



Elica S.p.A.
Half-Year Report
at June 30, 2017

Contents

Corporate boards	page 3
Directors' Report	
Key Financial Highlights	
<i>H1 2017 Performance</i>	page 4
<i>Definitions and reconciliations</i>	page 6
Significant events in H1 2017	page 7
Elica Group structure and consolidation scope	page 9
Related party transactions	page 10
Subsequent events after the reporting date and outlook	page 10
Compliance pursuant to Section VI of the regulation implementing Legislative Decree No. 58 of February 24, 1998 concerning market regulation ("Market Regulation")	page 11
Obligations as per Article 70, paragraph 8 and Article 71, paragraph 1-bis of the "Issuers' Regulation"	page 11
Condensed Interim Consolidated Financial Statements as at and for the six months ended June 30, 2017	
Consolidated Income Statement	page 13
Consolidated Statement of Comprehensive Income	page 14
Consolidated Statement of Financial Position	page 15
Consolidated Statement of Cash Flows	page 16
Statement of Changes in Consolidated Equity	page 17
Notes to the Condensed Consolidated Half-Year Financial Statements at June 30, 2017	page 18
Statement of the Corporate Financial Reporting Manager in accordance with Article 154 bis, paragraph 2 of Legislative Decree 58/1998	page 31
KPMG Report on review of condensed interim consolidated financial statements	page 32

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.

Antonio Recinella**Chief Executive Officer, born in Livorno (LI) on**

5/11/1968, appointed by resolution of 28/04/2017 (latest appointment date)

Gennaro Pieralisi

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

Davide Croff

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

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.

Cristina Scocchia

Independent Director, born in Sanremo (IM) on 4 December 1973, appointed by resolution of 28/04/2017 (latest appointment date)

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 and Sustainability Committee

Davide Croff (Chairman)

Elio Cosimo Catania

Enrico Vita

Cristina Scocchia

Appointments and Remuneration Committee

Elio Cosimo Catania (Chairman)

Davide Croff

Enrico Vita

Cristina Scocchia

Independent Audit Firm

KPMG S.p.A.

Registered office and Company Data

Elica S.p.A.

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

Share capital: Euro 12,664,560.00

Tax Code and Company Registration No.: 00096570429

Ancona REA No. 63006 – VAT Number 00096570429

Investor Relations Manager

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Directors' Report

Key Financial Highlights

H1 2017 Performance

<i>In Euro thousands</i>	H1 17	% revenue	H1 16	% revenue	17 Vs 16 %
Revenue	242,798		215,560		12.6%
Adjusted EBITDA*	18,372	7.6%	16,263	7.5%	13.0%
EBITDA	17,122	7.1%	16,191	7.5%	5.8%
Adjusted EBIT*	7,930	3.3%	7,203	3.3%	10.1%
EBIT	6,680	2.8%	7,131	3.3%	(6.3%)
Net financial charges	(2,662)	(1.1%)	(1,513)	(0.7%)	75.9%
Income taxes	(2,822)	(1.2%)	(2,772)	(1.3%)	1.8%
Profit from continuing operations	1,196	0.5%	2,846	1.3%	(58.0%)
Adjusted Profit* for the period	2,138	0.9%	3,384	1.6%	(36.8%)
Profit for the period	1,196	0.5%	2,846	1.3%	(58.0%)
Profit attribut. to owners of the Parent - Adjusted*	1,852	0.8%	3,145	1.5%	(41.1%)
Profit attributable to the owners of the Parent	910	0.4%	2,607	1.2%	(65.1%)
Basic earnings per share on continuing operations and discontinued operations (Euro/cents)	1.47		4.20		(65.0%)
Diluted earnings per share on continuing operations and discontinued operations (Euro/cents)	1.47		4.20		(65.0%)

(*) for the adjustment items, see the Definitions and Reconciliations

<i>In Euro thousands</i>	June 30, 17	Dec 31, 16	June 30, 16
Trade receivables	83,700	70,561	75,017
Inventories	76,190	67,732	65,984
Trade payables	(126,838)	(114,831)	(110,207)
Managerial Working Capital	33,052	23,462	30,794
% annualised revenue	6.8%	5.3%	7.1%
Other net receivables/payables	(14,714)	(11,755)	(8,656)
Net Working Capital	18,338	11,708	22,138
% annualised revenue	3.8%	2.7%	5.1%

<i>In Euro thousands</i>	June 30, 17	Dec 31, 16	June 30, 16
Cash and cash equivalents	28,976	31,998	36,335
Finance leases and other lenders	(23)	(21)	(12)
Bank loans and borrowings	(55,958)	(59,004)	(58,301)
Current loans and borrowings	(55,981)	(59,025)	(58,313)
Finance leases and other lenders	(5)	(6)	(8)
Bank loans and borrowings	(43,619)	(33,718)	(39,864)
Non-current loans and borrowings	(43,624)	(33,724)	(39,872)
Net Financial Position	(70,629)	(60,751)	(61,850)

In the first half of 2017 Elica Group consolidated revenue amounted to Euro 242.8 million - an increase of 12.6% on the same period of the previous year and of 11.2% at like-for-like exchange rates. The general market improved overall, with global kitchen hood demand up 2.0%¹ in the first half of 2017. This mainly reflects the sustained Asian market² recovery (+1.3% in the first half of 2017), driven by the recovering Chinese market and improving Eastern European demand, featuring Turkish market growth, together with the continued rise of the North American market (+5.0% in the first half of 2017). Latin American and Western European demand reported moderate growth.

¹ Global range hood market volumes calculated by the Company.

² Concerning "Other Countries" demand - principally the Asian markets.

Group Revenue figures report growth of 12.5% in the Cooking Area on H1 2016, featuring the acceleration of own brand product sales (+21.0%) - in particular the Elica brand which in H1 2017 saw exceptional revenue growth of over 40%. This follows implementation of strategic policies under the Strategic Plan communicated in May 2017, resulting in dedicated investment and spending. Third-party brand sales also supported the segment's growth (+6.3%). In the first half of 2017, the Motors Area also saw revenue significantly develop (+13.2%), thanks to the heating and ventilation segment.

Analysing revenues by the principal markets³, EMEA saw growth of 11.4%, with product sales in the Americas up 11.9% and in Asia⁴ over 20%, while the Chinese subsidiary reported revenue in line with H1 2016.

Adjusted EBITDA of Euro 18.4 million (7.6% of Net Revenue) was up 13.0% on H1 2016, principally as a result of increased sales volumes, procurement efficiencies and currency gains. Higher overheads impacted margins - due also to the own brand focus - while however generating business levels beyond expectations.

EBITDA of Euro 17.1 million (Euro 16.2 million in H1 2016) was impacted by restructuring charges of Euro 1.3 million at the Italian and German companies.

Adjusted EBIT of Euro 7.9 million was up 10.1% on Euro 7.2 million in H1 2016, reflecting the strong business results described above and increased amortisation and depreciation as a result of investment policies implemented in 2016 and continued in 2017 as planned.

EBIT at Euro 6.7 million decreased 6.3% compared to Euro 7.1 million in H1 2016, due in part to restructuring charges of Euro 1.3 million as stated above.

In H1 2017, the Euro average exchange rate weakened against all currencies to which the Group is exposed, with the exception of the Mexican Peso, the Chinese Yuan and UK Sterling.

	average H1 2017	average H1 2016	%	June 30, 17	June 30, 16	%
USD	1.08	1.12	(3.6%)	1.14	1.11	2.7%
JPY	121.78	124.41	(2.1%)	127.75	114.05	12.0%
PLN	4.27	4.37	(2.3%)	4.23	4.44	(4.7%)
MXN	21.04	20.17	4.3%	20.58	20.63	(0.2%)
INR	71.18	75.00	(5.1%)	73.74	74.96	(1.6%)
CNY	7.44	7.30	1.9%	7.74	7.38	4.9%
RUB	62.81	78.30	(19.8%)	67.54	71.52	(5.6%)
GBP	0.86	0.78	10.3%	0.88	0.83	6.0%

Net financial charges as a percentage of revenue in H1 2017 were 1.1%, increasing on the first half of 2016 due to the impact of currency hedges.

