

**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,

during the year ended December 31, 2011, 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, we performed the following:

- we verified compliance with law, the By-Laws and Regulations;
- we met 8 times and we attended 1 Ordinary and Extraordinary Shareholders' Meeting, 7 Board of Directors' meetings, 4 Remuneration Committee meetings and 4 Internal Control Committee meetings, which were carried out in accordance with the legislative, statutory and regulatory provisions 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 and its subsidiaries.

In relation to such, we can reasonably assure that the actions taken are in conformity with law and the Company By-Laws 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 most important economic, financial and equity operations carried out in 2011 were as follows:

- a) in relation to the share capital increase approved by the Board of Directors on 27/06/2007 following the Shareholders' Meeting resolution of 12/04/2006, the subscription period lapsed at 31/1/2011 without subscriptions; therefore the share capital remains unchanged at Euro 12,664,560.00;
- b) the sale on 14/2/2011 of 1,899,684 treasury shares, comprising 3% of the share capital of First Capital S.p.A. at a price of Euro 1.64 per share;
- c) the signing on 19/3/2011 of an agreement for the acquisition of a further 15% of the Chinese company Zhejiang Putian Electric Co. Ltd for consideration of Euro 29,983,148. The agreement was signed in April 2011;
- d) the incorporation on 28/6/2011 of a new Company called Elica Trading LLC with registered office in St. Petersburg (Russian Federation) with a holding of 70%, equal to Euro 71 thousand;

- e) the sale on 19/12/2011 of 1,266,456 treasury shares, comprising 2% of the share capital to IMMI Invest S.r.l. at a price of Euro 1.049 per share;
- the following assignments were awarded to the Audit Firm and its network and other companies:

Type of services	Company delivering the service	Receptient	Remuneration (Euro thousands)
Auditing of accounts	Deloitte & Touche SpA	Elica SpA	277
Auditing of accounts	Deloitte & Touche SpA	Air Force SpA	29
Auditing of accounts	Deloitte & Touche S.C.	ELICAMEX S.A. de C.V.	20
Auditing of accounts	Deloitte & Touche Sp.z.o.o.	Elica Group Polska S.p.z.o.o.	31
Auditing of accounts	Deloitte & Touche GmbH	Exklusiv Hauben Gutmann GmbH	32
Auditing of accounts	Deloitte & Touche Regional Consulting Services Limited	Elica Trading LLC	15
Auditing of accounts	Deloitte Touche Tohmatsu Limited	Ariafina CO. LTD	27
Other services	Deloitte & Touche SpA	Elica SpA	13
Other services	Deloitte Doradztwo Podatkowe Sp. Z o.o.	Elica Group Polska S.p.z.o.o.	5
Other services	Deloitte & Touche S.C.	Elicamex S.A. de C.V.	6
Auditing of accounts	B S R and Co. (KPMG affiliate)	Elica PB India Private Ltd	14
Auditing of accounts	Price Waterhouse Coopers	Zhejiang Putian Electric Co. Ltd	36
Other services	B S R and Co. (KPMG affiliate)	Elica PB India Private Ltd	3

Other services	Price Waterhouse Coopers	Zhejiang Putian Electric Co. Ltd	1
<b>Total</b>			<b>509</b>

- 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 audit firm, in accordance with article 150, paragraph 3 of Legislative Decree 58/1998, and with the Boards of the subsidiary Air Force S.p.A.. 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 particular we have made adequate updates on the projects in course concerning the accounting-administrative IT system (project completed at the beginning of 2011) and the Internal Control System in such a manner to extend to the significant Companies of the Elica Group. The Board agrees with the recommendations addressed to the Board of Directors by the Internal Control Committee as it considers it necessary that the Company develops the Internal Audit capacity in line with the current size of the Group;

- 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 and/or non-recurring events:

- a) the completion of the reorganisation of the Group which in 2011 incurred restructuring charges for a total of Euro 200 thousand gross of the tax effect;
- b) the approval by the Extraordinary Shareholders' Meeting of 28/4/2011 of a number of By-Law amendments concerning the business of the Shareholders' Meetings;
- c) the write-down of the investment in the Chinese Subsidiary Company Putian, following the impairment test carried out which highlighted the impairment losses for a total of Euro 27,841 thousand;
- d) the estimate by the Technical Management of the Company (confirmed by a leading independent expert) of the lengthening of the useful life of a number of tangible fixed assets (plant and machinery and industrial equipment) with consequent establishment of lower depreciation rates, resulting in a decrease in the annual amount of depreciation of approx. Euro 1.6 million;
- 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 provided opinions during the year as required by law;
- 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 21/3/2012;
- we verified, in the meetings of 22/3/2011 and 14/11/2011 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 meeting of 22/3/2011 we evaluated our independence in accordance with point 10.C.2 (now 8.C.1) of the Self-Governance Code of listed Companies without recording irregularities;
- we examined the declarations of the Chief Executive Officer and the Executive Responsible for the preparation of the corporate accounting documents, pursuant to article 154-bis of the Consolidated Finance Act;
- we examined and obtained from the Supervisory Board, appointed in accordance with Legislative Decree 231/2001, information on the activities carried out. In relation to this, it is noted that the Organisational Model established by the above stated decree is being updated.
- 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. In particular, in the Directors' Report and in the notes to the financial statements, the Directors have complied with that established by the regulatory provisions

