

ELICA S.p.A.

Registered office in Fabriano (AN), Via Dante No. 288

Share capital Euro 12,664,560.00 fully paid-in

Registered at the Ancona Company's Registration Office

Fiscal and VAT No. 00096570429

**REPORT OF THE BOARD OF STATUTORY
AUDITORS TO THE SHAREHOLDERS' AGM
(pursuant to article 153 of Legislative Decree No. 58/1998
and article 2429 of the Civil Code)**

Dear Shareholders,

Firstly, we wish to inform you that on 28 August 2008, the Chairman of the Board of Statutory Auditors, Mr. Giovanni Frezzotti, due to exceeding the limits regarding the accumulation of offices held pursuant to article 144.3 of Consob Resolution No. 11971 of 14 May 1999 (Issuers' Regulations) and subsequent amendments, resigned from office with immediate effect.

Pursuant to article 2401 of the Civil Code and until the next Shareholders' Meeting, the alternative statutory auditor Mr. Gilberto Casali replaced the resigning member; the standing member Mr. Corrado Mariotti assumed the chair of the Board of Statutory Auditors.

During the year ended 31 December 2008, we performed the supervisory activities required by law, in accordance with the "Conduct principles for the Board of Statutory Auditors" and recommended by the Italian Accounting Profession (Consigli Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

In particular, also in accordance with the instructions issued by Consob in the communication of 6 April 2001, we performed the following:

- we verified compliance with law, the By-Laws and Regulations;
- we met 9 times and we attended 1 Ordinary Shareholders' Meeting, 7 Board of Directors' meetings, 2 Remuneration Committee meetings and 3 Internal Control Committee meetings, which were carried out in accordance with the legislative, statutory and regulatory norms which govern their functioning. The resolutions passed were in compliance with law and the company by-laws and were not imprudent, reckless or such as to compromise the integrity of the company's assets;
- Periodically, we received information from the Directors on the general performance and on the outlook, as well as on the most significant operations, in terms of size or nature, carried out by the Company.

In relation to such, we can reasonably assure that the actions taken are in conformity with law and the by-laws of the company and were not imprudent, risk related, in potential conflict of interest or contrary to the deliberations taken by the Shareholders' Meetings, or such as to compromise the integrity of the company assets;

The operation considered of the greatest economic, financial and equity relevance in 2008 was the purchase, through the indirect subsidiary Elica Germany GmbH, of 100% of the share capital of the German Company Gutmann Exklusiv-Hauben GmbH, leader in the German high-end kitchen range hood market, specialised in the production of high performing customised range hoods.

The acquisition price agreed will be the higher of Euro 14 million and a value calculated based on the performance of Gutmann in the two year period 2008-2009 (this value will be equal to 7 times the average EBIT of 2008 and 2009, net of the Net Financial Position at the closing date – the date of the 2009 Shareholders’ AGM); the purchaser will also be recognised 75% of the 2008 net profit.

The operation contributed to increase Group net debt by Euro 14 million at 31 December 2008;

- the following assignments were awarded to the Audit Firm and its network:

Service	Party providing the service	Company	Remuneration (Euro thousands)
Audit	Deloitte & Touche SpA	Elica SpA	227
Audit	Deloitte & Touche SpA	FIME SpA	43
Audit	Deloitte & Touche SpA	Air Force SpA	25
Audit	Deloitte & Touche S.C.	ELICAMEX S.A. de C.V.	19
Audit	Deloitte & Touche Sp.z.o.o.	Elica Group Polska S.p.z.o.o.	28
Audit	Deloitte & Touche S.A.	Elica International S.à.r.l.	8
Audit	Deloitte & Touche GmbH	Elica Germany GmbH	5

Service	Party providing the service	Company	Remuneration (Euro thousands)
Audit	Deloitte & Touche GmbH	Eklusiv Hauben Gutmann GmbH	25
Other services	Deloitte Network	Elica SpA	91
Total			471

- we constantly monitored the independence of the Independent Audit Company, noting the absence of any critical aspects;
- we held meetings with the head of the accounting department, in accordance with article 150, paragraph 2 of Legislative Decree 58/1998, and with the Boards of the subsidiaries. During the meetings no significant information warranting disclosure became evident;
- we reviewed the adequacy of the organisational structure of the company, also through the information received from departmental managers and in relation to this there are no matters to report upon;
- we assessed the adequacy of the internal control system and the administration and accounting system and on its reliability to correctly represent operations, through the obtaining of information from managers and the review of company documents. In relation to this there are no matters to report upon;
- we did not note the existence of atypical or unusual transactions with Group companies, related parties or with third parties;

We note the following significant non-recurring events:

- a) during the year, in accordance with Legislative Decree 61/2008, the Company benefited from the possibility to repay