The Profit of Euro 1.2 million contracted on Euro 2.8 million for the first half of 2016.

The Managerial Working Capital on annualised revenue of 6.8% reduced on 7.1% at June 30, 2016, although increasing on 5.3% at 31 December 2016 due to typical business seasonality.

The Net Financial Position at June 30, 2017 of Euro 70.6 million increased on Euro 60.8 million at December 31, 2016, although compares to Euro 61.9 million at June 30, 2016.

³ Data concerns sales revenue by geographic area and therefore does not refer to the breakdown by operating segment according to the various Group company locations.

⁴ Concerning revenue in "Other Countries" - principally the Asian markets.

Definitions and reconciliations

EBITDA is the operating profit (EBIT) plus amortisation and depreciation and any impairment losses on goodwill.

EBIT is the operating profit as reported in the consolidated income statement.

Adjusted EBITDA is EBITDA net of the relative adjustment items.

Adjusted EBIT is EBIT net of the relative adjustment items.

Net financial income/(charges) is the sum of the Share of profit/(loss) from associates, Financial income, Financial Charges, Impairment of available-for-sale financial assets and Exchange rate gains and losses.

The adjusted profit is the result for the period, as published in the Consolidated Income Statement, net of the relative adjustment items.

The adjusted profit attributable to the owners of the Parent is the result for the period attributable to the owners of the Parent, as published in the Consolidated Income Statement, net of the relative adjustment items.

Adjustment items: earnings items are considered for adjustment where they: (i) derive from non-recurring events and operations or from operations or events which do not occur frequently; (ii) derive from events and operations not considered as in the normal course of business operations, as is the case for restructuring charges.

The earnings per share for H1 2017 and H1 2016 was calculated by dividing the Group profit attributable to the owners of the Parent, as defined in the Consolidated Income Statement, by the number of outstanding shares at the respective reporting dates. The numbers of shares in circulation at the reporting date is unchanged on December 31, 2016 and June 30, 2017 (62,047,302). The earnings per share so calculated coincide with the earnings per share as per the consolidated income statement, as there were no changes to the number of shares in circulation.

Managerial Working Capital is the sum of Trade receivables with Inventories, net of Trade payables, as presented in the Consolidated Statement of Financial Position.

Net Working Capital is the amount of Managerial Working Capital and Other net receivables/payables.

Other net receivables/payables comprise the current portion of Other receivables and Tax Receivables, net of the current portion of Provisions for risks and charges, Other payables and Tax payables, as presented in the Consolidated Statement of Financial Position.

Net Financial Position (NFP) is the sum of Cash and Cash equivalents less Current loans and borrowings (including the current portion of amounts due under finance leases and to other lenders and of bank loans and borrowings, as reported in the Statement of Financial Position) and Non-current loans and borrowings (including the non-current portion of amounts due under finance leases and to other lenders and of bank loans and borrowings, as reported in the Statement of Financial Position).

<i>Euro thousands</i>	H1 17	H1 16
Operating profit – EBIT	6,680	7,131
(Impairment of Goodwill)	-	-
(Amortisation & Depreciation)	10,442	9,060
EBITDA	17,122	16,191
(Restructuring charges)	1,250	72
Adjusted EBITDA	18,372	16,263

<i>Euro thousands</i>	H1 17	H1 16
Operating profit – EBIT	6,680	7,131
(Restructuring charges)	1,250	72
(Impairment of Goodwill)	-	-
Adjusted EBIT	7,930	7,203

<i>Euro thousands</i>	H1 17	H1 16
Profit for the period	1,196	2,846
(Restructuring charges)	1,250	72
(Income taxes concerning restructuring charges)	(308)	(20)
(Non-recurring income taxes)		486
Adjusted Profit for the period	2,138	3,384
Profit attributable to non-controlling interests	286	239
(Non-controlling interest result adjustment items)	-	-
Adjusted Profit attributable to the owners of the Parent	1,852	3,145

	H1 17	H1 16
Profit attributable to the owners of the Parent (<i>in Euro thousands</i>)	910	2,607
Shares in circulation at period-end	62,047,302	62,047,302
Earnings per share (Euro/cents)	1.47	4.20
<i>Euro thousands</i>	30 June 17	31 Dec 16
Other receivables	6,976	6,608
Tax assets	9,515	7,982
(Provision for risks and charges)	(5,279)	(4,361)
(Other payables)	(17,891)	(15,388)
(Tax liabilities)	(8,034)	(6,596)
Other net receivables/payables	(14,714)	(11,755)

Significant events in H1 2017

On January 30, 2017, 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 2017 Financial Calendar.

On February 13, 2017, the Board of Directors approved the 2016 Fourth Quarter Report, prepared in accordance with IFRS accounting standards.

On March 13, 2017, the Board of Directors of Elica S.p.A. considered the impacts on the 2016 Consolidated and Statutory Financial Statements of the non-executive first level judgements in the case between Esperança Real S/A, Madson Eletrometalurgica Ltda. and Elica S.p.A., issued by the Belo Horizonte (Brazil) Court on March 1, 2017. The case concerns the signing of preliminary agreements in September 1999 for the establishment of a joint venture by Elica S.p.A. and Esperança Real S/A, which were thereafter not executed. With the support of legal consultants and sector experts, the Board of Directors assessed the ruling, the technical opinions upon the possible development of the case and its probable final outcome and decided to prudently allocate to the legal risks provision at December 31, 2016 an additional amount of Euro 2.9 million, entirely not on the basis of the counterparty's legal grounds, but solely to be fully compliant with international accounting standards. The company therefore confirms its intention to pursue at all levels the enforcement of its rights. At June 30, 2017, the provision reflects the updated available information.

On March 21, 2017, Elica participated in the 2017 STAR Conference organised in Milan by Borsa Italiana.

On March 24, 2017, the Board of Directors of Elica S.p.A approved the 2016 Consolidated Financial Statements and the Directors' Report, and the 2016 Separate Financial Statements of Elica S.p.A. and the Directors' Report, prepared in accordance with IFRS, and also approved the 2016 Corporate Governance and Ownership Structure Report and the Remuneration Report and the Directors' Report to the Shareholders' AGM on the proposal to authorise the buy-back and utilisation of treasury shares. The Board of Directors also appointed in replacement of Gianna Pieralisi, company director, Cristina Scocchia, who will remain in office until the next Shareholders' Meeting. The Board approved the proposal to the Shareholders' Meeting of the appointment of Mr. Antonio Recinella, appointed by the Board of Directors of Elica S.p.A. on October 28, 2016, with effect from November 1, 2016, in replacement of the Chief Executive Officer Giuseppe Perucchetti, as a Director of Elica S.p.A., in addition to confirming the appointment of Ms. Cristina Scocchia, in replacement of Gianna Pieralisi. In addition, the Board of Directors confirmed the appointment of the members of the Supervisory Board, extending their mandate until the date for the approval of the 2017 Annual Accounts by the Shareholders' Meeting. The Board of Directors also 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. In addition, the Board of Statutory Auditors of the company positively assessed the independence of its members. On the same date, in view of the 2016 results, the Board of Directors proposed to not distribute a dividend for 2016, in order to maintain all available company resources for investment in future development. In addition, the Board of Directors approved the proposal to the Shareholders' Meeting of the coverage of the 2016 loss through use of "retained earnings". The Board of Directors also approved the proposal to the Shareholders' AGM to amend the long-term incentive plan (the "2016-2022 Phantom Stock & Voluntary Co-investment Plan"), approved by the Shareholders' AGM of April 28, 2016, on the basis of the updated disclosure document prepared according to the means outlined at Annex 3A, Table 7 of the Issuers' Regulation published on March 28, 2017 in accordance with the means set out under applicable regulations. The Board of Directors of Elica

S.p.A. called the Shareholders' AGM at the registered office in Fabriano, via Ermanno Casoli No. 2, for April 28, 2017 at 9AM in single call.