- concerning disclosure on the risk management system and the internal control system in relation to the financial disclosure process;
- from the application of the impairment test established by IAS 36, the Company wrote down the investment in the Chinese Subsidiary Putian, as stated previously, while the impairment test did not result in a write-down of the goodwill account;
  - 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;
  - the information provided in the Directors' Report is complete and exhaustive, including that relating to the principal events after year-end.

Specifically, the Directors dedicated a section to describe the actions planned for 2012 in order to develop the business and strengthen the competitive position.

The Independent Audit Firm reported to us upon the parent company and consolidated financial statements without any exceptions or matters to be noted.

In the course of the supervisory activity carried out and based on the information obtained, no significant omissions and/or significant matters or irregularities that would require reporting to the Supervisory Authority 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' Meeting pursuant to Article 153, paragraph 2 of Legislative Decree 58/1998, we have no reason to impede the approval of the financial

statements for the year ended December 31. 2011, nor the proposal to cover the loss for the year through the “Retained Earnings” reserve.

----- \*\*\*\*\* -----

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

Jesi, 28/03/2012

THE BOARD OF STATUTORY AUDITORS

MARIOTTI CORRADO - Chairman  
MARASCA STEFANO - Standing Member  
CASALI GILBERTO - Standing Member

**LIST OF OFFICES HELD IN OTHER COMPANIES  
IN ACCORDANCE WITH ARTICLE 144-QUINQUIESDECIES  
OF THE ISSUERS' REGULATIONS**

<b>Name</b>	CORRADO	<b>Surname</b>	MARIOTTI
-------------	---------	----------------	----------

	<b>Name of Company</b>	<b>Office held</b>	<b>Duration of office</b>
	Listed:		
<b>1</b>	ELICA SpA	Chairman B.Stat.Auds.	App. FS 31/12/2011
	Banking institutions:		
<b>2</b>	BANCA POPOLARE DI ANCONA SpA	Chairman B.Stat.Auds.	App. FS 31/12/2013
<b>3</b>	FINEURO SpA	Chairman B.Stat.Auds.	App. FS 31/12/2013
	Of significant size :		
<b>4</b>	SOMACIS SpA	Chairman B.Stat.Auds.	App. FS 31/12/2013
<b>5</b>	NAZARENO GABRIELLI DIARIES SpA	Statutory Auditor	App. FS 31/12/2011
<b>6</b>	ZETABI S.p.A.	Statutory Auditor	App. FS 31/12/2012

Jesi, March 28, 2012

Mr. CORRADO MARIOTTI

Chairman of the Board of Statutory Auditors of ELICA S.p.A.

**LIST OF OFFICES HELD IN OTHER COMPANIES  
IN ACCORDANCE WITH ARTICLE 144 *QUINQUIESDECIES*  
OF THE ISSUERS' REGULATIONS**

<b>Name</b>	STEFANO	<b>Surname</b>	MARASCA
-------------	---------	----------------	---------

	<b>Name of Company</b>	<b>Office held</b>	<b>Duration of office</b>
	Listed:		
<b>1</b>	ELICA SpA	Chairman B.Stat.Auds.	App. FS 31/12/2011

Jesi, March 28, 2012

Mr. STEFANO MARASCA

Statutory Auditor of ELICA S.p.A.

**LIST OF OFFICES HELD IN OTHER COMPANIES  
IN ACCORDANCE WITH ARTICLE 144 *QUINQUIESDECIES*  
OF THE ISSUERS' REGULATIONS**

<b>Name</b>	GILBERTO	<b>Surname</b>	CASALI
-------------	----------	----------------	--------

	<b>Name of Company</b>	<b>Office held</b>	<b>Duration of office</b>
	Listed:		
<b>1</b>	ELICA SpA	Chairman B.Stat.Auds.	App. FS 31/12/2011
	Of significant size:		
<b>2</b>	MAIT SpA	Chairman B.Stat.Auds.	App. FS 31/12/2013
<b>3</b>	GOLDEN LADY COMPANY SpA	Statutory Auditor	App. FS 31/12/2012

Jesi, March 28, 2012

Mr. GILBERTO CASALI

Statutory Auditor of ELICA S.p.A.