- a reduced amount of 40% without any sanctions and interests, through 120 monthly payments, of the taxes and contributions suspended following the provisions issued in favour of the areas hit by the 1997 earthquake. A write-off of debt obligations for Euro 4,084 thousand therefore occurred;
- b) the write-down for loss in value of goodwill, following an impairment test, for Euro 3,268 thousand, gross of deferred tax assets of Euro 1,034 thousand, as described in detail in the relevant part of the separate financial statements;
 - c) the recognition of a gain of Euro 2,023 thousand deriving from the exercise of the option contained in Law No. 244/2007 which, with the payment of the substitute tax, allowed the recognition of a misalignment between the result for the year and the assessable base for taxes prior to 2007;
 - d) the industrial reorganisation programme contained in the Strategic Plan 2008-2010, incurring restructuring charges of Euro 1,940 thousand gross of the tax effect;
- in relation to inter-group and related party transactions of an ordinary nature, these were adequately described in the Notes to the financial statements to which reference should be made. These transactions are appropriate and are in line with the corporate objectives of the Company;
 - no petitions were received pursuant to art. 2308 of the Civil Code;
 - we reviewed the adequacy of the instructions given by the Parent Company to its subsidiaries in order that they could provide all necessary information to comply with the obligations required by law;

- the company adhered to the Self-Governance Code of the Corporate Governance Committee for listed companies of the Italian Stock Exchange, as reported in the Board of Directors' supplementary report of 30/03/2009;
- during the year we issued our opinion in accordance with article 2386 of the Civil Code on the co-optation of Mr. Giovanni Frezzotti as Director, in replacement for the resigning Mr. Marcello Celi, resolved by the Board of Directors on 14/11/2008;
- we verified, in accordance with point 3.C.5 of the Self-Governance Code, the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members; in our verifications we did not note anomalies;
- during the year we evaluated our independence in accordance with point 10.C.2 of the Self-Governance Code of listed Companies without recording anomalies;
- the Company, in compliance with the Issuers' Regulations and other relevant legislation, on 27/3/2008 adopted the organisational, management and control model in accordance with Legs. Decree 231/2001, updated in accordance with recent regulatory amendments.

In relation to such, we met the Supervisory Board in a collaborative manner, which was useful in aiding a full and effective assessment to establish the offences covered by the same regulation.

In relation to the separate financial statements, we confirm that:

- they were prepared in accordance with International Accounting Standards (IAS/IFRS), as presented by the Board of Directors in

the notes to the financial statements, for which reference should be made;

- the presentation is in accordance with that required by IAS 1 “Presentation of the financial statements”;
- from the application of the Impairment Test in accordance with IAS 36, the Company, due to the extreme volatility in demand and uncertain macroeconomic environment and therefore a difficult situation in which to perform forecasts, wrote-down goodwill relating to the Hoods Cash Generating Unit (CGU) for Euro 3,268 thousand;
- the notes to the financial statements, in addition to being in compliance with the norms for the preparation of the separate financial statements, also provide all information considered appropriate to represent the balance sheet, financial position and result of the Company;

In particular, the Directors set out in a complete and exhaustive manner the information required by IFRS 7 relating to the financial risks which the Company is exposed to and the manner in which the same are managed;

- the directors’ report contains additional and exhaustive information.

In particular, the Directors dedicated a section to the description of the intervention plans put in place in 2008, which will be carried out also in subsequent periods, to confront the strong uncertainties which characterise the current international macroeconomic environment.

The meetings with the Independent Audit Company in accordance with article 150, paragraph 2, of Legislative Decree 58/1998, as described

previously, resulted in the issue by this latter of the separate financial statements and the consolidated financial statements auditors' opinions without any exceptions.

In the course of the supervisory activity carried out and based on the information obtained from the Independent Audit Company, no significant omissions and/or significant matters or irregularities that would require recording by the Control Committees or mention in the present report were noted.

In conclusion and taking into account the above matters, in relation to our responsibility, and not having proposals to present to the Shareholders' AGM pursuant to article 153, paragraph 2 of Legislative Decree 58/1998, we have no reason to oppose the approval of the financial statements for the year ended 31 December 2008 and the proposal for the distribution of the dividend as presented by the Board of Directors.

Dear Shareholders,

at the Shareholders' AGM to which you have been called our mandate expires, as does that of the Board of Directors; therefore we invite you to proceed with nominations.

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In relation to the Group consolidated financial statements, we have reviewed them and have no further comments to make.

Fabriano, 3/4/2009

THE BOARD OF STATUTORY AUDITORS

MARIOTTI CORRADO - Chairman

MARASCA STEFANO - Standing Member

CASALI GILBERTO - Standing Member