On March 28, 2017, the Reports of the Directors to the Shareholders' AGM on the appointment of two directors and the establishment of the remuneration devolving to members of the Board of Directors, in accordance with Article 2386 of the Civil Code and the Report of the Directors to the Shareholders' AGM on the proposal to amend the 2016-2022 Phantom Stock and Voluntary Co-investment Plan were made available to the public at the registered office, on the storage mechanism IINFO (www.1info.it) and on the Elica S.p.A. website <http://corporation.elica.com> (Investor Relations - Shareholders' Meeting section).

On April 6, 2017, the Annual Report comprising the Separate and Consolidated Financial Statements at December 31, 2016, the Directors' Report and the Statement as per Article 154-bis, paragraph 5 of Legs. Decree No. 58/1998, together with the Board of Statutory Auditors' Report, the Independent Auditors' Reports, the Remuneration Report and the 2016 Corporate Governance and Ownership Structure Report, were made available to the public at the registered office of the company, on the authorised storage mechanism IINFO (www.1info.it) and on the Elica S.p.A. website at <http://corporation.elica.com> (Investor Relations - Annual Accounts and Reports section and Corporate Governance section). The Directors' Report to the Shareholder' Meeting concerning the proposal to purchase and utilise treasury shares was also made available to the public at the registered office, on the authorised storage mechanism IINFO (www.1info.it) and on the Elica S.p.A. website at <http://corporation.elica.com> (Investor Relations - Shareholders' Meeting section). The Annual Accounts and/or the Financial Statements as per Article 2429 of the Civil Code of the subsidiaries and associated companies of Elica S.p.A. and the Financial Statements of the subsidiaries as per Article 36 of the Market Regulation were also available to the public at the registered office.

On April 28, 2017, the Shareholders' AGM of Elica S.p.A. approved the separate financial statements of Elica S.p.A. at December 31, 2016, the Directors' Report, the Board of Statutory Auditors' Report, the Independent Auditors' Report and noted the consolidated results of the Company for 2016. Elica S.p.A.'s AGM also approved the coverage of the 2016 loss through use of "Retained Earnings" and appointed by majority 2 directors proposed by the Board of Directors, who will remain in office until the Shareholders' Meeting called to approve the 2017 Annual Accounts: Antonio Recinella born in Livorno on 5/11/1968 and Cristina Scocchia born in Sanremo on 4/12/1973. According to the company, the appointed directors do not hold Elica S.p.A. shares. Their curricula vitae are available on the website <http://corporation.elica.com> (Corporate Governance - Other Documents section). The AGM also approved the amendment of the long-term incentive plan called the 2016-2022 Phantom Stock & Voluntary Co-investment Plan as per the conditions indicated in Disclosure Document, published on April 6, 2017. The Elica S.p.A. Shareholders' AGM noted the content of the Remuneration Report, filed and made available to the public on April 6, 2017 and expressed a favourable opinion on the first section of the report, while also approving, following revocation of the previous authorisation of April 28, 2016, the authorisation to purchase and utilise treasury shares, pursuant to Article 2357 and 2357-ter of the Civil Code. On the same date, the Board of Directors of Elica S.p.A. appointed Antonio Recinella as Chief Executive Officer of Elica S.p.A. and assessed the independence of the director Antonio Recinella, not considering him as independent, and of the director Cristina Scocchia, considering her independent and appointing her also to the Appointments and Remuneration Committee and to the Internal Control and Risk Management Committee.

The Board of Directors of Elica S.p.A. on May 15, 2017 approved the 2017 First Quarter Report, prepared in accordance with IFRS accounting standards.

On the same date, the Board of Directors approved the 2017-2019 objectives. The company forecasts a substantial increase in revenue driven by Cooking segment own brand growth, together with increased revenue from the Motor segment. Motors segment development will be driven by the additional revenues generated by new models and the accompanying higher margins. Strongest revenue growth is forecast for the EMEA⁵ and Americas regions. This growth will be supported by a revolutionary Group digitalisation project. The Plan develops business through a series of measures to boost the consolidated margin, centered on cumulative improved production efficiency⁶, through a further focus on World Class Manufacturing activities and greater leveraging of technology alongside standardisation, while converting also the changes to the energy labeling regulation into an opportunity. The Group estimates for the 2017-2019 three-year period: a 2017-2019 CAGR⁷ of Net consolidated revenue of 6.8%, of adjusted EBITDA of 12.6%, of adjusted EBIT of 14.3% and a Net Financial Position at year-end 2019 of Euro 73 million, with a return at year-end 2019 of 10.4% in terms of Return on Net Assets (RONA)⁸.

On May 17, 2017, Elica S.p.A. was involved in the Italian Stock Market Opportunities Conference, organised in Paris by Banca IMI, through presentations and meetings with the financial community and institutional investors.

⁵ Europe, Middle East, Africa and CIS

⁶ Reference is made in particular to Europe

⁷ Compound Average Growth Rate

⁸ Return on Net Assets, calculated as the ratio between EBIT and Net Capital Employed

On May 23, 2017, Elica S.p.A. held in London presentations and meetings with the financial community and with institutional investors.

On June 26, 2017, the Board of Directors of Elica S.p.A. appointed Alessandro Carloni as Group Chief Financial Officer, in replacement of Giampaolo Caselli who held the position on an ad interim basis since October 28, 2016. Alessandro Carloni, satisfying the requirements established by applicable regulations and the By-Laws, was also appointed Corporate Financial Reporting Manager, with the Board of Statutory Auditors issuing a favourable opinion in this regard, replacing Giampaolo Caselli also in this role. On the same date, the Board of Directors of Elica S.p.A., in line with the motion passed by the Shareholders' Meeting of April 28, 2017, also launched the second cycle of the 2016-2022 Phantom Stock & Voluntary Co-investment Plan, identifying the Beneficiaries of the 2017-2019 plan cycle and the relative Performance objectives, as per the Prospectus published on March 28, 2017 and available on the website <http://corporation.elica.com>, Investor Relations/Shareholders' Meeting section, to which reference should be made for greater details.

Elica Group structure and consolidation scope

The Elica Group is currently the world's ⁹largest manufacturer of kitchen range hoods for domestic use and is leader in Europe in the sector of motors for boilers used in home heating systems.

Parent

- Elica S.p.A. - Fabriano (Ancona, Italy) is the Parent of the Group (in short Elica).

Subsidiaries

- Elica Group Polska Sp. z o.o – Wrocław – (Poland) (in short Elica Group Polska). This wholly-owned company has been operational since September 2005 in the production and sale of electric motors and from December 2006 in the production and sale of exhaust range hoods for domestic use;
- Elicamex S.A. de C.V. – Queretaro (Mexico) (in short Elicamex). The company was incorporated at the beginning of 2006 (The Parent owns 98% directly and 2% through Elica Group Polska). Through this company, the Group intends to concentrate the production of products for the American markets in Mexico and reap the benefits deriving from optimisation of operational and logistical activities;
- 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. z o.o.). Leonardo Services S.A. de C.V. manages the Mexican staff, providing services to ELICAMEX S.A. de C.V.;
- Aria fina CO., LTD – Sagami hira-Shi (Japan) (in short Aria fina). Incorporated in September 2002 as an equal Joint Venture with Fuji Industrial of Tokyo, the Japanese range hood market leader, Elica S.p.A. acquired control in May 2006 (51% holding) to provide further impetus to the development of the important Japanese market, where high-quality products are sold;
- Airforce S.p.A. – Fabriano (Ancona, Italy) (in short Airforce). This company operates in a special segment of the production and sale of hoods sector. The holding of Elica S.p.A. is 60%;
- Airforce Germany Hochleistungs-Dunstabzugssysteme GmbH – Stuttgart (Germany) (in short Airforce Germany). Airforce S.p.A. owns 95% of Airforce Germany G.m.b.h., a company that sells hoods in Germany through so-called “kitchen studios”;
- 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.;
- 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;
- 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. is involved in the production and sale of Group products.
- Zhejiang Elica Putian Electric CO., LTD. – Shengzhou (China) (in short Putian), a Chinese company held 66.76% and operating under the Puti brand, a leader in the Chinese home appliances sector, producing and marketing range hoods, gas hobs and kitchenware sterilisers. Putian is one of the main players in the Chinese range hood market and the principal company developing western style range hoods. The production site is located in Shengzhou, a major Chinese industrial district for the production of kitchen home appliances.

