.	Elica S.p.A.	165
Other Services	Kpmg Advisory S.p.A.	Elica S.p.A.	51
Total			**216**

Statement on the Separate 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 financial statements for 2015.
We also declare that:

- the 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 balance sheet, financial situation and result for the year of the issuer.
- 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.

March 22, 2016

The Chief Executive Officer	Corporate financial reporting manager
Giuseppe Perucchetti	Alberto Romagnoli