⁹ Data calculated by the Company.

- Elica Trading LLC – St. Petersburg (Russian Federation) (in short Elica Trading), a Russian company held 100%, incorporated on June 28, 2011.
- Elica France S.A.S. - Paris (France) (in short Elica France), a wholly-owned French company incorporated in 2014.
- Elica GmbH – Munich (Germany), a German company wholly-owned by Elica S.p.A., incorporated on June 29, 2017 and not operative at June 30, 2017.

Associates

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

Changes in the consolidation scope

There were no changes in the consolidation scope compared to December 31, 2016, except for the incorporation of the company Elica GmbH.

Related party transactions

In the first half of 2017, transactions were entered into with subsidiaries, associates and other related parties. All transactions were conducted on an arm's length basis in the ordinary course of business.

Subsequent events after the reporting date and outlook

On July 26, 2017, Elica S.p.A. signed an agreement to acquire 30% of the Chinese subsidiary Zhejiang ELICA Putian Electric Co., Ltd. from minority shareholder Du Renyao. The operation extends governance over the Chinese subsidiary in order to drive forward company results.

Consideration for the 30% holding in the Chinese subsidiary is CNY 15 million (Euro 1,907,863 at the ECB¹⁰ exchange rate of July 24, 2017), to be paid in cash utilising available company resources. For completion of the transfer of shares, formal steps are required, including the issue by the competent authorities of the new “business license” and approval of the transfer by MOFCOM¹¹.

The company does not expect any significant impacts from the operation on the 2017-2019 Objectives announced to the market on May 15, 2017.

The Group continues extensive monitoring of demand dynamics across all markets in execution of the three-year Strategic Plan launched in 2017.

¹⁰ European Central Bank

¹¹ Ministry Of Commerce, People's Republic Of China

Compliance pursuant to Section VI of the regulation implementing legislative decree No. 58 of February 24, 1998 concerning market regulations (“Market Regulations”)

Elica S.p.A. confirms compliance with the conditions for listing pursuant to Articles 36 and 37 of Consob's Market Regulations. In particular, having control, directly or indirectly, over some companies registered in countries outside of the European Union, the financial statements of the above-mentioned companies, prepared for the purposes of the Elica Group Consolidated Financial Statements, were made available in accordance with the provisions required by the current regulations enacted on March 30, 2009.

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.



Elica S.p.A.

Condensed Interim Consolidated Financial Statements

as at and for the six months ended

June 30, 2017

Consolidated financial statements at June 30, 2017***H1 2017 Consolidated Income Statement***

		H1 17	H1 16
<i>In Euro thousands</i>	<i>Note</i>		
Revenue	1.	242,798	215,560
Other operating income	2.	1,494	1,161
Changes in inventories finished/semi-finished goods	3.	4,140	2,860
Increase in internal work capitalised		1,997	2,417
Raw materials and consumables	3.	(132,565)	(118,241)
Services	4.	(43,608)	(38,752)
Labour costs	5.	(48,196)	(43,445)
Amortisation & Depreciation		(10,442)	(9,060)
Other operating expenses and provisions	6.	(7,688)	(5,297)
Restructuring charges	15.	(1,250)	(72)
Operating profit		6,680	7,131
Share of profit/(loss) from associates		(12)	(6)
Financial income	7.	181	130
Financial charges	7.	(1,678)	(1,730)
Exchange rate gains/(losses)	7.	(1,153)	93
Profit before taxes		4,018	5,618
Income taxes		(2,822)	(2,772)
Profit from continuing operations		1,196	2,846
Profit from discontinued operations		-	-
Profit for the period		1,196	2,846
of which:			
Attributable to non-controlling interests		286	239
Attributable to the owners of the Parent		910	2,607
<i>Basic earnings per Share (Euro/cents)</i>		1.47	4.20
<i>Diluted earnings per Share (Euro/cents)</i>		1.47	4.20

H1 2017 Consolidated Statement of Comprehensive Income

<i>In Euro thousands</i>		H1 17	H1 16
	<i>Note</i>		
Profit for the period		1,196	2,846
Other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the period:			
Actuarial gains/(losses) of employee defined plans	16.	235	(1,267)
Tax effect concerning the Other income/(expense) which may not be subsequently reclassified to the profit/(loss) for the period		3	57
Total other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the period, net of the tax effect		238	(1,210)
Other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the period:			
Exchange differences on the conversion of foreign financial statements	19.	1,107	(3,465)
Net change in cash flow hedges	19.	312	1,441
Tax effect concerning the Other income/(expense) which may be subsequently reclassified to the profit/(loss) for the period	19.	(113)	(250)
Total other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the period, net of the tax effect		1,305	(2,274)
Total other comprehensive income/(expense), net of the tax effect:		1,543	(3,483)
Total comprehensive income/(expense) for the period		2,739	(637)
of which:			
Attributable to non-controlling interests		116	400
Attributable to the owners of the Parent		2,623	(1,038)

Consolidated Statement of Financial Position at June 30, 2017

<i>In Euro thousands</i>	<i>Note</i>	June 30, 17	Dec 31, 16
Property, plant & equipment	8.	99,145	95,360
Goodwill	9.	42,167	42,340
Other intangible assets	10.	27,908	28,756
Investments in associates	11.	1,386	1,401
Other receivables	17.	262	230
Tax assets	18.	19	7
Deferred tax assets	12.	15,064	15,675
AFS financial assets		56	56
Total non-current assets		186,008	183,828
Trade receivables	13.	83,700	70,561
Inventories	14.	76,190	67,732
Other receivables	17.	6,976	6,608
Tax assets	18.	9,515	7,982
Derivative financial instruments		1,896	1,844
Cash and cash equivalents	20.	28,976	31,998
Current assets		207,252	186,725
Assets related to discontinued operations		-	-
Total assets		393,260	370,553
Liabilities for post-employment benefits	16.	10,914	11,129
Provisions for risks and charges	15.	7,788	7,606
Deferred tax liabilities	12.	4,223	5,080
Finance leases and other lenders	20.	5	6
Bank loans and borrowings	20.	43,619	33,718
Other payables	17.	976	1,768
Tax liabilities	18.	248	312
Derivative financial instruments		135	198
Non-current liabilities		67,908	59,817
Provisions for risks and charges	15.	5,279	4,361
Finance leases and other lenders	20.	23	21
Bank loans and borrowings	20.	55,958	59,004
Trade payables	13.	126,838	114,831
Other payables	17.	17,891	15,388
Tax liabilities	18.	8,034	6,596
Derivative financial instruments		784	1,277
Current liabilities		214,807	201,478
Liabilities of associated with discontinued operations			
Share capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging and translation reserve		(11,672)	(13,172)
Reserve for actuarial gains/losses		(3,210)	(3,423)
Treasury shares		(3,551)	(3,551)
Retained earnings		40,106	45,870
Profit/(loss) attributable to the owners of the Parent		910	(5,563)
Equity attributable to the owners of the Parent	19.	106,371	103,949
Capital and reserves attributable to non-controlling interests		3,888	5,246
Profit attributable to non-controlling interests		286	63
Equity attributable to non-controlling interests	19.	4,174	5,309
Total equity		110,545	109,258
Total liabilities and equity		393,260	370,553

H1 Consolidated Statement of Cash Flows

<i>In Euro thousands</i>	June 30, 17	June 30, 16
Opening cash and cash equivalents	31,998	34,463
Operating activities		
Profit for the period	1,196	2,846
Amortisation & Depreciation	10,442	9,060
Non-monetary (income)/charges	12	6
Trade working capital	(9,389)	203
Other working capital accounts	5,982	4,779
Income taxes paid	(2,517)	(3,771)
Change in provisions	1,081	(4,709)
Other changes	56	(488)
Cash flow from operating activities	6,863	7,928
Investing activities		
Investments		
- Intangible	(2,833)	(3,674)
- Tangible	(10,171)	(9,134)
Cash flow used in investing activities	(13,004)	(12,808)
Financing activities		
Dividends	(1,261)	(1,831)
Increase (decrease) in loans and borrowings	7,591	11,279
Net changes in other financial assets/liabilities	(1,600)	(756)
Interest paid	(1,416)	(1,479)
Cash flow used in financing activities	3,314	7,213
Change in cash and cash equivalents	(2,826)	2,333
Effect of exchange rate change on liquidity	(196)	(461)
Closing cash and cash equivalents	28,976	36,335

Statement of changes in Consolidated Equity at June 30, 2017

<i>In Euro thousands</i>	Share capital	Share premium reserve	Acquis./ Sale treasury shares	Retained earnings	Hedge, trans. & post-employ ben. res.	Profit/ (loss) for period	Equity owners of Parent	Equity non-control. int.	Consolidated Equity
Balance at December 31, 2015	12,665	71,123	(3,551)	40,630	(14,315)	6,190	112,742	6,466	119,208
Change in cash flow hedges net of the tax effect					1,191		1,191		1,191
Actuarial gains/(losses) on post-employment benefits					(1,157)		(1,157)	(53)	(1,210)
Differences translation of foreign subsidiaries' financial statements					(3,679)		(3,679)	214	(3,465)
Total gains/(losses) recognised directly to equity					(3,645)		(3,645)	161	(3,483)
Profit for the period						2,607	2,607	239	2,846
Total gains/(losses) recognised in profit and loss					(3,645)	2,607	(1,038)	400	(637)
Allocation of profit				6,190		(6,190)			
Other movements				(331)			(331)	(17)	(348)
Dividends				(608)			(608)	(1,223)	(1,831)
Balance at June 30, 2016	12,665	71,123	(3,551)	45,881	(17,960)	2,607	110,765	5,626	116,391
Balance at December 31, 2016	12,665	71,123	(3,551)	45,870	(16,595)	(5,563)	103,949	5,309	109,258
Change in cash flow hedges net of the tax effect					199		199		199
Actuarial gains/(losses) on post-employment benefits					213		213	25	238
Differences translation of foreign subsidiaries' financial statements					1,301		1,301	(195)	1,107
Total gains/(losses) recognised directly to equity					1,713		1,713	(170)	1,543
Profit for the period						910	910	286	1,196
Total gains/(losses) recognised in profit and loss						910	2,623	116	2,739
Allocation of profit				(5,563)		5,563			
Other movements				(200)			(200)	9	(191)
Dividends								(1,261)	(1,261)
Balance at June 30, 2017	12,665	71,123	(3,551)	40,106	(14,882)	910	106,371	4,174	110,545

Notes to the Condensed Interim Consolidated Financial Statements at June 30, 2017***Group structure and brief description of its activities***

The operating segments are as follows:

- “Europe”: production and sale of range hoods, accessories and electric motors developed by the Group companies based in Europe, i.e. the Italian companies Elica S.p.A. and Airforce S.p.A., the German companies Exklusiv Hauben Gutmann GmbH and Airforce Germany GmbH, the Polish company Elica Group Polska Sp.zo.o, the Russian company Elica Trading LLC, the French company Elica France S.A.S. and the German company Elica GmbH;
- “America”: production and sale of range hoods and accessories, developed by the Group companies based in America, i.e. the Mexican companies Elicamex S.A. de C.V. and Leonardo S.A. de C.V. and the US company Elica Inc;
- “Asia and the Rest of the World”: production and sale of range hoods, accessories and other products, developed by the Group companies located in Asia, i.e. the Chinese company Zhejiang Putian Electric Co. Ltd., the Indian company Elica PB India Private Ltd. and the Japanese company Aria fina CO., LTD.

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

Segment revenue is determined based on the geographic area to which the respective companies belong. Segment results are determined by taking into account all the costs that can be allocated directly to sales in a specific segment. Costs not allocated to the segments include all costs not directly attributable to the area, including manufacturing, sales, general, administrative costs, as well as financial income and charges and taxes.

Inter-segment revenue includes revenue between Group segments that are consolidated on a line-by-line basis in relation to sales made to other segments.

Assets, liabilities and investments are allocated directly on the basis of their classification in a specific geographic segment.

The Euro is the functional and reporting currency for Elica and all consolidated companies, except for such foreign subsidiaries as Elica Group Polska Sp.zo.o, Elicamex S.A. de C.V., Leonardo Services S.A. de C.V., Aria fina CO., LTD, Elica Inc., Elica PB India Private Ltd., Zhejiang Elica Putian Electric Co. Ltd. and Elica Trading LLC, which prepare their financial statements in the Polish Zloty (Elica Group Polska Sp.zo.o), the Mexican Peso (Elicamex S.A. de C.V. and Leonardo Services S.A. de C.V.), Japanese Yen, US Dollar, Indian Rupee, Chinese Renminbi and Russian Ruble respectively.

The exchange rates used for the translation to Euro of the financial statements of companies consolidated in a currency other than the consolidation currency, compared with those used in the previous periods, are shown in the table below:

	average H1 2017	average H1 2016	%	June 30, 17	Dec 31, 16	%
USD	1.08	1.12	(3.6%)	1.14	1.05	8.6%
JPY	121.78	124.41	(2.1%)	127.75	123.40	3.5%
PLN	4.27	4.37	(2.3%)	4.23	4.41	(4.1%)
MXN	21.04	20.17	4.3%	20.58	21.77	(5.5%)
INR	71.18	75.00	(5.1%)	73.74	71.59	3.0%
CNY	7.44	7.30	1.9%	7.74	7.32	5.7%
RUB	62.81	78.30	(19.8%)	67.54	64.30	5.0%

Approval of the 2017 Half-Year Report

The report for the period ended June 30, 2017 was approved by the Board of Directors on August 28, 2017.

Accounting principles and basis of consolidation

The annual consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union through Regulation No. 1606/2002.

These condensed consolidated half-year financial statements were prepared, in summary form, in conformity with IAS 34 “Interim Financial Statements” and in conformity with the requirements of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and integrations.

The condensed consolidated half-year financial statements therefore do not include all the information published in the annual report and must be read together with the consolidated financial statements as at December 31, 2016.

The accounting and consolidation principles adopted for the preparation of the current condensed consolidated half-year financial statements are unchanged compared to those adopted for the preparation of the Group annual consolidated financial statements for the year ended December 31, 2016.

The Condensed Consolidated Half-Year Financial Statements were prepared on the basis of the historical cost convention, except for some financial instruments which are recognised at fair value. The financial statement accounts have been measured in accordance with the general criteria of prudence and accruals and on a going concern basis, and also take into consideration the economic function of the assets and liabilities.

The Condensed Consolidated Interim Financial Statements at June 30, 2017 consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity and related Notes. The Condensed Interim Consolidated Financial Statements are compared with the corresponding period of the previous year for the Income Statement, Statement of Cash Flows and Statement of Changes in Equity and with the Consolidated Statement of Financial Position at December 31, 2016.

The present consolidated financial statements are presented in thousands of Euro and all the amounts are rounded to the nearest thousandth, unless otherwise specified.

Changes in accounting policies

The financial schedules utilised are the same as those used for the preparation of the consolidated financial statements at December 31, 2016, except for the Statement of Cash Flows. The Statement of Cash Flows in fact was reviewed and the comparison with June 2016 restated, utilising the period result instead of EBIT for initiation of the reconciliation. No new accounting policies with significant impact on the consolidated financial statements were adopted in the period.

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 parts 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. IFRS 16 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 relative 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 the case 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 of greater than 12 months, except where the value of the underlying asset is minimal; (b) amortisation of leased assets separately from interest on leasing payables, to the income statement. From application of IFRS 16, the Group expects financial payables to increase, which has not yet been precisely estimated, in addition to assets.

IFRS 15 - Revenue from contracts with customers. On May 28, 2014, 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 customers, 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. Following a preliminary analysis, the impacts on the Group Financial Statements were not considered significant.

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. A preliminary analysis of the effects on the Group financial statements is in progress.

Use of estimates

In the preparation of the condensed half-year financial statements, the Group’s management made accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. The actual results may differ from these 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 provision, non-current assets (property, plant and equipment and intangible assets), pension funds and other post-employment benefits, provisions for risks and charges and deferred tax assets and liabilities.

Reference is made to the previous year annual accounts and the notes to the present condensed consolidated half-year financial statements for the details relating to the estimates stated above.

Composition and main changes in the Income Statement and Statement of Financial Position**1. Revenue**

<i>In Euro thousands</i>	H1 17	H1 16	Changes
Revenue	242,798	215,560	27,238
Total revenues	242,798	215,560	27,238

For the comments relating to the changes in revenues, reference should be made to the paragraph “H1 2017 Performance” in the Director’ Report. Customers who comprise more than 10% of total revenue constituted 14.1% of revenue in the first six months of 2017 compared to 15.5% in the first half of 2016.

The following tables contain segment information as defined in the “Group structure and brief description of its activities” paragraph.

INCOME STATEMENT		Europe		Americas		Asia and the Rest of World		Unallocated items and eliminations		Consolidated	
<i>In Euro thousands</i>		H1 17	H1 16	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16
Segment revenue:											
	Third parties	180,085	161,424	36,023	32,405	26,695	21,709	(5)	21	242,798	215,560
	Inter-segment	7,333	6,148	106	1	2,718	3,062	(10,157)	(9,211)	-	-
Total revenue		187,418	167,572	36,130	32,406	29,413	24,772	(10,162)	(9,190)	242,798	215,560
Segment result:		15,778	14,467	5,637	6,296	1,004	869			22,419	21,632
Unallocated overheads										(15,739)	(14,501)
Operating Profit										6,680	7,131
Share of profit/(loss) of associates										(12)	(6)
Financial income										181	130
Financial charges										(1,678)	(1,730)
Exchange rate gains/(losses)										(1,153)	93
Profit before taxes										4,018	5,618
Income taxes										(2,822)	(2,772)
Profit from continuing operations										1,196	2,846
Profit from discontinued operations										-	-
Profit for the period										1,196	2,846

STATEMENT OF FINANCIAL POSITION		Europe		Americas		Asia and the Rest of World		Unallocated items and eliminations		Consolidated	
<i>In Euro thousands</i>		June 16	Dec 16	June 16	Dec 16	June 16	Dec 16	June 16	Dec 16	June 16	Dec 16
Assets:											
Segment assets		274,238	252,393	42,325	34,675	45,120	50,205	(17,935)	(19,900)	343,748	317,374
Investments								1,386	1,401	1,386	1,401
Unallocated assets								48,126	51,778	48,126	51,778
Total operational assets		274,238	252,393	42,325	34,675	45,120	50,205	31,577	33,279	393,260	370,553
Total assets of discount. operations											
Total assets		274,238	252,393	42,325	34,675	45,120	50,205	31,577	33,279	393,260	370,553
Liabilities											
Segment liabilities		(156,274)	(139,240)	(29,455)	(25,906)	(28,145)	(26,672)	30,764	26,173	(183,109)	(165,646)
Unallocated liabilities								(99,606)	(95,649)	(99,606)	(95,649)
Equity								(110,545)	(109,258)	(110,545)	(109,258)
Total operational liabilities		(156,274)	(139,240)	(29,455)	(25,906)	(28,145)	(26,672)	(179,386)	(178,734)	(393,260)	(370,553)
Total liabilities of discontinued operations											
Total liabilities		(156,274)	(139,240)	(29,455)	(25,906)	(28,145)	(26,672)	(179,386)	(178,734)	(393,260)	(370,553)

2. Other operating income

<i>(in Euro thousands)</i>	H1 17	H1 16	Changes
Grants related to income	275	529	(254)
Ordinary gains	577	112	465
Claims and insurance payouts	103	113	(10)
Other revenues and income	539	407	132
Total	1,494	1,161	333

The account increased by Euro 333 thousand. This increase concerned Ordinary gains, net of the decrease in Grants related to income account.

3. Raw materials and consumables and changes in inventories of finished and semi-finished goods

<i>In Euro thousands</i>	H1 17	H1 16	Changes
Purchase of raw materials	(108,800)	(94,279)	(14,521)
Shipping expenses on purchases	(3,966)	(3,069)	(897)
Purchases of consumable materials	(1,416)	(1,659)	243
Packaging	(1,046)	(1,014)	(32)
Purchases of supplies	(334)	(378)	44
Purchases of semi-finished products	(8,623)	(7,696)	(927)
Purchase of finished goods	(12,309)	(11,038)	(1,271)
Other purchases	(688)	(641)	(47)
Change in inventory of raw materials, consumables and goods	4,617	1,533	3,084
Raw materials and consumables	(132,565)	(118,241)	(14,324)
Changes in inventories of finished and semi-finished goods	4,140	2,860	1,280
Total	(128,425)	(115,381)	(13,044)

The account increased in absolute terms by approx. Euro 13 million (11.3%), although decreasing as a percentage of revenue from 53.5% to 52.9% following the revenue increase of 12.6%. In particular, raw material purchases increased 15.4%. This aggregate includes also the risk assessment by Management upon inventory obsolescence.

4. Services

<i>In Euro thousands</i>	H1 17	H1 16	Changes
Outsourcing expenses	(15,164)	(13,077)	(2,087)
Transport	(5,308)	(4,737)	(571)
Finished goods inventories management	(2,755)	(2,660)	(95)
Consulting	(2,749)	(2,689)	(60)
Other professional services	(5,184)	(4,010)	(1,174)
Maintenance	(1,329)	(1,160)	(169)
Utilities	(2,375)	(2,199)	(176)
Commissions	(1,070)	(938)	(132)
Travel expenses	(1,420)	(1,667)	247
Advertising	(2,480)	(1,535)	(945)
Insurance	(557)	(629)	72
Directors & statutory auditors' fees	(1,077)	(1,637)	560
Trade fairs and promotional events	(1,674)	(1,302)	(372)
Industrial services	(253)	(264)	11
Banking commissions and charges	(213)	(248)	35
Total Services	(43,608)	(38,752)	(4,856)

The account increased in absolute terms by approx. Euro 4.9 million. This increase is due for Euro 2 million to Outsourcing expenses, for Euro 1.2 million to Other professional services, for Euro 0.9 million to Advertising and for Euro 0.6 million to Transport. They remained unchanged on revenue at 18.0%.

5. Labour costs

Labour costs incurred by the Group were as follows:

<i>In Euro thousands</i>	H1 17	H1 16	Changes
Wages and salaries	(34,538)	(32,020)	(2,518)
Social security charges	(9,551)	(8,475)	(1,076)
Post-employment benefits	(1,442)	(1,279)	(163)
Other costs	(2,665)	(1,671)	(994)
Total	(48,196)	(43,445)	(4,750)

The account increased Euro 4.8 million, partly due to the absence of the benefits from the solidarity contracts in place in the previous year. These costs on revenue however decreased from 20.2% in H1 2016 to 19.9% in H1 2017.

6. Other operating expenses and provisions

<i>In Euro thousands</i>	H1 17	H1 16	Changes
Lease and rental	(1,749)	(1,201)	(547)
Cars and industrial vehicle rental	(1,338)	(1,264)	(73)
Hardware, software and patents	(486)	(442)	(44)
Other taxes	(594)	(569)	(25)
Magazine and newspaper subscriptions	(9)	(14)	4
Various equipment	(197)	(164)	(33)
Catalogues and brochures	(156)	(205)	49
Losses on receivables and accruals for risks	(1,392)	(346)	(1,045)
Other prior year charges and losses	(1,768)	(1,091)	(677)
Total	(7,688)	(5,297)	(2,391)

This account in H1 2017 principally comprises Lease and rental charges for Euro 1.7 million, Cars and industrial vehicle rental for Euro 1.3 million, Other prior year charges and losses for Euro 1.8 million and risks and charges provisions and provisions for the fair value measurement of receivables for Euro 1.4 million. This account reflects the conclusion of the analysis by Group Management on the recoverability of receivables and on possible losses related to other risks.

7. Net financial charges

<i>In Euro thousands</i>	H1 17	H1 16	Changes
Financial income	181	130	51
Financial charges	(1,678)	(1,730)	52
Exchange rate gains/(losses)	(1,153)	93	(1,246)
Total net financial charges	(2,650)	(1,507)	(1,143)

The financial management performance principally reflects currency movements relating to the currencies utilised by the Group.

8. Property, plant & equipment

The breakdown of property, plant and equipment at June 30, 2017 and December 31, 2016 is detailed below.

<i>In Euro thousands</i>	June 30, 17	Dec 31, 16	Changes
Land, land usage rights and buildings	43,937	44,216	(279)
Plant and machinery	26,619	24,317	2,302
Industrial and commercial equipment	21,881	20,116	1,765
Other assets	4,640	3,730	910
Assets in progress and advances	2,068	2,981	(913)
Total property, plant and equipment	99,145	95,360	3,785

Property, plant and equipment increased from Euro 95,360 thousand at December 31, 2016 to Euro 99,145 thousand at June 30, 2017, an increase of Euro 3,785 thousand as a result of the sales, purchases and of depreciation recorded in the income statement of Euro 6,639 thousand. The change includes exchange rate losses of approx. Euro 527 thousand. The net increases principally concerned for Euro 4.3 million Elica Group Polska, for Euro 0.6 million Elicamex and for Euro 4.2 million Elica S.p.A., in order to increase production capacity.

9. Goodwill

<i>In Euro thousands</i>	June 30, 17	Dec 31, 16	Changes
Goodwill recorded by subsidiaries	42,167	42,340	(173)
Total goodwill	42,167	42,340	(173)

The account decreased due to exchange rate movements. No transactions in the half-year produced additional goodwill compared to December 2016.

Based on the information currently available, no impairment indicators were evident at June 30, 2017. In particular, against results ahead of expectations in the first half of 2017, the Company will monitor the adequacy of the 2017-2019 objectives in light of the current Strategic Plan, which estimates among others, for the 2017-2019 three-year period: a 2017-2019 CAGR¹² of Net consolidated revenue of 6.8%, of adjusted EBITDA of 12.6%, of adjusted EBIT of 14.3%.

The Management of the Group will continue to constantly monitor the circumstances and the events which form the basis of the future development of the business and will carry out at December 31, 2017 a more extensive analysis in relation to an impairment test.

10. Other intangible assets

The breakdown of the “Other intangible assets” at June 30, 2017 and December 31, 2016 is shown below.

<i>In Euro thousands</i>	June 30, 17	Dec 31, 16	Changes
Development Costs	8,550	9,891	(1,341)
Industrial patents and intellectual property rights	11,178	11,623	(445)
Concessions, licenses, trademarks & similar rights	1,443	1,435	8
Assets in progress and advances	4,934	3,563	1,371
Other intangible assets	1,803	2,245	(442)
Total other intangible assets	27,908	28,756	(849)

The other intangible assets decreased from Euro 28,756 thousand at December 31, 2016 to Euro 27,908 thousand at June 30, 2017, a reduction of Euro 849 thousand as a result of the purchases, sales and amortisation recorded to the income statement of Euro 3,803 thousand.

“Assets in progress and advances” refer in part to advances and the development of projects for the implementation of new IT platforms and the design, development and creation of new software applications, and also the development of new products.

The account “Other intangible assets” relates principally to both the technology developed and the client portfolio of the German subsidiary Exklusiv Hauben Gutmann GmbH. The net increases principally concern the Parent.

11. Investments in associates

The change in the account, which decreased from Euro 1,401 thousand at December 31, 2016 to Euro 1,386 thousand at June 30, 2017, relates to the performance of the company I.S.M. S.r.l..

12. Deferred tax assets – Deferred tax liabilities

<i>(in Euro thousands)</i>	June 30, 17	Dec 31, 16	Changes
Deferred tax assets	15,064	15,675	(611)
Deferred tax liabilities	(4,223)	(5,080)	857
Total	10,841	10,595	246

Deferred taxes are overall in line with December 31, 2016.

¹² Compound Average Growth Rate

The deferred tax asset was recorded as it is considered recoverable in relation to the assessable results for the periods in which deferred taxes will reverse in the financial statements and as Group management considers that such commitments will be respected.

13. Trade receivables and payables

Trade receivables and trade payables were as follows:

<i>(in Euro thousands)</i>	June 30, 17	Dec 31, 16	Changes
Trade receivables	83,700	70,561	13,139
Trade payables	(126,838)	(114,831)	(12,007)
Total	(43,138)	(44,270)	1,132

The increase in the two accounts on December relates principally to seasonal factors.

Trade receivables are recorded net of the allowance for impairment of Euro 5,086 thousand (Euro 4,798 thousand at December 31, 2016) made following an analysis of the credit risk on receivables and on the basis of historical data on credit losses, considering that a substantial portion of the receivables are insured by prime international insurance companies.

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

14. Inventories

<i>In Euro thousands</i>	June 30, 17	Dec 31, 16	Changes
Raw material, ancillaries and consumables	33,337	28,033	5,304
Raw materials obsolescence provision	(1,973)	(1,610)	(363)
Total	31,364	26,423	4,941
Work-in-progress and semi-finished goods	15,181	14,865	316
Semi-finished goods obsolescence provision	(843)	(712)	(131)
Total	14,338	14,153	185
Finished products and goods	32,083	28,907	3,176
Finished products obsolescence provision	(1,606)	(1,757)	151
Total	30,477	27,150	3,327
Advances	11	6	5
Total inventories	76,190	67,732	8,458

The account increased from Euro 67,732 thousand at December 31, 2016 to Euro 76,190 thousand at June 30, 2017. Inventories are stated net of the obsolescence provisions of Euro 4,422 thousand (Euro 4,079 thousand at December 31, 2016), in order to take into consideration the effect of waste, obsolete and slow moving items and the risk estimates of the use of some categories of raw and semi-finished materials based on assumptions made by management.

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

The quantification of the inventory obsolescence provision of raw materials, semi-finished and finished products amounts to 5.5% of inventories (5.7% at December 31, 2016).

15. Provisions for risks and charges

The details are reported below.

<i>(in Euro thousands)</i>	June 30, 17	Dec 31, 16	Changes
Agents' termination benefits	598	555	43
Product Warranty Provisions	1,689	1,783	(94)
Provisions for risks	6,767	6,956	(189)
Restructuring provision	1,670	840	830
Personnel provisions	1,405	1,206	198
LTI provision	366	-	366
Other Provisions	572	626	(54)
Total	13,067	11,966	1,101
of which			
Non-current	7,788	7,606	182
Current	5,279	4,361	918
Total	13,067	11,967	1,100

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

Product warranty provisions represent an estimate of the costs likely to be incurred to repair or replace items sold to customers. These provisions reflect the average warranty costs historically incurred by the Group as a percentage of sales still covered by warranty.

The legal, tax and other risks provision relates to likely costs and charges to be incurred as a result of ongoing legal and tax disputes, according to the best possible estimates considering the available information. As was the case at December 2016, the provision includes, among others, the estimate made by the Board of Directors with regards to the risk upon outstanding cases between Esperança Real S/A, Madson Eletrometalurgica Ltda and Elica S.p.A.. At June 30, the provision amounted to Euro 4 million, including updates reflecting available information at that date. They include allocations required to comply with the waste disposal regulation.

The Restructuring Provision includes on the one hand estimated costs for the workforce restructuring plan at the German subsidiary Gutmann of Euro 794 thousand, and on the other costs for the current Plan at Elica S.p.A. of Euro 875 thousand. The restructuring costs relate to these plans.

Personnel provisions include the higher cost estimated by the Group for contractual indemnity and for employee bonuses. This provision decreased following the payment of the higher costs related to the previous year and increased following the provision made for this cost for the current period.

The LTI (Long Term Incentive) provision includes the best estimate of that matured at June 30, 2017 for the 2016-2022 Phantom Stock & Voluntary Co-investment Plan cost, approved by the Shareholders' Meeting of April 28, 2017. The Prospectus was published on March 28, 2017 and is available on the website <http://corporation.elica.com>, Investor Relations/Shareholders' Meeting section, to which reference should be made for greater details.

16. Post-employment benefits

The most recent actuarial calculation of the present value of the provision was performed at December 31, 2016 and June 30, 2017 by an actuarial services company. The changes for the period regarding the present value of post-employment benefit obligations were as follows:

	June 30, 17	Dec 31, 16	Changes
<i>In Euro thousands</i>			
Opening balance	11,129	10,619	510
Costs relating to current employee services	1,442	2,740	(1,298)
Actuarial gains and losses	(235)	523	(758)
	1,207	3,263	(2,056)
Financial charges	82	229	(147)
Pension fund	(1,336)	(2,563)	1,227
Benefits provided	(167)	(419)	252
	(1,422)	(2,753)	1,331
Post-employment benefits	10,914	11,129	(215)

The Pension funds did not alter significantly in the period, also in light of the amount of benefits issued.

17. Other Receivables and Other Payables

	June 30, 17	Dec 31, 16	Changes
<i>(in Euro thousands)</i>			
Other receivables (non-current)	262	230	32
Other receivables (current)	6,976	6,608	367
Total	7,238	6,839	399

The increase in Other receivables, principally relating to the Parent, concerns the current portion and is mainly due to the increase in prepayments and accrued income caused by the seasonality of contracts, including those concerning maintenance, insurance and rental charges.

<i>(in Euro thousands)</i>	June 30, 17	Dec 31, 16	Changes
Other payables (non-current)	976	1,768	(792)
Other payables (current)	17,891	15,388	2,503
Total	18,867	17,156	1,711

The decrease of the non-current portion of Other payables principally relates to the Polish subsidiary and the payable to third parties for the acquisition of I.S.M. Poland, thereafter merged with Elica Group Polska.

The increase in the current portion of Other payables concerns in particular employee payables, mainly relating to the Parent, including for untaken holidays and leave, in addition to the portion matured for the thirteenth month.

18. Tax Assets and Payables

<i>(in Euro thousands)</i>	June 30, 17	Dec 31, 16	Changes
Tax assets (non-current)	19	7	12
Tax assets (current)	9,515	7,982	1,533
Total	9,534	7,989	1,545

<i>(in Euro thousands)</i>	June 30, 17	Dec 31, 16	Changes
Tax liabilities (non-current)	248	312	(64)
Tax liabilities (current)	8,034	6,596	1,438
Total	8,282	6,908	1,374

Current tax assets amount to Euro 1.5 million, as a result of the two main and opposing movements, the increase of Euro 2.7 million of the Elicamex receivable, less the decrease of Euro 1.1 million concerning Elica S.p.A.. The increase in current tax liabilities however is entirely concentrated at Elicamex.

19. Equity

Equity attributable to owners of the Parent at June 30, 2017 amounted to Euro 106,371 thousand (Euro 103,949 thousand at December 31, 2016). Movements in the half-year principally concerned the translation reserve, the hedging reserve and the Post-employment benefit reserve. For further details, reference should be made to the Statement of changes in Consolidated Equity. The movement in the translation reserve, positive at consolidated level for Euro 1.1 million and at Group level for Euro 1.3 million, mainly relates to the Mexican subsidiary Elicamex and the Polish subsidiary Elica Group Polska and therefore to the performance of the Mexican Peso and US Dollar and of the Polish Zloty against the Euro.

The change in the Cash Flow Hedge reserve is positive for Euro 199 thousand, with Euro 312 thousand for valuations and a tax impact of Euro 113 thousand. This includes the valuation of commodities, of currency derivatives and the movement in currency derivatives.

The account Non-controlling interest Equity at June 30, 2017 amounted to Euro 4,174 thousand (Euro 5,309 thousand at December 31, 2016). The movements in the account in the period principally related to: an increase of Euro 286 thousand following the recording of the result for the period, a decrease of Euro 195 thousand relating to changes in the translation reserve and a decrease of Euro 1,261 thousand concerning the distribution of dividends.

20. Net Financial Position

The Net Financial Position at June 30, 2017 and at December 31, 2016 is detailed below:

<i>In Euro thousands</i>	June 30, 17	Dec 31, 16
Cash and cash equivalents	28,976	31,998
Finance leases and other lenders	(23)	(21)
Bank loans and borrowings	(55,958)	(59,004)
Current loans and borrowings	(55,981)	(59,025)
Finance leases and other lenders	(5)	(6)
Bank loans and borrowings	(43,619)	(33,718)
Non-current loans and borrowings	(43,624)	(33,724)
Net Financial Position	(70,629)	(60,751)

The Net Financial Position at June 30, 2017 amounted to Euro 70.6 million compared to Euro 60.7 million at December 31, 2016.

Covenants exist on the medium-long term credit lines existing at June 30 based on the Condensed Consolidated Half-Year Financial Statements. At June 30, 2017 and until the preparation of the present report, the covenants had all been fulfilled.

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.

The following table shows the expected cash flows in relation to the contractual expiries of financial liabilities:

<i>(in Euro thousands)</i>	June 30, 17	Dec 31, 16	Changes
Bank loans and borrowings	99,577	92,722	6,855
Total	99,577	92,722	6,855
Bank loans and borrowings have the following repayment schedules:			
On demand or within one year	55,958	59,004	(3,046)
Within two years	17,373	12,227	5,146
Within three years	16,175	12,252	3,923
Within four years	7,218	8,539	(1,321)
Within five years	2,853	700	2,153
Beyond 5 years	-	-	-
Total	99,577	92,722	6,855
Less amounts to be repaid within one year	55,958	59,004	(3,046)
Due beyond one year	43,619	33,718	9,901

21. Significant non-recurring events and operations

There were none in the period.

22. Related party transactions and balances

Inter-company transactions are eliminated in the Condensed Consolidated Half-Year Financial Statements and therefore not shown in this note.

Related party transactions were carried out in accordance with law and based on reciprocal business needs.

The income statement and statement of financial position amounts deriving from the transactions carried out as per IAS 24 with related parties are summarised below.

Elica Group vs Related parties

	Payables	Receivables	Costs	Revenue & income
<i>In Euro thousands</i>				
I.S.M. srl	-	-		5
Fastnet S.p.A.	7	-	37	-
	7	-	37	5

In accordance with IAS 24, remuneration paid to Directors, Statutory Auditors and Key Management Personnel are included in related party transaction, and their amounts are in line with previous periods; reference should be made to the Annual Report in this regard. There are no balances with the parents Fan and Fintrack.

23. Contingent liabilities

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

The allocation within the Legal, tax and other risks provision included in the Group consolidated financial statements at June 30, 2017 for contingent risks and charges relating to legal disputes amounts to Euro 5,269 thousand and is mainly held by the Parent Company.

Management considers that the provision for risks in order to cover possible liabilities from pending or potential disputes is, on the whole, adequate.

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

In the first half of 2017, no transactions classifiable in this category were recorded.

25. Subsequent events after period-end

For information on events after June 30, 2017, reference should be made to the Directors' Report.

Fabriano, August 28, 2017

The Chairman
Francesco Casoli

Statement of the corporate financial reporting manager in accordance with Article 154 *bis*, paragraph 5 of Legislative Decree 58/1998

The undersigned Antonio Recinella, as Chief Executive Officer, and Alessandro Carloni, 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 accuracy of the information on company operations and
- the effective application of the administrative and accounting procedures for the compilation of the condensed half-year consolidated financial statements in the first half-year of 2017.

In addition, we declare that the condensed consolidated half-year financial statements:

- a) were prepared in accordance with international accounting standards, endorsed by the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
- b) correspond to the underlying accounting documents and records;
- c) provide a true and fair view of the financial position and results of operations of the issuer and of the companies included in the consolidation.

The Directors' Report on the First Half 2017 includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The condensed consolidated half-year financial statements also contain a reliable analysis of the significant transactions with related parties.

Fabriano, August 28, 2017

The Chief Executive Officer
Antonio Recinella

Corporate Financial
reporting manager
Alessandro Carloni



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

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Elica S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Elica Group, comprising the income statement and the statements of comprehensive income, financial position, cash flows and changes in equity and notes thereto, as at and for the six months ended 30 June 2017. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Elica Group as at and for the six months ended 30 June 2017 have not been prepared, in all material

KPMG S.p.A., è una società per azioni di diritto italiano a la parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), società di diritto svizzero.

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Elica Group
Independent auditors' report
30 June 2017

respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Ancona, 28 August 2017

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit