



Elica Group

2009 CONSOLIDATED FINANCIAL STATEMENTS

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The Elica Group today

The Elica Group has been present in the cooker hood market since the 1970s and is today world leader in terms of units sold. It is also a European leader in the design, manufacture and sale of motors for central heating boilers for domestic use. With over 2,300 employees and an annual output of approx. 16 million units of kitchen hoods and motors, the Elica Group has 8 plants - of these, five are in Italy, one is in Poland, one in Mexico and one in Germany.

With many years' experience in the sector, Elica has combined meticulous care in design, judicious choice of material and cutting edge technology guaranteeing maximum efficiency and reducing consumption making Elica the prominent market figure it is today. The company has revolutionized the traditional image of the kitchen cooker hood: it is no longer seen as simple accessory but as a design object which improves the quality of life.

Letter to the shareholders

Dear Shareholder,

2009 was a memorable year across the globe.

Although difficult, it also was a constructive year as it laid bare our true fundamentals.

I have always believed that a turbulent environment creates energy which can be harnessed and used as an opportunity for growth.

In the first part of the year we were severely affected by the economic problems which took hold at the end of 2008 however, the manner in which we performed in 2009, saw our Group react in the proper manner, consolidating our position as leader.

The crisis was confronted with the great commitment of all and through many sacrifices - a fact which will not be forgotten by an enterprise of people in which it is the people that make the difference.

Thanks to their capacity to draw up and implement significant efficiency programmes, we have been able to recover margins close to pre-crisis levels.

The reorganisation operations have allowed us to align the Group's industrial footprint to the demand, ensuring that our structure is ready for the upturn in growth.

One of our major strategic strengths, is the focus that we have placed on our investments: we have maintained the same levels of research and development, we have supported the growth of our own brand products – with the objective to create a unique brand – and we have continued to place great emphasis on training.

Our choices are made in line with the essentials of Italian manufacturing, with Elica Group being a true expression of such. A commitment to quality manufacturing is what sets us apart and drives us in our everyday work.

The awards which we have received again this year are an encouraging confirmation that we are moving in the right direction. For the past three years Elica has been recognised as having the best workplace environment in Italy within the Great Place to Work awards; Elica Group is also among the Italian leaders for innovation, as attested by the Innovation for Business Award, which was awarded by Confindustria in the presence of the President of the Republic Giorgio Napolitano.

These awards have been achieved from an understanding that the markets and the world in general always reward true quality - in products, in organisation and in behaviour.

In 2009, we have been inspired by this knowledge and recognised under the CECED Conduct Code, the national association for manufacturers of domestic and professional equipment, for behaviour in line with its ethics principles.

The market rewards our reputation, which we have built for 40 years day after day and upon which our future projects are founded. Transparency, simplification and soundness are the principles which guide us: we give real value to that which is essential.

Francesco Casoli
Executive Chairman

Chief Executive Officer's view

2009 was a year which moved in two separate directions precisely the opposite of the events in 2008: the first part characterised by a contraction in the market of up to 30%, and the second part, still in contraction, but improving.

In summary, in the years 2008 and 2009, approximately a quarter of the range hood market disappeared.

In this situation, the Elica Group has continued with even greater commitment the action plan aimed not only at effectively responding to changed conditions in the sector but specifically at consolidating levers for growth and future profitability:

- investments in research, development and innovation in our products of 3.5% of revenues, with the launch of 81 new products in the year, of which 6 own brand and 75 third party brands;
- continued acquisition of market share of our brands in Europe, and particularly own brand revenues increased by 9.7% on 2008, following the full integration of Gutmann;
- reduction of industrial costs, due also to the increase in the production in range hoods in Low Cost Countries from 19% to 30%.

The above actions on the one hand allowed us to strengthen our global leadership in terms of market share and on the other - in a year in which we are focused more on the balance sheet rather than results - has allowed us to achieve in the second part of the year an Ebitda margin before restructuring charges of 8%, nearly at pre-crisis levels.

The emphasis placed on working capital has allowed us to achieve an operating cash flow of Euro 30.8 million, with a reduction in the debt of Euro 12 million on the previous year, achieving a DEBT/EBITDA ratio of 1.1.

In 2009 we continued to invest in innovation, research and development, brands and human resources at pre-crisis levels and this commitment has once again been rewarded:

- the innovation award from Confindustria in the category for over 1,500 employees;
- Top Employers award in Italy for best business practices, from the CRF Institute;
- for the third year running, Elica is considered as the best company in Italy to work for, as decided by the Great Place to Work Institute.

In the coming years we see the market growing gradually, although not recovering quickly enough to recover the losses in the last two years. However the Elica Group will strengthen and consolidate its leadership, taking advantage of all opportunities presented, and increasingly becoming a global company.

Andrea Sasso
Chief Executive Officer

The Macroeconomic Environment in 2009 and Outlook 2010

The GDP of the Euro area in 2009 decreased by 3.9%, with contractions in the first two quarters of the year while recovering in the third and fourth quarters, thanks to the stimulus measures implemented by the national governments and the recovery of Chinese growth which encouraged exports. The drop in GDP affected all of the principal economies, in particular Germany (-5% approx.), Italy (-4.7%) and France (-2.2%). Inflation slowed significantly following the drop in raw material prices. The unemployment situation in the Euro area worsened in 2009: the unemployment rate rose to 9.8% from 7.9% in October 2008. Spain was one of the worst affected countries due to the collapse of the property market.

In 2010, GDP is forecast to increase by 1.1% with strong performances from net exports and consumption. GDP is expected to increase at a greater rate in the first part of the year, while slowing in the second part of the year due to the withdrawal of government stimulus measures. In relation to inflation, prices in the year should increase in the order of 1.6% and therefore lower than the 2% target.

In the United States, GDP is expected to record a 2.5% contraction in 2009 against a drop in consumer prices of 0.3%. The impact of the crisis has led to a loss of over 7 million jobs from 2008 to November 2009 (4 million in 2009), with an unemployment rate rising from 4.9% to 10% in the same period. In the real estate sector, signs of stabilisation have begun to emerge in recent months, with a tentative return to growth from July 2009 with a recovery in the average time of unsold property.

For 2010, GDP forecasts are for growth of 2.3% with a possible revision lower if the stimulus plans are less effective than predicted and if the recovery in employment is lower than expectations. The second quarter is the period in which critical issues may emerge. On the prices front, an inflationary cycle may begin, however without the overheating of consumer prices with the greatest increases expected in the energy sector.

Japan in 2009 emerged from the recession, however with a return to deflation which raises doubts upon the recovery in 2010. The recovery is expected to take hold globally in the next year, although deflation may impinge on recovering pre-crisis levels. This remains however at levels much lower than the previous year, as seen with a decrease of 5.1% in the third quarter.

In 2010 a growth of 1.5% is forecast. Price forecasts are however a cause of concern: the BoJ predicts that the Cpi core level will remain negative until fiscal year 2011.

In China, after a difficult start, 2009 saw a significant recovery in growth, thanks to the two year stimulus plan and the record increase in bank lending. In 2010 the World Bank forecasts growth of 8.7%.

The emerging countries area recorded growth of 1.7% according to IMF estimates. In 2010, the estimates point to 5.1% growth. In Russia the IMF has estimated a contraction in 2009 of 7.5% from 5.6% in 2008. In 2010, IMF forecasts that growth will return (+2.1%). The inflation level is estimated to decrease to 12.3% in 2009 from 14.1% in 2008. The central bank has cut the interest rate seven times from 12.5% to 9.5%, in order to counteract the recession, encourage growth and stop excessive appreciation of the currency.

In relation to commodities, after 2008, one of the worst years for raw materials, the first months of 2009 continued in the same vein. From March, a recovery in prices was assisted by signs of an upturn in the global economy and particularly following the depreciation of the Dollar. Industrial and precious metals recorded very positive performances, with the agricultural and energy sectors substantially unchanged. In 2010, expectations for a positive performance for the sector, particularly in relation to oil, the industrial sector and precious metals.

Currency markets

In 2009, Euro average exchange rates strengthened against the Polish Zloty, the Mexican Peso and UK Sterling while weakening against the US Dollar and the Japanese Yen. Exchange rates at year-end show a strengthening of the Euro against the US Dollar.

	Average 09	Average 08	%	Dec. 31, 09	Dec. 31, 08	%
USD	1.39	1.47	-5.1%	1.44	1.39	3.6%
GBP	0.89	0.80	11.4%	0.89	0.95	-6.5%
JPY	130.34	152.45	-14.5%	133.16	126.14	5.6%
PLN	4.33	3.51	23.3%	4.10	4.15	-1.1%
MXN	18.80	16.29	15.4%	18.92	19.23	-1.6%

IAS/IFRS

The consolidated financial statements of Elica S.p.A. for the year ended December 31, 2009 were prepared in accordance with IAS/IFRS issued by the International Accounting Standards Board and approved by the European Commission, and in accordance with article 9 of Legislative Decree No. 38/2005.

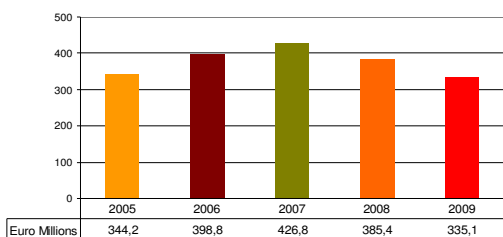
The accounting principles utilised for the preparation of the Consolidated Financial Statements are consistent with those utilised for the preparation of the Consolidated Financial Statements for the year ended December 31, 2008.

These Consolidated Financial Statements are presented in thousands of Euro and all the amounts are rounded to the nearest thousandth, unless otherwise specified.

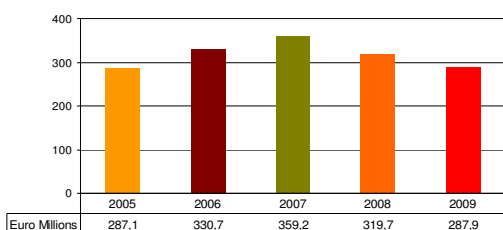
Financial Highlights

Discontinued amounts of the "ACEM" business units

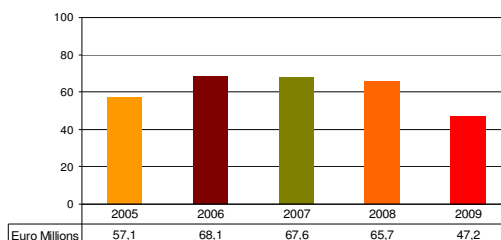
CONSOLIDATED REVENUES



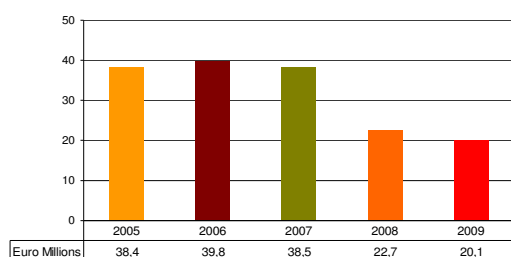
RANGE HOOD REVENUES



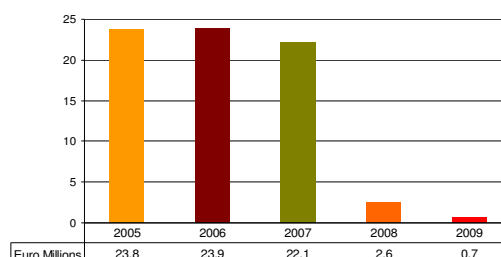
ELECTRIC MOTOR REVENUES



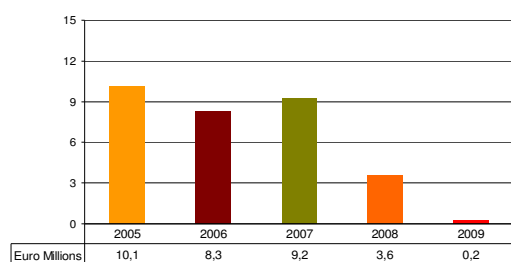
EBITDA



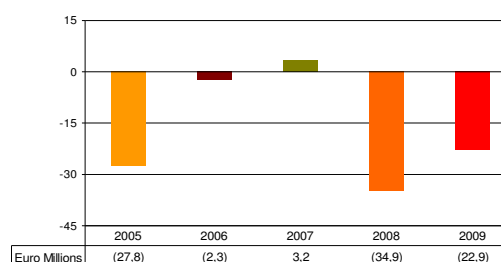
EBIT



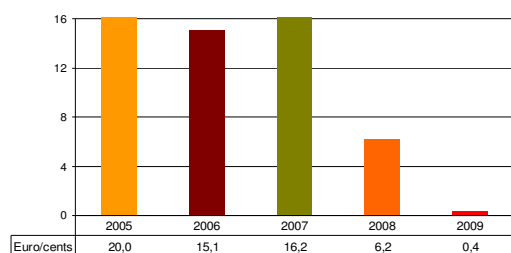
GROUP NET PROFIT



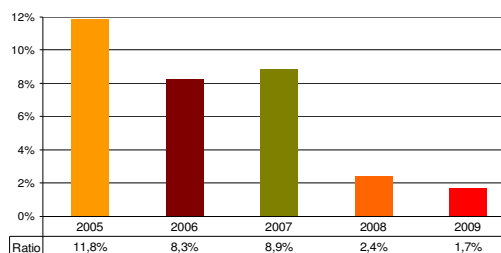
CASH/(NET DEBT)



EPS*



ROCE*



*Earning per Share

*Return On Capital Employed

Financial and operating review

	FY 09	FY 08	09 Vs 08 %
<i>In Euro thousands</i>			
Revenues	335,135	385,435	(13.1%)
EBIT from continuing operations	732	2,594	(71.8%)
revenue margin	0.2%	0.7%	
Financial income/(costs)	(2,079)	136	(1.628.7%)
revenue margin	(0.6%)	0.0%	
Result from normal operations	782	4,171	(81.3%)
revenue margin	0.2%	1.1%	
Net profit from discontinued operations	-	63	(100.0%)
revenue margin	0.0%	0.0%	
Net profit for the year	782	4,234	(81.5%)
revenue margin	0.2%	1.1%	
Group profit	231	3,579	(93.5%)
Basic earnings per share (*)			
from continuing and discount. operations (Euro/cents)	0.41	6.28	(93.5%)
from continuing operations (Euro/cents)	0.41	6.17	(93.4%)
Diluted earnings per share (*)			
from continuing and discount. operations (Euro/cents)	0.41	6.28	(93.5%)
from continuing operations (Euro/cents)	0.41	6.17	(93.4%)

(*) The earnings per share for 2009 and 2008 were calculated by dividing the Group net profit from continuing operations by the number of outstanding shares at the respective reporting dates. EBITDA is the operating profit (EBIT) plus amortisation and depreciation and write-downs of goodwill for losses in value. EBIT is the operating profit from continuing operations as reported in the consolidated Income Statement.

<i>In Euro thousands</i>	Dec. 31, 09	Dec. 31, 08
Trade receivables	85,589	91,335
Inventories	41,451	51,868
Trade payables	(86,806)	(86,968)
Managerial Working Capital	40,234	56,235
% on revenue	12.0%	14.6%
Other net receivables/payables	(6,963)	(7,919)
Net Working Capital	33,271	48,316
% on revenue	9.9%	12.5%

<i>In Euro thousands</i>	Dec. 31, 09	Dec. 31, 08
Cash and cash equivalents	19,235	14,968
Finance leases and other lenders	(2,430)	(3,914)
Bank loans and mortgages	(14,780)	(4,677)
Long-term debt	(17,210)	(8,591)
Finance leases and other lenders	(1,903)	(1,000)
Bank loans and mortgages	(23,058)	(40,324)
Short-term debt	(24,961)	(41,324)
Net Debt	(22,936)	(34,947)

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

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

2009 operating performance

In 2009, Group consolidated revenues decreased by 13.1% on the previous year, with a greater contraction in the first part of the year and growth in the final quarter. The decrease in revenues was more significant in the Motors BU (-28%) which however grew in the fourth quarter, than for Range Hoods (-10%) against a decrease in global demand of 16%. In relation to the geographic areas, the reduction in revenues was more significant in the Americas, which however grew by 13.5% in local currency in the fourth quarter, compared to Europe and the Rest of the World.

In the Range Hoods BU, the revenues in the "own brands" area increased by 9.7% on 2008, countering the market. The Group market share¹ with the principal OEM² clients remains solid, while the rationalisation of the client portfolio with credit ratings less than average was also carried out.

EBITDA before restructuring charges amounted to 6.6% of revenues compared to 6.5% in 2008. In Q4 alone EBITDA before restructuring charges amounted to 8% of revenues compared to 4% in Q4 2008. This performance follows the actions taken to render the operating cost structure more efficient and flexible, the transferring of production to Poland and Mexico, the growth in own brand revenues and the recovery of OEM volumes.

In 2009, the Temporary Lay-off Scheme was utilised, along with social security measures aimed at maintaining the level of personnel employed. On the completion of the industrial restructuring (begun in 2008) the present financial statements include restructuring costs of Euro 1.9 million, relating to personnel costs.

The continuation of the volatility in demand and the problematic nature of making forecasts for the coming years led management to prudently recognise a permanent impairment in the value of goodwill following the annual impairment test in accordance with IAS 36 of the Motors CGU³ for Euro 2,771 thousand.

The movement in exchange rates had little impact on EBITDA, thanks to the increase in purchases in foreign currencies.

¹ Volume share

² Original Equipment Manufacturer

³ Cash Generating Unit

Net interest expense, including the financial component of IAS 19, saw an improvement on 2008 (Euro 1.9 million in 2009 compared to Euro 2.6 million in 2008), although with a higher average debt.

Managerial Working Capital on net revenues improved from 14.6% in December 2008 to 12.0% in December 2009. This improvement was possible thanks to the significant reduction in inventories and the improved management of trade payables, whose effects more than offset the support activities in favour of clients.

The reduction in Net Working Capital and investments enabled a significant reduction in the Net Financial Position from a net debt of Euro 34.9 million at December 31, 2008 to Euro 22.9 million at December 31, 2009.

Reconciliation between Parent Company and Consolidated net equity and net profit

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

As at December 31, 2008

<i>(in Euro thousands)</i>	Net profit for the year	Net Equity
As per Parent Company Financial Statements	1,373	128,726
Elimination of the effect of intercompany operations net of tax effect:		
Non-realised gains on fixed assets	221	(136)
Non-realised gains on sale of goods	(229)	(549)
Tax effect	41	216
Dividends received from consolidated companies	(95)	(95)
Share of expenses/(income) from equity investments	182	160
Carrying value of consolidated companies		(112,724)
Net equity and result for the year of consolidated companies	2,897	76,181
Allocation of differences to assets of consolidated companies and related depreciation and write-down		
Intangible and tangible assets	(156)	8,891
Consolidation difference		23,824
As per Consolidated Financial Statements	4,234	124,494
Group share	3,579	122,528
Minority interest share	655	1,966

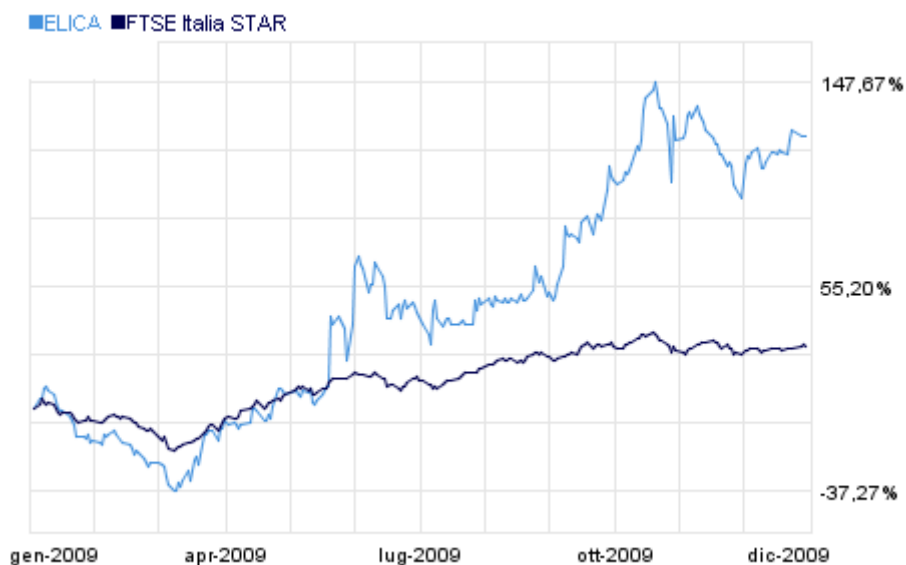
As at December 31, 2009

<i>(in Euro thousands)</i>	Net profit for the year	Net Equity
As per Parent Company Financial Statements	(6,550)	121,113
Elimination of the effect of intercompany operations net of tax effect:		
Non-realised gains on fixed assets	(142)	(278)
Non-realised gains on sale of goods	12	(533)
Tax effect	40	256
Dividends received from consolidated companies	(1,027)	(1,027)
Share of expenses/(income) from equity investments	134	380
Carrying value of consolidated companies		(105,760)
Net equity and result for the year of consolidated companies	8,358	93,648
Allocation of differences to assets of consolidated companies and related depreciation and write-down		
Intangible and tangible assets	(43)	1,148
Consolidation difference		15,210
As per Consolidated Financial Statements	782	124,157
Group share	231	122,045
Minority interest share	551	2,112

Guidance for 2010

In 2010, Elica Group management will continue to implement its strategic plans begun in 2007, considering that they are designed to develop the business and to strengthen the competitive position. This includes:

- ✓ launch of new products both in the own brand business unit and in the third party brand business unit;
- ✓ maintenance of the competitive position in the principal markets;
- ✓ acceleration of the production outsourcing plans in Poland and Mexico;
- ✓ acceleration of the purchasing process in the Low Cost Countries, utilising also the Chinese Purchasing Office;
- ✓ aligning productive capacity with demand;
- ✓ reduction of industrial and corporate costs;
- ✓ rationalisation of non-core expenditure.

Elica S.p.A. and the financial markets

The graph shows the performance of the Elica S.p.A. share price in 2009 in comparison to the average performance of other listed companies on the STAR segment.

The Share Capital consists of 63,222,800 ordinary voting shares. At December 31, 2009, the shareholders of Elica S.p.A. were as follows:

<i>Shareholder</i>	Number of shares held	Shareholding
FAN S.A.	33,440,445	52.81%
Elica S.p.A.	6,332,280	10.00%
Whirlpool Corporation	4,432,596	7.00%
Henderson Global Investor	1,736,926	2.74%
S.A.F.E. S.a.p.a.	116,245	0.18%
Francesco Casoli	70,000	0.11%
Gianna Perialisi	52,000	0.08%
Other	17,142,308	27.07%
Total	63,322,800	100.00%

At December 31, 2009, Elica held 6,332,280 shares from the buy-back programme; at the date of the present report the number of treasury shares held remained unchanged.

Shares held by directors, officers, statutory auditors and key executives

At December 31, 2009, the table below provides details of the shares of Elica S.p.A. held by members of the Board of Directors, Board of Statutory Auditors and key executives:

Name	No. of shares at Dec. 31, 2008	No. of shares acquired	No. of shares sold	No. of shares at Dec. 31, 2009
Francesco Casoli	70,000	-	-	70,000
Gianna Pieralisi	52,000	-	-	52,000
Senior executives	5,850	-	-	5,850

The number of shares at December 31, 2008 is not in line with that published in the "2008 Consolidated Financial Statements" following the change in the composition of the "Executives with strategic responsibilities".

Significant events in 2009

The Board of Directors' meeting of March 30, 2009 approved the Consolidated Financial Statements and the Parent Company's Financial Statements.

On April 27, 2009, the Shareholders' AGM of Elica S.p.A. approved the 2008 Directors' Report and parent company Financial Statements and a dividend of Euro 0.0187 per share, corresponding to a payout ratio of 33.0% on the Group Consolidated Result, with the exclusion of the shares in portfolio at May 4, 2009, date of the coupon. The dividend was paid on May 7, 2009. The residual amount of profit was allocated to the Extraordinary Reserve. The Majority shareholder revoked the immediate dividend right as a tangible move in support of the corporate strategy to strengthen the balance sheet of the company at this particular time.

The Chairman and Board of Directors and the Board of Statutory Auditors of Elica S.p.A. were also appointed, which will remain in office for the years 2009, 2010 and 2011.

On June 15, 2009, the Board of Directors of Elica S.p.A. approved the amendment to the Options Agreement signed on December 10, 2007 with Whirlpool. The amendment to the Agreement relates to the extension of the exercise period of the call option on Elica shares to December 31, 2009. Furthermore, in the same period, Whirlpool was recognised the right to purchase up to 3% of Elica shares on the market, with Elica having the right to receive Euro 0.50 for each share purchased within a maximum overall shareholding of Whirlpool reaching 15%, as stated in the Options Agreement. The modification of the agreement is due to the persistence of the exceptional macro-economic conditions which have affected its fulfilment and represents the will of the individual parties. Detailed information regarding the Shareholder Agreements will be communicated through the publication of the extract of the Agreements in the manner and within the time limits established by article 122 of Legislative Decree No. 58/1998.

On October 12, 2009, the Board of Directors of Elica S.p.A. resolved in extraordinary session and by public deed the merger by incorporation of the company FIME S.p.A. into Elica S.p.A. while the Extraordinary Shareholders' Meeting of FIME S.p.A. also approved the merger. The minutes of the merger resolution of Elica S.p.A. were filed, in accordance with law, at the registered offices of the company, Borsa Italiana and Consob and are available on the Internet site www.elicagroup.com. The minutes were registered at the Ancona Company Registration Office on October 13, 2009.

On December 14, 2009, the merger deed was signed and registered on December 16, 2009 at the Ancona Company Registration Office. The merger was effective from January 1, 2010.

The operation is part of the reorganisation of the Elica Group, through simplifying the holding structure, achieving greater operational efficiency and integration and a reduction of administrative costs, which will be achieved in part through the transfer of the main administrative offices to Elica S.p.A..

Information in relation to the treatment of personal data

With reference to the provisions on the protection of personal data, the Company updated and implemented the Document on personal data security in accordance with articles 33-34-35-36 and regulation 19 and 26 of Attachment B, of the Technical Regulations in relation to minimum security requirements, pursuant to Legislative Decree No. 196/2003.

Information relating to the environment

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

Information relating to personnel

In 2008, no major workplace accidents occurred. The Group, in its commitment to continuous improvement, has undertaken initiatives focussed on increasing security levels at the plant, reducing and monitoring risks and training personnel for more conscientious behaviour and prudence in the workplace, further improving the already low staff turnover levels and accidents.

Exposure to risks and uncertainty and financial risk factors

The Elica Group holds leadership positions in the principal markets. Moreover, in a market affected by economic-financial tensions, the Group sees its financial flexibility and balance sheet solidity as an element of stability. The Elica Group has brought forward its cost savings programmes set out in the development plan.

These positions mitigate the uncertainties in the market and business risks.

The principal financial risks to which the Elica Group are exposed are:

- risks related to exchange rate movements;
- risks related to interest rate movements;
- risks related to the change in raw material costs;
- risks related to changes in operating cash flows;
- risks related to liquidity;

In order to mitigate the impact of these risks on the company's results, the Elica Group commenced the implementation of a financial risk monitoring system through a "Financial Risk Policy" approved by the Board of Directors of the Parent Company.

Within this policy, the Group constantly monitors the financial risks related to the operating activities in order to assess any potential negative impact and undertakes corrective action where necessary.

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

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

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

- Prudent management of the risk with a view to protecting the expected value of the business;

- Use of “natural hedges” in order to minimise the net exposure on the financial risks described above;
- Undertake hedging operations within the limits approved by Management and only in the presence of effective and clearly identified exposures.

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

Corporate Boards

Members of the Board of Directors

Francesco Casoli

Executive Chairman,

born in Senigallia (AN) on 5/6/1961, appointed a director by resolution dated 27/04/2009.

Andrea Sasso

Chief Executive Officer, born in Rome on 24/8/1965, appointed by resolution dated 27/04/2009.

Gianna Pieralisi

Executive Director, born in Monsano (AN) on 12/12/1934, appointed a director by resolution dated 27/04/2009.

Gennaro Pieralisi

Director, born in Monsano (AN) on 14/02/1938, appointed a director by resolution dated 27/04/2009.

Stefano Romiti

Independent Director and Lead Independent Director, born in Rome (RM) on 17/11/1957, appointed a director by resolution dated 27/04/2009.

Fiorenzo Busso

Independent Director, born in Milan (MI) on 11/9/1942, appointed a director by resolution dated 27/04/2009

Giovanni Frezzotti

Independent Director, born in Jesi (AN) on 22/02/1944, appointed by resolution dated 27/04/2009.

Members of the Board of Statutory Auditors

Corrado Mariotti

Chairman, born in Numana (AN) on 29/2/1944, appointed by resolution dated 27/4/2009.

Stefano Marasca

Statutory Auditor, born in Osimo (AN) on 9/8/1960, appointed by resolution dated 27/4/2009.

Gilberto Casali

Statutory Auditor, born in Jesi (AN) on 14/1/1954, appointed by resolution dated 27/04/2009.

Franco Borioni

Alternate Auditor, born in Jesi (AN) on 23/06/1945, appointed by resolution dated 27/4/2009.

Daniele Capecci

Alternate Auditor, born in Jesi (AN) on 03/04/1972, appointed by resolution dated 27/4/2009.

Internal Control Committee

Stefano Romiti
Gennaro Pieralisi
Giovanni Frezzotti

Remuneration Committee

Stefano Romiti
Gennaro Pieralisi
Giovanni Frezzotti

Independent Auditors

Deloitte & Touche S.p.A.

Registered office and Company Data

Elica S.p.A.

Registered office: Via Dante, 288 – 60044 Fabriano (AN)

Share capital: Euro 12,664,560.00

Tax Code and Companies' Register Number: 00096570429

Ancona REA No. 63006 – VAT Number 00096570429

Investor Relations Manager

e-mail: l.giovanetti@elica.com

Telephone: +39 0732 610727

Elica Group structure and consolidation scope

The Elica Group is currently the world's largest 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 Company

- Elica S.p.A, - Fabriano (AN) is the parent company of the Group.

Subsidiaries at the publication date of the Financial Statements

- FIME S.p.A. – Castelfidardo, Ancona (Italy). This company operates in the sector of electric motors, mainly for home appliances (range hoods, ovens, refrigerators), home heating and ventilation (fan coils) systems. It operates mainly in European markets, where it holds significant market shares.
- Elica Group Polska Sp.zo.o – Wroclaw (Poland). This company has been operational since September 2005 in the sector of electric motors and from December 2006 in the production of exhaust range hoods for domestic use.
- ELICAMEX S.A. de C.V. – Queretaro (Mexico). The company was incorporated at the beginning of 2006 (Elica S.p.A. owns 98% directly and 2% through Elica Group Polska Sp.zo.o.). 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). This wholly owned subsidiary was incorporated in January 2006 (the Parent Company owns 98% directly and 2% indirectly through Elica Group Polska Sp.zo.o.). Leonardo Services S.A. de C.V. manages all Mexican staff, providing services to ELICAMEX S.A. de C.V..
- ARIAFINA CO., LTD– Sagamihara-Shi (Japan). Established in September 2002 as a 50/50 joint venture with Tokyo-based Fuji Industrial and leader in Japan with over 70% of the range hood market. Elica S.p.A. acquired control of this joint venture in May 2006 to provide further impetus to the development of the important Japanese market, where high-quality products are sold.
- Airforce S.p.A. – Fabriano (AN). This company operates in a specialised segment of the hood sector, in particular in the restaurant channel. The holding of Elica S.p.A. is 60%.
- Airforce Germany Hochleistungs-Dunstabzugssysteme GmbH – Stuttgart (Germany) (hereafter Airforce Ge). 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). 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.
- Elica International S.à.r.l. – Luxembourg, 100% held by Elica S.p.A;
- Elica Finance Limited – Dublin (Ireland), 100% held by Elica International S.à.r.l.;
- Exklusiv Hauben Gutmann GmbH – Mulacker (Germany) - a German company entirely held by Elica International S.à.r.l. and the German leader in the high-end kitchen range hood market, specialised in "tailor made" and high performance hoods.

Associated companies

- I.S.M. Srl – Cerreto d’Esi (AN). The company manufactures semi-finished products for the hood production cycle. Elica S.p.A. has a 49.385% equity interest in this company.

Elica Group Inter-company and other related-party transactions

In 2009, transactions were entered into with subsidiaries, associated companies and other related parties. All transactions were conducted on an arm’s length basis in the ordinary course of business.

Subsidiary companies – key data according to local accounting principles and performance in the year

(in Euro thousands)

	Assets	Liabilities	Net Equity	Revenues	Net result
<i>Subsidiary companies</i>					
FIME S.p.A.	54,889	40,306	14,583	57,367	(926)
Air Force.S.p.A.	8,465	6,652	1,813	17,495	374
ARIAFINA CO. LTD	4,959	2,439	2,520	12,396	799
Airforce Ge (*)	207	7	200	40	(16)
Elica Group Polska S.p.zo.o	46,858	20,043	26,815	53,001	5,945
ELICAMEX S.A. de C.V.	30,089	11,315	18,774	24,137	(546)
Leonardo Services S.A.de C.V.	262	287	(25)	2,854	(33)
Elica Inc..	218	158	60	976	21
Elica International S.à.r.l.	27,102	12,945	14,157	-	902
Elica Finance Limited	12,030	6	12,024	-	(19)
Exklusiv Hauben Gutmann GmbH	23,619	22,818	802	20,370	(789)

(*) Airforce Germany Hochleistungs-Dunstabzugssysteme GmbH (hereafter Airforce Ge)

Commercial transactions between the companies of the Elica S.p.A. Group and Fime S.p.A. with the group companies Elica Group Polska Sp.zo.o. and ELICAMEX S.A. de C.V. are at market value in accordance with the OCSE principles and based on the specific economic context and the relative trade strategies.

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

Associated companies

The table below summarises key operating and financial data for associated companies, as derived from the companies’ financial statements in accordance with Italian GAAP and local GAAP for foreign companies.

Associated companies: Key data at Dec. 31, 2008

(in Euro thousands)

	Registered Office	% held	Share Capital	Net Equity	Net result
I.S.M. Srl	Cerreto d'Esì (AN)	49.385	10	2,146	315
Inox Market Mexico S.A. de C.V.	Queretaro (Mexico)	13.289	4,523	3,626	(255)

Associated companies: Key data at Dec. 31, 2009*(in Euro thousands)*

	Registered Office	% held	Share Capital	Net Equity	Net result
I.S.M. Srl	Cerreto d'Esì (AN)	49.385	10	2,328	177

The table below shows the operating and financial amounts from transactions with associated companies for 2009. No separate disclosure of these positions was given in the financial statements, given the limited amounts involved.

<i>(in Euro thousands)</i>	Payables	Receivables	Costs	Revenues
I.S.M. Srl	2,779	8	10,755	117
Total	2,779	8	10,755	117

The costs incurred with ISM Srl include Euro 10,440 thousand related to outsourcing services (shown in the income statement under "Service expense").

Corporate governance and shareholder structure report

In accordance with article 123.2 of Legislative Decree 58/98, with article 89.2 of Consob Resolution No.11971/1999 and successive amendments and integrations of article I.A.2.6 of the Regulation Instructions of Markets Organised and Managed by Borsa Italiana S.p.A., Elica S.p.A. provides complete disclosure on the Corporate Governance system adopted, at March 30, 2010, in line with the recommendations of the Self-Governance Code, in the Annual Corporate Governance Report, available on the website of the Company www.elicagroup.com in the Investor Relations/Corporate Governance section.

Events after December 31, 2009 and outlook

The ongoing demand analysis activity by Management continues.

The first quarter of 2010 performed in line with forecasts, therefore not necessitating the carrying out of an impairment test. The principal markets in which the Group carries out its trading activities improved slightly; demand visibility remains limited however.

The Group will present to the Shareholders' AGM, convened for the approval of the Financial Statements at December 31, 2009, a share-based remuneration plan – a Stock Grant plan for employees, including senior management, advisors and executive directors of the Company and of its subsidiaries considered

“key managers” for the achievement of the business growth and development objectives of the Company, pursuant to article 114 of Legislative Decree No. 58/1998.

For further information, reference is made to the Information Document of March 30, 2010 which will be filed at the same time as the present report and available on the website of the Company www.elicagroup.com in the Investor Relations/Corporate Governance section.

In addition, it is noted that Whirlpool Europe S.r.l. on February 23, 2010 reached a 10% stake in Elica and that the entire holding is subject to the Shareholder Agreement signed between FAN S.r.l. (previously FAN S.A., Parent Company of Elica) and Whirlpool Europe S.r.l. on December 10, 2007.

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

In accordance with article 36, Elica S.p.A., having control, directly or indirectly, over some companies registered in countries outside of the European Union, the financial statements of the above-mentioned companies, prepared for the purposes of the Elica Group Consolidated Financial Statements, were made available in accordance with the provisions required by the current regulations.

For the reasons for which it is considered that the company is not under the direction and control of the parent company, in accordance with article 37, reference is made to paragraph 8 “Disclosure in accordance with IAS 24 on the payment of management and related parties”.

Fabriano, March 30, 2010

For the Board of Directors
The Chairperson
Francesco Casoli

Financial Statements

Independent Auditors

Deloitte & Touche S.p.A.

Registered office and Company Data

Elica S.p.A.

Registered office: Via Dante Alighieri, 288 – 60044 Fabriano (AN)

Share capital: Euro 12,664,560.00

Tax Code and Companies' Register Number: 00096570429

Ancona REA No. 63006 – VAT Number 00096570429

ELICA GROUP- Consolidated Financial Statements at 31/12/2009

Registered Office at Via Dante, 288 - 60044 Fabriano (AN) - Share Capital Euro 12,664,560 fully paid-in

Consolidated Income Statement

<i>In Euro thousands</i>	<i>Note</i>	FY 09	FY 08
Revenues	5.1	335,135	385,435
Other operating revenues	5.2	2,831	6,213
Changes in inventories of finished and semi-finished goods	5.3	4,720	(402)
Increase in internal work capitalised	5.4	2,937	2,762
Raw materials and consumables	5.5	(180,198)	(206,024)
Services	5.6	(66,676)	(83,873)
Labour costs	5.7	(66,854)	(69,911)
Amortisation & Depreciation	5.8	(16,556)	(16,855)
Other operating expenses and provisions	5.9	(9,896)	(9,030)
Restructuring charges	5.10	(1,940)	(2,453)
Write-down of Goodwill for loss of value	5.21	(2,771)	(3,268)
EBIT		732	2,594
Share of profit from associates	5.11	107	149
Financial income	5.12	1,197	843
Financial charges	5.13	(3,069)	(3,393)
Exchange gains/(losses)	5.14	(207)	2,686
Pre-tax result		(1,240)	2,879
Income taxes	5.15	2,022	1,292
Net profit from continuing operations		782	4,171
Net profit from discontinued operations	5.16	-	63
Net profit for the year		782	4,234
of which:			
Minority interests share	5.17	551	655
Group net profit		231	3,579
Basic earnings per share	5.18		
From continuing and discontinued operations (Euro/cents)		0.41	6.15
From continuing operations (Euro/cents)		0.41	6.04
Diluted earnings per share	5.18		
From continuing and discontinued operations (Euro/cents)		0.41	6.15
From continuing operations (Euro/cents)		0.41	6.04

Comprehensive Consolidated Income Statement

<i>In Euro thousands</i>	FY 09	FY 08
Net profit	782	4,234
Other comprehensive income statement items:		
Exchange differences on the conversion of foreign financial statements	467	(8,061)
Net change in cash flow hedge and Stock Option reserves	4	(69)
Income taxes on other comprehensive income statement items	(1)	15
Total other comprehensive income statement items, net of tax effects:	470	(8,115)
Total comprehensive result	1,252	(3,881)
of which:		
Minority interests share	448	859
Group comprehensive net profit/(loss)	804	(4,740)

Consolidated Balance Sheet

<i>In Euro thousands</i>	<i>Note</i>	Dec. 31, 09	Dec. 31, 08
Property, plant & equipment	5.20	69,100	70,010
Goodwill	5.21	33,818	35,862
Other intangible assets	5.22	21,093	20,199
Investments in associated companies	5.23	2,309	2,627
Other financial assets	5.24	30	30
Other receivables	5.25	200	344
Tax receivables	5.26	6	6
Deferred tax assets	5.36	9,200	6,372
Financial assets available-for-sale	5.27	680	191
Total non-current assets		136,436	135,641
Trade receivables and loans	5.28	85,589	91,335
Inventories	5.29	41,451	51,868
Other receivables	5.30	3,841	5,722
Tax receivables	5.31	9,663	9,131
Hedging financial instruments	5.32	770	2,554
Cash and cash equivalents	5.33	19,235	14,968
Current assets		160,549	175,578
Total assets		296,985	311,219
Liabilities for post-employment benefits	5.34	9,554	11,023
Provisions for risks and charges	5.35	5,752	3,127
Deferred tax liabilities	5.36	5,328	7,739
Finance leases and other lenders	5.37	2,430	3,914
Bank loans and mortgages	5.38	14,780	4,677
Other payables	5.39	1,381	1,225
Tax payables	5.40	1,058	1,400
Derivative financial instruments	5.32	-	-
Non-current liabilities		40,283	33,105
Provisions for risks and charges	5.35	1,082	1,307
Finance leases and other lenders	5.37	1,903	1,000
Bank loans and mortgages	5.38	23,058	40,324
Trade payables	5.41	86,806	86,968
Other payables	5.39	14,686	17,122
Tax payables	5.40	4,699	4,343
Derivative financial instruments	5.32	311	2,556
Current liabilities		132,545	153,620
Share Capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging, translation and stock option reserve		(8,431)	(9,081)
Treasury shares		(17,629)	(17,629)
Retained earnings		64,086	61,871
Group profit		231	3,579
Group shareholders' equity	5.42	122,045	122,528
Capital and reserves of minority interests		1,561	1,311
Minority interest profit		551	655
Minority interest equity		2,112	1,966
Consolidated shareholders' equity		124,157	124,494
Total liabilities and shareholders' equity		296,985	311,219

Consolidated Cash Flow Statement

<i>In Euro thousands</i>	<i>Note</i>	Dec. 31, 09	Dec. 31, 08
Opening cash and cash equivalents		14,968	21,948
EBIT- Operating profit		732	2,594
Amortisation, depreciation and write-downs		16,556	16,855
Write-down of Goodwill for loss of value	5.21	2,771	3,268
EBITDA		20,059	22,717
Changes in Working Capital		12,368	(2,971)
trade working capital		16,001	1,014
other working capital accounts		(3,633)	(3,985)
Exchange rate effect		99	(1,180)
Income taxes paid		(2,122)	(5,698)
Change in provisions		355	(2,381)
Other changes		(7)	23
Gain on earthquake write-offs		-	(4,084)
Cash flow from operating activity		30,752	6,425
Net increases		(16,243)	(17,071)
Intangible assets		(4,792)	(6,905)
Property, plant & equipment		(11,748)	(5,419)
Equity investments and other financial assets		(64)	(736)
Exchange rate effect		361	(4,011)
Divestment of Business Unit		-	1,190
Purchase of equity investments		-	(12,551)
Cash flow from investments		(16,243)	(28,432)
Acquisition of treasury shares		-	(10,958)
Dividends		(1,066)	(2,817)
Increase (decrease) financial payables		(7,744)	30,649
Net changes in other financial assets/liabilities		(181)	869
Interest paid		(1,188)	(2,337)
Cash flow from financing activity		(10,179)	15,406
Change in cash and cash equivalents		4,330	(6,600)
Effect of exchange rate change on liquidity		(63)	(379)
Closing cash and cash equivalents		19,235	14,968

Statement of changes in Consolidated Shareholders' Equity	Share Capital	Share premium reserve	Acquisition of treasury shares	Retained earnings	Hedge, trans. & stock option reserve	Result for the year	Total Group NE	Total Min. NE	Total NE
<i>(in Euro thousands)</i>									
Balance at Dec. 31, 2007	12,665	71,123	(6,671)	55,341	(803)	9,252	140,907	1,150	142,057
Change in cash flow hedges net of the tax effect					(19)		(19)		(19)
Recognition of stock options					(35)		(35)		(35)
Differences arising from translation of foreign subsidiaries' financial statements					(8,224)		(8,224)	163	(8,061)
Total gains/(losses) recognised directly to equity in the year	-	-	-	-	(8,278)	-	(8,278)	163	(8,115)
Net profit for the year						3,579	3,579	655	4,234
Total gains/(losses) recognised in the income statement	-	-	-	-	-	3,579	3,579	655	4,234
Acquisition of treasury shares			(10,958)				(10,958)		(10,958)
Allocation of net profit				9,252		(9,252)	-		-
Other movements				95			95	(2)	93
Dividends				(2,817)			(2,817)		(2,817)
Balance at December 31, 2008	12,665	71,123	(17,629)	61,871	(9,081)	3,579	122,528	1,966	124,494
Change in cash flow hedges net of the tax effect					3		3		3
Recognition of stock options							-		-
Differences arising from translation of foreign subsidiaries' financial statements					569		569	(103)	466
Total gains/(losses) recognised directly to equity in the year	-	-	-	-	572	-	572	(103)	469
Net profit for the year						231	231	551	782
Total gains/(losses) recognised in the income statement	-	-	-	-	-	231	231	551	782
Acquisition of treasury shares							-		-
Allocation of net profit				3,501	78	(3,579)	-		-
Other movements				(220)			(220)	(302)	(522)
Dividends				(1,066)			(1,066)		(1,066)
Balance at December 31, 2009	12,665	71,123	(17,629)	64,086	(8,431)	231	122,045	2,112	124,157

Table of contents – Notes to the consolidated financial statements for the year ended December 31, 2009

1. Group structure and activities
2. Accounting principles and basis of consolidation
3. Significant accounting estimates
4. Composition and changes in the consolidation scope
5. Notes to the consolidated income statement, balance sheet and cash flow statement
6. Guarantees, commitments and contingent liabilities
7. Risk management policy
8. Disclosure pursuant to IAS 24 on management compensation and related-party transactions
9. Disclosure pursuant to article 149 of the CONSOB Issuer's Regulation
10. Positions or transactions arising from exceptional and/or unusual transactions
11. Events after the year-end

1. Group structure and activities

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

The Euro is the functional and presentation currency of Elica and all of the consolidated companies, except for the foreign subsidiaries Polska Sp.zo.o ELICAMEX S.A.de C.V., Leonardo Services S.A.d.C.V., ARIAFINA CO. LTD and Elica Inc. which prepare their financial statements in the Polish Zloty, the Mexican Peso (ELICAMEX S.A.de C.V. and Leonardo Services S.A. de C.V.), the Japanese Yen and US Dollars respectively.

The Board of Directors today approved the Consolidated Financial Statements for the year ended December 31, 2009 and authorised its publication.

2. Accounting principles and basis of consolidation

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

The Consolidated Financial Statements at December 31, 2009 are compared with the previous year and consist of the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Statement of changes in Shareholders' Equity and the Explanatory Notes thereto.

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

The Group did not make any changes in the accounting principles applied between the comparative dates of December 31, 2008 and December 31, 2009. Furthermore, neither the International Accounting Standards Board (IASB) nor the International Financial Reporting Interpretation Committee (IFRIC) have revised or issued standards or interpretations due to take effect on January 1, 2009 that have had a material effect on the Consolidated Financial Statements.

The Consolidated 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.

Basis of Consolidation

The Consolidated Financial Statements for the year ended December 31, 2009 include the financial statements of the Company and the companies it controls directly or indirectly (the subsidiaries). Control is exercised when the company has the power to determine the financial and operating policies of an entity so as to benefit from its activity.

The separate financial statements at December 31, 2009 of the Parent Company Elica S.p.A. were prepared in accordance with IFRS, in accordance with Legislative Decree No. 38/2005 and CONSOB regulations. The financial statements of the Italian subsidiaries and associated companies - except for FIME S.p.A. which were prepared in accordance with international accounting standards - were prepared in accordance with Legislative Decree No. 127/91 1 as supplemented, where necessary, by

accounting standards issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri*) and, in the absence of standards laid down by this latter, by accounting standards issued by the IASB, as well the documents issued by the Italian Accounting Standards Setter. The financial statements of foreign subsidiaries were prepared in accordance with applicable local regulations.

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

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

The results of subsidiaries acquired or sold during the year are included in the Consolidated Income Statement from the date of acquisition until the date of sale.

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

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

Minority interest share in the net assets of consolidated subsidiaries are recorded separately from the Group Shareholders' Equity ("Minority Interest"). Minority Interest Net Equity includes the amount attributable to the minority shareholders at the original acquisition date (see below) and changes in equity after that date.

Losses attributable to minority shareholders in excess of the minority interest share in the subsidiary's equity are allocated to equity attributable to the shareholders of the Parent Company, except to the extent that the minority shareholders are subject to a binding obligation and are capable of making additional investments to cover the losses.

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

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

At December 31, 2009, the consolidated foreign companies whose operating currency is other than the Euro are Elica Group Polska Sp.zo.o, ELICAMEX S.A. de C.V., Leonardo Services S.A. de C.V, ARIAFINA CO., LTD and Elica Inc, which use the Zloty, the Mexican Pesos (ELICAMEX S.A. de C.V. and Leonardo Services S.A. de C.V.), the Japanese Yen and the US Dollar respectively.

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

<i>Currency</i>	Dec. 31, 09	Average 09
USD	1.44	1.39
JPY	133.16	130.34
PLN	4.10	4.33
MXN	18.92	18.80

Business Combinations

Business combinations are recorded in accordance with the purchase method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the company acquired, plus any costs directly attributable to the business combination.

The identifiable assets, liabilities and contingent liabilities of the company acquired that comply with

the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, with the exception of non-current assets (or disposal groups) which are classified as available-for-sale in accordance with IFRS 5 and are recognised and measured at fair value less costs to sell.

Other intangible assets recognised on acquisition are recorded separately from Goodwill if their fair value can be determined on a reliable basis.

Goodwill acquired in a business combination is recognised as an asset and initially measured at its cost - being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is immediately recognised in the Income Statement. The minority interests in the companies acquired are initially measured at the fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associated companies and joint ventures

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

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

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

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

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

Accounting principles and policies

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

Property, plant & equipment

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

Depreciation is calculated on a straight-line basis on the cost of the assets based on their estimated useful lives applying the following rates:

buildings	3.0 %
lightweight buildings	10.0 %
plant and machinery	10.0 % - 15.5 %
industrial and commercial equipment	10.0 % - 25.0 %
office furniture and equipment	12.0 %
EDP	20.0 %
commercial vehicles	20.0 %
automobiles	25.0 %

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

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

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

Goodwill

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

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

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

Research and development costs

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

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

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

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

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

All other development costs are charged to the Income Statement when incurred.

Other intangible assets

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

The useful life of the intangible assets are classified as definite or indefinite. Intangible fixed assets with a definite useful life are amortised monthly for the duration of the period. The useful life is reviewed on an annual basis and any changes are made in accordance with future estimates.

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

Impairment Test

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

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

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

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

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

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

Inventories

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

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

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

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

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

Trade receivables and loans and other financial assets

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

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

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

Non-current assets held for sale

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

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

Cash and cash equivalents

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

Financial liabilities and Equity instruments

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

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

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

Trade payables and other financial liabilities

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

Bank and other borrowings

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

Derivative instruments and hedge accounting

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

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

When the financial instruments have the necessary characteristics to be recorded under hedge accounting, the following accounting treatment is applied:

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

If the hedge accounting cannot be applied, the profits or losses deriving from the fair value of the derivative financial instruments are immediately recognised in the income statement.

Concerning the management of the risks related to the exchange rates and interest rates reference should be made to section 7 "Risk management policy" of the Notes.

Treasury shares

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

Employee benefits

Post-employment benefits

Italian post-employment benefits are considered equivalent to a defined benefit plan. For defined benefit plans, the cost of the benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each year. Actuarial gains and losses that exceed 10% of the fair value of the benefits defined by the Group are amortised over the estimated average remaining employment service of the employees taking part in the scheme.

Post-employment benefits recognised in the balance sheet represent the fair value of liabilities under defined benefit plans as adjusted for unrecorded actuarial gains and losses.

Finally, the Group records the interest on employee benefit plans under finance costs.

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

Share-based payments

The Group, in accordance with IFRS 2, classifies the Stock Options in accordance with "equity-settled share-based payment transactions", which provide for the physical transfer of the shares, the determination of the fair value of the options issued at the granting date and its recognition under cost to be accrued over the vesting period and credited to an Equity reserve. This treatment is made based on an estimate of the options that will effectively mature in favour of the personnel having the right, taking into consideration the conditions of normal take-up not based on the market value of the options. The determination of the fair value is made using the "binominal" model.

Provisions for risks and charges

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

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

Revenues and income

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

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

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

Leases and lease agreements

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

Assets held under finance leases are recorded as assets of the Group at the lower of their fair value at the date of the lease contract and the present value of the minimum payments due under the lease contract. The corresponding liability towards the lessor is included in the Balance Sheet as a finance lease obligation. Finance lease payments are divided between a capital portion and an interest portion in order to apply a constant interest rate on the residual liability. The finance costs are recorded directly in the Income Statement for the year.

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

Foreign currency transactions

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

Exchange differences arising on such transactions or on the translation of monetary assets and liabilities are recorded in the Income Statement except for those arising on derivative financial instruments qualified as cash flow hedges. These differences are recorded in Equity if unrealised, otherwise they are recorded in the Income Statement.

Public grants

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

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

Income taxes

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

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

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

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

Elica S.p.A. and the subsidiaries FIME S.p.A. (since 2005 with renewal in 2008) and Airforce S.p.A. (since 2008) have opted for a consolidated tax regime in Italy. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies.

Transactions plus reciprocal responsibilities and obligations between the Parent Company and the aforementioned subsidiaries are defined by a consolidation agreement prepared with each consolidated company.

With regard to responsibility, the agreement provides that the Parent Company is jointly liable with the subsidiary for:

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

The group tax liability is shown under "Tax payables" or "Tax receivables" in the accounts of the consolidating company, less payments made on account. In the accounts of the subsidiaries and in the present accounts of the Elica Group the debt for the transfer of income taxes to the parent company is recorded under "Other payables". The receivables which derive from the transfer of income tax losses are classified in the account "Other receivables".

Earnings per share

Basic earnings per share is calculated based on the net profit of the Group and the weighted average number of shares outstanding at the balance sheet date. Treasury shares are excluded from the calculation. Diluted earnings per share equate to the basic earnings per share adjusted to assume conversion of all potentially dilutable shares, i.e. all financial instruments potentially convertible into ordinary shares with a dilutive effect on earnings.

Accounting principles, amendments and interpretations from January 1, 2009

The accounting principles, amendments and interpretations, also revised following the 2008 annual Improvement process carried out by IASB applicable to the Group from January 1, 2009 are reported below.

IFRS 8 - Operating segments

The accounting standard IFRS 8 - Operating Segments, is applicable from January 1, 2009 in place of IAS 14 - Segment Information. This standard requires the presentation of information on operating segments of the Group and replaces the requirements for the determination of the primary (business) and secondary (geographic) segments of the Group. The new accounting standard requires the company to base the segment information on the elements which management utilises to make its operating decisions, therefore requiring the identification of the operating segments on the basis of the internal reporting which is regularly reviewed by management for the allocation of resources to the different segments and for the purposes of performance analysis. The adoption of the standard will not have an impact on the valuation of accounts in the financial statements.

IAS 1 Revised - Presentation of Financial Statements

The revised IAS 1 – Presentation of financial statements - requires, as well as the traditional financial statements, the presentation of a "Statement of comprehensive income" which shows both the results of the income statement (defined as the result of the changes generated from transactions with non shareholders) and the income statement results recorded directly to net equity ("other comprehensive income"). The standard allows the company to present this result alternatively in a single "Comprehensive Income Statement" or in separate statements presented consecutively:

- 1) a first separate statement ("income statement") which shows the profit (loss) components of the period; and
- 2) a second statement ("comprehensive income statement recorded in the period") which, beginning with the profit (loss) in the period, includes the other comprehensive income statement components ("other comprehensive income").

The Group opted for the presentation of two separate statements.

IAS 27 & IFRS 1 – Consolidated and Separate Financial Statements & FTA

IFRS 1 was amended in 2008 in order to enable in the transition phase to IFRS/IAS the valuation of holdings in subsidiaries, associated companies and those under joint control:

- 1) at cost in accordance with IAS 27, or

- 2) at replacement cost, which may be:
 - the fair value at the date of transition to IFRS/IAS in the separate financial statements,
 - or
 - the book value under the previous accounting principles at the date of transition.

The amendments to IAS 27 relate essentially to the elimination of the so-called cost method concept, based on which the "pre-acquisition dividend" must be recorded as a reduction in the carrying value of the investment, as this is similar to a repayment of the investment. Consequently, from January 1, 2009, the dividends matured must be recorded in the income statement whether they refer to the pre/post acquisition phases.

Amendment to IFRS 7 - Financial Instruments: disclosures

The amendment, which must be applied from January 1, 2009, was issued to increase the disclosure level required in the case of valuation at fair value and to expand the existing standards in relation to disclosure on liquidity risks of financial instruments. In particular, the amendment requires a disclosure of the determination of the fair value of financial instruments by hierarchical valuation levels. The adoption of the standard did not have any impact on the valuation and recording of any accounts in the financial statements, but only on the type of information presented in the relative notes.

Accounting standards, amendments and interpretations not yet effective and not adopted in advance by the Group

The standards which may apply to the Group are summarised below.

IFRS 3 - Business Combinations and IAS 27R - Consolidated and Separate Financial Statements

The principal changes to IFRS 3 relate to the elimination of the obligation to value the individual assets and liabilities of a subsidiary at fair value for each successive acquisition, in the case of several acquisitions in an investment. The goodwill will only be determined in the acquisition phase and will be the difference between the value of the investments immediately before the payment for the transaction and the value of the net assets acquired. In addition, where the company does not acquire 100% of the investment, the minority interest share of net equity may be valued at fair value or utilising the method already contained previously in IFRS 3. The revised version of the standard provides for the allocation to the income statement of all the costs relating to the business combination and recognition at the acquisition date of the liabilities for payments subject to conditions. In the amendment to IAS 27, the IASB has established that the modifications in shareholdings which do not constitute a loss of control must be treated as an equity transaction and therefore recorded under equity. In addition, it is established that when a parent company loses control of an investment but still has a holding, the investment must be valued at fair value with recording of any gains or losses deriving from the loss of control in the income statement. Finally, the amendment to IAS 27 requires that all the losses attributable to minority shareholders are allocated to the minority shareholders net equity, even when this exceeds their holding in the investment. The new regulations must be applied in prospective manner from January 1, 2010.

IFRS 8 – Operating segments

This amendment requires that companies provide the value of all assets for each sector subject to disclosure, if this value is provided periodically at the highest operating level. This information was required previously without this condition.

3. Critical judgements and estimates

In the preparation of the Consolidated Financial Statements in accordance with IFRS, the Group's management must make accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. The actual results may differ from 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 book value of the relative items.

The account items principally concerned by uncertainty are: Goodwill, doubtful debt provision and inventory write downs, non-current assets (tangible and intangible), pension funds and other post-employment benefits, provisions for risks and charges and deferred tax assets.

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

4. Composition and changes in the consolidation scope

At December 31, 2009, the consolidation scope includes the companies controlled by the Parent Company, Elica S.p.A.. Control exists where the Parent Company has the power to determine, directly or indirectly, the financial or management policies of an entity so as to obtain benefits from the activities of the company.

The following table contains a list of the companies consolidated on a line-by-line basis and controlled directly or indirectly by the Parent Company.

Companies consolidated by the line-by-line method:

Company	Registered office	Curr.	Share Capital	Direct holding	Indir holding	Total holding
Elica S.p.A.	Fabriano (AN)	Euro	12,664,560	-	-	-
FIME S.p.A.	Castelfidardo (AN)	Euro	2,990,000	100	-	100
Elica Group Polska Sp.zo.o	Wroklaw (Poland)	PLN	78,458,717	62	38 (a)	100
ELICAMEX S.A. de C.V.	Queretaro (Mexico)	MXN	458,633,513	98	2 (b)	100
Leonardo Services S.A. de C.V.	Queretaro (Mexico)	MXN	50,000	98	2 (b)	100
ARIAFINA CO., LTD	Sagamihara-shi (Japan)	JPY	10,000,000	51	-	51
Airforce S.p.A.	Fabriano (AN)	Euro	103,200	60	-	60
Airforce Ge	Stuttgart (Germany)	Euro	26,000	-	57 (c)	57
Elica Inc.	Chicago, Illinois (United States)	USD	5,000	-	100 (d)	100
Elica International S.à.r.l.	Luxembourg	Euro	100,001	100	-	100
Elica Finance Limited	Dublin (Ireland)	Euro	12,050,001	-	100 (e)	100
Exklusiv-Hauben Gutmann GmbH	Muhlacker (Germany)	Euro	25,000	-	100 (e)	100

(a) Held through Fime S.p.A.

(b) Held through Elica Group Polska S.p.zo.o

(c) Held through Airforce S.p.A.

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

(e) Held through Elica International S.à.r.l.

The main changes relating to the companies consolidated under the line-by-line method during the year are shown below:

- in the year Elica S.p.A. converted the financial receivables for a total amount of Euro 14.0 million in favour of the subsidiary Elica International S.à.r.l. into "Share capital " for an amount of Euro 1 and in the "Share premium reserve" for the remaining part;
- on April 6, 2009, Elica Germany G.m.b.H incorporated Exklusiv Hauben Gutmann GmbH (held 100%), changing the name to that of the incorporated company.

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

Associated companies measured under the Equity method

Company	Registered office	Curr.	Share Capital	% held directly	% held indirectly	Total held
I.S.M. Srl	Cerreto (AN)	d'Esi Euro	10,327	49	-	49

In 2009, Inox Market Mexico S.A. de C.V., which is 13.2885% owned by Elicamex S.A. de C.V. and processes stainless steel and steel for industrial purposes in general and markets its products primarily in Mexico and the United States, ceased to be an associated company as a significant influence was no longer exercised.

Concerning data and information on associated companies, reference should be made to section 8 of the Notes.

5. Notes to the consolidated income statement, balance sheet and cash flow statement

CONSOLIDATED INCOME STATEMENT

5.1 Revenues

Details of the Group's revenue are as follows:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Revenues from product sales	385,346	335,091	(50,255)
Service revenues	89	44	(45)
Total	385,435	335,135	(50,300)

For an analysis on revenues, reference should be made to the paragraph "Financial and operating review" in the Directors' Report. The decrease in the account follows the change in the consolidation scope in 2008 for Euro 17,251 thousand.

Clients who comprise more than 10% of total revenues constituted 30.5% of revenues in 2009 compared to 25.7% in 2008.

The table below provides an analysis of sales by geographic area, regardless of the origin of the goods and services.

The Group's activities are located in Italy, Mexico, Japan, Poland, Germany and the United States.

Revenues by geographic area	Europe + CIS	Other countries	The Americas	Consolidated
Year 2009	283,852	25,017	26,266	335,135
Year 2008	312,324	34,647	38,465	385,435

The changes in the consolidation scope affected the account "Europe+CIS" for Euro 17,251 thousand.

5.1.1 Segment information

The form of segment reporting is by business sector in which the Group operates. The breakdown by segment is as follows:

- "Hoods": production and sale of range hoods and accessories;

- "Motors": production and sale of electric motors.

Segment revenues are determined in accordance with the classification of the products sold in a business sector. 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 revenues include revenues 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 sector.

The following tables contain segment information by business segment as defined above:

INCOME STATEMENT	Hoods		Electric motors		Not allocated and eliminations		Consolidated	
	Dec '09	Dec '08	Dec '09	Dec '08	Dec '09	Dec '08	Dec '09	Dec '08
Segment revenues:								
customers	287,897	319,710	47,238	65,725			335,135	385,435
Inter-segment	272	599	19,963	24,457	(20,235)	(25,056)		
Total revenues	288,169	320,309	67,201	90,182	(20,235)	(25,056)	335,135	385,435
Segment result:	51,960	42,181	9,178	9,198			61,138	51,379
Overheads not allocated							(60,406)	(48,785)
EBIT							732	2,594
Share of profit from associates					107	149	107	149
Financial income					1,197	843	1,197	843
Financial charges					(3,069)	(3,393)	(3,069)	(3,393)
Exchange gains/(losses)					(207)	2,686	(207)	2,686
Profit/(loss) before taxes					(1,240)	2,879	(1,240)	2,879
Income taxes					2,022	1,292	2,022	1,292
Net profit from normal operations					782	4,171	782	4,171
Net profit from discontinued operations						63		63
Net profit for the year					782	4,234	782	4,234

Balance Sheet	Hoods		Electric motors		Not allocated and eliminations		Consolidated	
	Dec '09	Dec '08	Dec '09	Dec '08	Dec '09	Dec '08	Dec '09	Dec '08
Assets:								
Segment assets	188,474	170,703	66,946	63,660	(4,369)	(3,767)	251,051	230,596
Investments in ass. companies					2,309	2,627	2,309	2,627
Assets not allocated					43,625	77,996	43,625	77,996
Total operational assets							296,985	311,219
Total assets of discontinued operations								
Total assets							296,985	311,219
Liabilities								
Segment liabilities	(78,241)	(84,087)	(22,490)	(17,671)	4,371	3,767	(96,360)	(97,991)
Liabilities not allocated					(76,468)	(88,734)	(76,468)	(88,734)
Net equity					(124,157)	(124,494)	(124,157)	(124,494)
Total operational liabilities							(296,985)	(311,219)
Total liabilities of discontinued operations								
Total liabilities							(296,985)	(311,219)

5.2 Other operating income

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Rental income	5	-	(5)
Operating grants	555	255	(300)
Ordinary gains on disposal	520	316	(204)
Claims and insurance payouts	292	145	(147)
Expenses recovered	800	540	(260)
Other revenues and income	4,041	1,575	(2,466)
Total	6,213	2,831	(3,382)

The change in the account is principally due to the earthquake suspension payables relating to the earthquake in 1997 which in 2008 had an impact of Euro 1,543 thousand on "Other income and revenues" as well as the reduction in bonuses related to lower volumes in the year.

5.3 Changes in inventories of finished and semi-finished goods

The account change in finished and semi-finished product inventory increased by Euro 5,122 thousand on 2008; the change in the consolidation scope in 2008 had a positive impact for Euro 5,807 thousand.

5.4 Increases on internal work capitalised

The account Increases on internal work capitalised amounts to Euro 2,937 thousand (Euro 2,762 thousand in the previous year) and mainly relates to the capitalisation of charges regarding the design and development of new products, the in-house construction of mouldings and equipment and the upgrading of technical-management software.

5.5 Raw and consumable materials

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Purchases of consumable materials	1,300	1,100	(200)
Purchases of supplies	588	457	(131)
Purchase of raw materials	179,240	147,813	(31,427)
Change in inventory of raw materials, consumables and goods for re-sale	4,081	15,057	10,976
Purchase of finished products	4,660	4,537	(123)
Packaging	13,563	9,031	(4,532)
Other purchases	430	351	(79)
Shipping expenses on purchases	2,162	1,852	(310)
Total	206,024	180,198	(25,826)

The consumption of raw materials decreased by Euro 25,826 thousand, despite the positive effect from the change in the consolidation scope in 2008 of Euro 13,258 thousand.

This decrease is due to a significant decrease in the production volumes which however, net of the changes in the consolidation area in 2008, results in an improvement in the revenue percentage of this account from 53% in 2008 to 52% in 2009. This positive effect is due to the amendments introduced as part of the purchases and logistics policies.

5.6 Service expenses

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Outsourcing expenses	39,819	26,429	(13,390)
Transport	9,529	7,457	(2,072)
Finished goods inventories	4,839	4,007	(832)
Consulting	5,236	6,157	921
Maintenance	2,928	3,144	216
Utilities	4,156	3,744	(412)
Commissions	2,230	2,214	(16)
Travel expenses	2,702	2,039	(663)
Advertising	1,689	1,173	(516)
Insurance premiums	1,276	1,219	(57)
Remuneration of Directors and Statutory Auditors	904	908	4
Trade fairs and promotional events	990	311	(679)
Industrial services	624	563	(61)
Banking commissions and charges	258	360	102
Other services	6,693	6,951	258
Total	83,873	66,676	(17,197)

Service expenses decreased by Euro 17,197 thousand, despite the change in the consolidation scope of Euro 3,522 thousand. The percentage on revenues was 20%, compared to 22% in the previous year. The decrease is principally related to the contraction in both outsourcing and transport costs. The account other services includes communication services (Euro 984 thousand), technical assistance costs (Euro 1,827 thousand), canteen costs (Euro 451 thousand), cleaning costs (Euro 604 thousand), vehicle expenses (Euro 395 thousand) and training courses (Euro 290 thousand).

5.7 Labour costs

Labour costs incurred by the Group in 2008 and 2009 were as follows:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Salaries and wages	47,993	46,700	(1,293)
Social security charges	16,056	14,673	(1,383)
Employee leaving indemnity	3,433	2,214	(1,219)
Other costs	2,429	3,267	838
Total	69,911	66,854	(3,057)

This account decreased, despite the change in the consolidation area in 2008 with an impact of Euro 3,641 thousand, by Euro 3,057 thousand.

During the year, the Group has utilised the Temporary Lay-off and Mobility Schemes, coupled with social security benefits for the employees involved in order to rationalise labour costs within the production sites.

“Other costs” include temporary employees for Euro 1,601 thousand (Euro 1,615 thousand in 2008) and leaving incentives of Euro 1,997 thousand (Euro 885 thousand in 2008).

The change in the account is more limited due to the effect of the earthquake suspensions payables relating to the earthquake in 1997 which had a positive impact of Euro 2,434 thousand in 2008.

The table below shows the Group workforce at December 31, 2008 and December 31, 2009.

Workforce	31.12.2008	31.12.2009	Changes
Executives	23	22	(1)
White-collar	521	524	3
Blue-collar	1,888	1,772	(116)
Temporary	1	20	19
Total	2,433	2,338	(95)

5.8 Amortisation and depreciation

The total amount of amortisation and depreciation is in line with the previous year, decreasing from Euro 16,885 thousand in 2008 to Euro 16,556 thousand in 2009. The breakdown of this account is reported in the fixed asset paragraphs.

5.9 Other operating expenses and provisions

The details of the account are as follows:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Leasing and rental	1,703	1,280	(423)
Rental of vehicles and industrial equipment	1,706	1,810	104
Expenses for hardware, software and patents	1,006	1,192	186
Other taxes	595	543	(52)
Magazine and newspaper subscriptions	42	73	31
Various equipment	287	201	(86)
Catalogues and brochures	530	147	(383)
Losses and bad debts	730	1,622	892
Provisions for risks and charges	465	1,876	1,411
Other prior year expenses and losses	1,966	1,152	(814)
Total	9,030	9,896	866

The principal changes in the year are related to the provisions for risks and charges. These provisions were recorded for Euro 700 thousand related to the risk of non return of assets following the sub-entry into of a leasing contract and Euro 570 thousand for risks of a commercial nature.

The account "Other prior year expenses and losses" principally includes expenses for damages and penalties amounting to Euro 148 thousand, income taxes relating to the previous year of Euro 139 thousand and samples for Euro 414 thousand.

The reduction in the account "Leasing and rental" is related to the reduction in rentals following the optimisation of industrial structure uses.

The changes in the consolidation scope in 2008 resulted in a change in the account of Euro 431 thousand.

5.10 Restructuring charges

The account Restructuring Charges includes the charges relating to the restructuring operations described in note 5.44.

5.11 Share of profit/(loss) from associates

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Share of profit/(loss) from associates	149	107	(42)
Total	149	107	(42)

The amounts recorded under this heading relate to the Equity method of accounting for investments in associates, as shown in the following table:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
I.S.M. Srl	182	107	(75)
Inox Market Mexico S.A. de C.V.	(33)	-	33
Total	149	107	(42)

In particular, in 2009 adjustments in the value of investments were recorded, as reported in paragraph 5.23, for an amount of Euro 163 thousand, and charges from the associated company for an amount of Euro 56 thousand.

In 2009, the company Inox Market Mexico S.A. de C.V. ceased to be an associated company as reported in paragraph 4. "Composition and changes in the consolidation scope".

5.12 Financial Income

The details of financial income are reported below, which is in line with that of the previous year:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Income from other non-current financial assets	14	34	20
Interest income from associated companies	3	-	(3)
Interest on bank deposits	251	45	(206)
Interest income from customers	69	-	(69)
Other financial income	506	1,118	612
Total	843	1,197	354

The increase in the account "other financial income" principally related to the fee paid by Whirlpool of Euro 633 thousand. Reference is made to note 5.44.

The account "other financial income" includes interest for the discounting of payables of Euro 342 thousand as well as a decrease related to the change in the consolidation scope of Euro 142 thousand.

5.13 Financial charges

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
<u>Financial charges:</u>			
on overdrafts and bank loans	1,849	1,819	(30)
on other borrowings	320	145	(175)
on employee leaving indemnity	660	574	(86)
Discounts on sales	564	516	(48)
Other financial expenses	-	-	-
<u>Other financial expenses</u>			
Losses/(Gains) from cash flow hedges transferred from equity	-	15	15
Net financial gains/(losses) from traded financial instruments	-	-	-
Total	3,393	3,069	(324)

The account decreased by Euro 324 thousand due to a reduction in interest rates which also contributed to a strong improvement in the Net Financial Position as described in the Directors' Report.

Euro 15 thousand refers to the recording of a CAP option to hedge interest rate fluctuations as described in paragraph 7 "Information on risk management" of the present Notes.

5.14 Exchange gains/(losses)

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Exchange losses	(12,126)	(5,201)	6,925
Exchange gains	13,236	5,159	(8,077)
Charges on derivative instruments	(89)	(929)	(840)
Profits on derivative instruments	1,665	764	(901)
Total exchange gains/(losses)	2,686	(207)	(2,893)

Net exchange losses in the year amounted to Euro 207 thousand compared to gains of Euro 2,686 thousand in the previous year.

The account includes the balance of the non-realised gains and losses deriving from the adjustment at the end of the year of debtor and creditor positions in foreign currencies of Euro 978 thousand in 2009 and Euro 1,026 thousand in 2008.

The exchange gains and losses decreased considerably on the previous year following a decrease in the volatility of the currencies in which the Group operates, specifically, US Dollars, Polish Zloty and Mexican Pesos. A large part of the exchange gains and losses are concentrated in the Parent Company Elica S.p.A. (Euro 293 thousand), in Elica Group Polska Sp.zo.o (Euro 741 thousand) and in ELICAMEX S.A. de C.V. (Euro 434 thousand). For further comments on the gains and losses in the year, reference should be made to the Directors' Report.

The account "Net financial gains/(losses) from derivative instruments" in 2009 amounted to a loss of Euro 165 thousand compared to a gain of Euro 1,576 thousand in 2008, and relates principally to income on currency derivatives, which in accordance with the accounting standards may not be treated as hedging operations, although they were made for this purpose, and are recorded at fair value through the Profit and Loss account.

5.15 Income taxes

Deferred and current taxes in 2009 are broken down as follows:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Current income tax	(3,514)	(3,116)	398
Deferred taxes	4,806	5,138	332
Total income taxes	1,292	2,022	730

The positive tax effects in 2009 for Euro 2,022 thousand is related both to the decrease in assessable taxes of the Italian group companies and the recording of a tax credit by the subsidiary Elica Polska Sp.zo.o.

Following admission to the Special Economic Zone by the Polish Tax Authorities in February 2007, the Group acquired tax credit rights related to an investment programme, equal to Zloty 41 million, to be realised by December 31, 2011, which require the maintenance of a workforce of 160 persons until December 31, 2016.

The current income taxes in 2009 include a net positive amount of Euro 877 thousand deriving from the exercise of the option as per law No. 244 of 2007 (2008 Finance Act) to recognise, through the payment of a substitute tax of Euro 327 thousand, the misalignment between the result for the year and the assessable base for taxes prior to 2007. This effect was positive in 2008 for Euro 2,609 thousand.

In 2009, the Parent Company was subject to a statutory tax rate (on pre-tax result) of 31.63 %, 32.23% in 2008, based on the corporate income tax (IRES) and regional business tax (IRAP) rates applicable to the reported taxable income for the year ended December 31 2009. For foreign subsidiaries the statutory tax rate varies from country to country.

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

	<u>2008</u>					<u>2009</u>				
	Assessable	Income taxes	Regional taxes	Total	% on pre-tax profit	Assessable	Income taxes	Regional taxes	Total	% on pre-tax profit
Theoretical IRES rate	27.50%					27.50%				
Theoretical IRAP rate	4.73%					4.13%				
<i>(in Euro thousands)</i>										
Income taxes										
- Current		1,654	1,860	3,514			1,583	1,534	3,116	
- Deferred – cost (income)		(4,219)	(587)	(4,806)			(5,084)	(54)	(5,138)	
[A] TOTAL INCOME TAXES		(2,565)	1,273	(1,292)	-89.1%		(3,501)	1,479	(2,022)	282.4%
PROFIT/(LOSS) BEFORE TAXES	2,879									
+ Tax calculated using local tax rate		792			27.5%		(341)			27.5%
+ Tax effect of expenses/revenues that are not deductible for tax purposes	800	221			7.7%	(2,142)	(589)			47.5%
- Tax effect on the different tax rates of the foreign subsidiaries	(3,523)	(969)			-33.7%	(2,775)	(763)			61.5%
- Decrease/increase in deferred tax assets/liabilities due to changes in tax rates	-	-			0.0%	-	-			0.0%
[B] Effective tax charge and tax rate net of substitute tax	156	44			1.5%	(6,156)	(1,693)			136.5%
- Tax credit from Polish investments	-	-			0.0%		(1,257)			101.5%
- Substitute Tax effect		(2,609)			-90.6%		(550)			44.4%
[C] Effective tax charge and tax rate	156	(2,565)			-89.1%	(6,156)	(3,501)			282.4%

5.16 Assets of discontinued operations

In 2009 no effects were recorded in the account.

In 2008, the costs and revenues and the assets and liabilities of the "ACEM division" available-for-sale were eliminated from the Consolidated Balance Sheet and Income Statement and reported in a single line item of assets and of liabilities and in the Income Statement in accordance with IFRS 5.

5.17 Minority interest share

The minority interest profit relates to those subsidiaries not wholly owned by the Elica Group. They include ARIAFINA CO., LTD (minority interest 49%), Airforce S.p.A. (40%) and Airforce Germany Hochleistungs-Dunstabzugssysteme GmbH (43%).

5.18 Basic earnings per share – Diluted earnings per share

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

	Dec. 31, 08	Dec. 31, 09
<u>From continuing and discontinuing operations:</u>		
Net profit for the year (thousands of Euro)	3,579	231
Average number of ordinary shares net of treasury shares	58,222,618	56,990,520
Basic earnings per share	6.15	0.41
Weighted average number of ordinary shares to calculate diluted earnings per share	58,222,618	56,990,520
Diluted earnings per share	6.15	0.41
<u>From continuing operations:</u>		
Net profit for the year (thousands of Euro)	3,516	231
Average number of ordinary shares net of treasury shares	58,222,618	56,990,520
Basic earnings per share	6.04	0.41
Weighted average number of ordinary shares to calculate diluted earnings per share	58,222,618	56,990,520
Diluted earnings per share	6.04	0.41

The earnings per share was calculated based on the Group net profit and the weighted average shares outstanding, excluding the treasury shares, at December 31.

5.19 Other information on the Income Statement accounts

The research and development costs charged in the Income Statement in 2008 and 2009 are summarised in the table below:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
R&D costs expensed	5,758	5,318	(440)
Amortisation of capitalised R&D costs	591	800	209
Total R&D costs	6,349	6,118	(231)
R&D costs capitalised during the year	622	752	130

“Development costs capitalised in the year” regards product design and development activities. The increase mainly relates to the cost of developing new products.

CONSOLIDATED BALANCE SHEET**5.20 Property, plant & equipment**

The table below shows details of the changes in property, plant and equipment in 2008 and 2009.

Property, plant & equipment <i>(in Euro thousands)</i>	01.01.08	Increases	Disposals	Other movements	31.12.08
Historical cost					
Land and buildings	47,696	4,603	-	(1,934)	50,365
Plant & equipment	75,440	3,053	(6,984)	(813)	70,696
Commercial and industrial equipment	83,573	3,924	(2,842)	(730)	83,925
Other assets	9,557	717	(1,079)	(17)	9,178
Assets in progress and advances	3,260	1,288	(2,995)	(128)	1,425
Total	219,526	13,585	(13,900)	(3,622)	215,589

<i>(in Euro thousands)</i>	01.01.08	Deprec.	Disposals	Other movements	31.12.08
Accumulated depreciation					
Land and buildings	10,231	1,576	-	(119)	11,688
Plant & equipment	53,660	5,014	(6,092)	(216)	52,366
Commercial and industrial equipment	69,843	6,977	(2,605)	(292)	73,923
Other assets	7,701	543	(597)	(44)	7,603
Total	141,435	14,110	(9,294)	(671)	145,580

<i>(in Euro thousands)</i>	01.01.08	Increases	Disposals	Other movements	Deprec.	31.12.08
Net value						
Land and buildings	37,465	4,063	-	(1,815)	(1,576)	38,677
Plant & equipment	21,780	3,053	(892)	(597)	(5,014)	18,330
Commercial and industrial equipment	13,730	3,924	(239)	(438)	(6,977)	10,002
Other assets	1,856	717	(482)	28	(543)	1,576
Assets in progress and advances	3,260	1,288	(2,995)	(128)		1,425
Total	78,091	13,585	(4,606)	(2,950)	(14,110)	70,010

Property, plant & equipment <i>(in Euro thousands)</i>	01.01.09	Increases	Disposals	Other movements	31.12.09
Historical cost					
Land and buildings	50,365	1,411	-	335	52,111
Plant & equipment	70,696	3,296	(1,555)	252	72,689
Commercial and industrial equipment	83,925	4,359	(3,268)	302	85,318
Other assets	9,178	1,079	(986)	(53)	9,218
Assets in progress and advances	1,425	1,158	-	277	2,860
Total	215,589	11,303	(5,810)	1,114	222,196

<i>(in Euro thousands)</i>	01.01.09	Deprec.	Disposals	Other movements	31.12.09
Accumulated depreciation					
Land and buildings	11,688	1,635	-	(2)	13,321
Plant & equipment	52,366	4,564	(1,171)	64	55,823
Commercial and industrial equipment	73,923	5,913	(3,239)	125	76,722
Other assets	7,603	547	(850)	(70)	7,230
Total	145,580	12,658	(5,260)	117	153,096

<i>(in Euro thousands)</i>	01.01.09	Increases	Disposals	Other movements	Deprec.	31.12.09
Net value						
Land and buildings	38,677	1,411	-	336	(1,635)	38,789
Plant & equipment	18,330	3,296	(385)	188	(4,564)	16,866
Commercial and industrial equipment	10,002	4,359	(29)	177	(5,913)	8,596
Other assets	1,576	1,079	(137)	17	(547)	1,989
Assets in progress and advances	1,425	1,158	-	277	-	2,860
Total	70,010	11,303	(550)	995	(12,658)	69,100

The net book value of tangible fixed assets amounts to Euro 69,100 thousand compared to Euro 70,010 thousand at the end of the previous year.

Investments in the year refer principally to the construction of a warehouse at the Polish factory and the purchase of equipment and moulds for the development of new products and an increase in production.

The column "other movements" includes exchange gains of Euro 434 thousand.

Property, plant and equipment are adequately insured against fire, weather damage and similar risks by means of insurance policies arranged with leading insurance companies.

They include assets obtained under finance lease agreements.

Details of the historical cost, accumulated depreciation and depreciation charged to the income statement in the year as a result of application of the method recommended by IAS 17 for the accounting treatment of assets held under finance lease agreements are provided below.

Leased assets

Table of leased assets	Land and buildings	Plant & equipment	Commercial and industrial equipment	Total
<i>(in Euro thousands)</i>				
Gross value	15,250	9,643	7,419	32,311
Accumulated depreciation	(4,266)	(8,752)	(7,252)	(20,270)
Dec. 31, 08	10,984	890	167	12,041
Depreciation at December 31, 2008	477	951	904	2,331
Gross value	16,415	10,773	7,321	34,509
Accumulated depreciation	(4,967)	(9,873)	(7,251)	(22,091)
Dec. 31, 09	11,448	900	70	12,418
Depreciation at December 31, 2009	491	932	449	1,872

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

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

5.21 Goodwill

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Goodwill	35,862	33,818	(2,044)
Goodwill	35,862	33,818	(2,044)

Details of the allocations are provided below:

<i>(in Euro thousands)</i>	31.12.2008	Acquisitions/(write-downs)	31.12.2009
CGU			
Electric motors	22,667	(2,771)	19,896
Hoods	3,863	-	3,863
Gutmann Hoods	9,332	727	10,059
Total book value of goodwill	35,862	(2,044)	33,818

In line with the strategic vision of the group, we have historically identified the Range Hood CGU and the Motors CGU and more recently the Gutmann Range Hood CGU in 2008.

The distinction between the cash flows of the range hood business and the motors business is due to the different uses which the two products satisfy within the market. In particular, range hoods are focused on the final consumer combining functional aspects - the removal of odours and filtering of fats, with the satisfaction of other consumer needs such as the lighting of the worktop and the enhancement of the kitchen with a highly technological and well designed product.

The electric motor is produced exclusively for other industries belonging to the heating sector (components for wall and gas boilers) or the electrical appliances sector (components for refrigerators, for electric ovens or for range hoods).

In relation to the acquisition of the German company Gutmann, the Group opted for a non integrated management model, respecting the specific needs of the business specialised in the production of "personalised" and highly performance range hoods, creating therefore a third CGU.

The goodwill acquired on the mergers was allocated to the CGU's as described above based on the estimated benefits deriving from the synergies created.

The recoverable value of the CGU's to which the individual goodwill is allocated is verified through the determination of the value in use considered as the current value of the expected cash flows utilising a rate which reflects the risks of the individual CGU's at the valuation date. Such calculations discount the cash flows projected by the respective CGU's over a time horizon of five years, of which the first (2010) based on the updated budget and the subsequent years (2011-2014) estimated as follows.

The years 2011-2014 were extrapolated from the 2010 budget, utilising an annual average growth rate of revenues of 5.7% for the Range Hoods CGU, of 4.9% for the Motors CGU and of 6.7% for the Gutmann Range Hood CGU, in line with the best estimates available. The percentage of raw material costs on revenues is expected to decrease for the Range Hood CGU and for the Gutmann Range Hood CGU by 0.2%, while the Motors CGU will see a 1.2% increase.

These changes reflect the values in the 2010 budget for the various materials utilised, of which the principle component increased by 1% on the previous year. The variable operational cost components (direct labour, outsourcing, commercial costs) are expected to remain constant in terms of revenues while the fixed operating cost components are projected to increase by 1.7% in the 2010 budget, in line with inflation.

The working capital absorbed by the CGU's is expected to remain constant in terms of revenues at around 11% for the Range Hoods CGU and 15% for the Motors CGU, in line with the historical data.

The terminal value was determined through the discounting of the perpetual return of cash flow freely available estimated for 2014 and at a growth rate of 1.7%.

The discount rate (WACC) was estimated net of taxes (in line with the cash flows to be discounted) at 8.35% (9.41% in 2008) for the Range Hoods and the Motors CGU's and 7.21% for the Gutmann Range Hood CGU (7.37% in 2008).

These are the principal assumptions used by the Group to estimate future performance; a change in these assumptions could result in a significantly different value in use and thus difficulties arise in determining "impairment". For this reason, and considering the uncertainties which currently pervade the market, management will monitor periodically the circumstances and the events which affect the above-mentioned assumptions and future trends.

In relation to the Motors CGU, the valuations at December 31, 2009 resulted in the recognition of a loss in value of Goodwill of Euro 2,771 thousand, recorded in the income statement in the account "Write-down of Goodwill for loss in value". This write-down aligns the book value with the recoverable value; therefore changes in the base assumptions will affect in a linear manner the difference between the book value and the recoverable value.

The Range Hoods CGU has however a coverage of the book value against the value in use of 1.6 times. The changes in the base assumptions necessary to neutralise this difference are significant enough as not to be considered a reasonable likelihood.

The increase of the Gutmann Range Hoods CGU is related to the adjustment of the initial provisional value of the acquisition in the fourth quarter of 2008, as established by IFRS 3 "Business

combinations" in force at 31.12.2009. The excess of the value in use over the book value was approximately Euro 13.8 million and growth in revenues close to 0% would neutralise this excess. At the date of the preparation of the present document, the capitalisation on the Stock Exchange of the company was substantially in line with the Net Equity.

5.22 Other intangible assets

The table below shows details of changes in other intangible assets in 2008 and 2009.

Intangible assets <i>(in Euro thousands)</i>	01.01.08	Increases	Decr.	Other movements	Amort.	31.12.08
Net value						
Development Costs	1,805	1,641	-	(218)	(642)	2,586
Industrial patents and intellectual property rights	1,734	2,164	(1)	19	(1,411)	2,505
Concessions, licenses, trade marks & similar rights	121	88	-	2,098	(69)	2,238
Assets in progress and advances	1,359	4,204	(1,539)	1	-	4,025
Other intangible assets	496	648	(19)	8,343	(623)	8,845
Total	5,515	8,745	(1,559)	10,243	(2,745)	20,199

Intangible assets <i>(in Euro thousands)</i>	01.01.09	Increases	Decr.	Other movements	Amort.	31.12.09
Net value						
Development Costs	2,586	449	-	321	(812)	2,544
Industrial patents and intellectual property rights	2,505	4,295	-	2,983	(1,736)	8,047
Concessions, licenses, trade marks & similar rights	2,238	2	-	6	(156)	2,090
Assets in progress and advances	4,025	419	(7)	(3,855)	-	582
Other intangible assets	8,845	122	(15)	72	(1,194)	7,830
Total	20,199	5,288	(22)	(474)	(3,898)	21,093

At December 31, 2009, intangible assets amounted to Euro 21,093 thousand, a net increase of Euro 894 thousand on the previous year.

"Development costs" relate to product design and development activities. The increase is mainly attributable to the cost of developing new products. Development costs are amortised on a straight-line basis over a five-year period.

"Industrial patents and intellectual property rights" includes patents and royalties regarding the recognition of patents, intellectual property rights and software programs. The increase for the year is related to a new product development project and the continuous upgrading of technical and management reporting software (Sap, Txt). The patents and intellectual property rights are amortised over three years.

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

The account "Assets in progress and payments on account" includes the advances relating to the implementation of software projects; the increase in the year of Euro 419 thousand principally refers to the design and development of a new and innovative electronic platform and the related IT project. The column "other changes" relates to the various intangible fixed assets accounts.

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

The column "other changes" includes exchange losses of Euro 34 thousand and Euro 2,983 thousand for the reclassification from the account "Assets in progress and payments on account" to "Industrial patents and intellectual property rights" relating to the projects described above.

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

5.23 Investments in associated companies

The table below shows changes in investments in associated companies:

<i>(in Euro thousands)</i>	31.12.2008	Acq. or subscrip.	Translation reserve	Reval./ (Write- downs)	31.12.2009
Investments in associated companies	2,627	-	(481)	163	2,309
Total	2,627	-	(481)	163	2,309

The balance in the column Revaluations/(Write-downs) of a net increase of Euro 163 thousand refers to the balance of the adjustments made in the year to investments recorded under the Equity method, shown in the table below.

The table below shows the carrying values at the end of the previous year and as at December 31, 2009.

<i>(in Euro thousands)</i>	Purchase cost	Pro-quota post- acquisition gain/loss (exclud. dividends)	Balance at 31.12.2008	Purchase cost	Pro-quota post- acquisition gain/loss (exclud. dividends)	Reclass.	Balance at 31.12.2009
I.S.M. Srl	1,899	245	2,144	1,899	410	-	2,309
Inox Market Mexico S.A. de C.V.	516	(33)	483	516	(33)	(483)	-
Total	2,415	212	2,627	2,415	377	(483)	2,309

5.24 Other financial assets

The account at December 31, 2009 amounted to Euro 30 thousand (in line with December 31, 2008) and principally relates to an insurance investment.

5.25 Other receivables (non current)

The breakdown of the other receivables is as follows:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Employees	165	159	(6)
Other receivables	179	41	(138)
Total	344	200	(144)

The decrease in the account "Other receivables" is related to a reduction in deposits.

5.26 Tax Receivables (non current)

The breakdown of non-current tax receivables are as follows:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Other tax receivables	6	6	-
Total	6	6	-

5.27 Financial assets available-for-sale

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

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

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

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Meccano S.p.A.	15	15	-
UnifabrianoSoc. S.r.l.	2	2	-
Consorzio Energia	4	4	-
Ceced	5	5	-
ACEM Srl	162	162	-
Inox Market Mexico S.A. de C.V.	-	489	489
Other minor investments	3	3	-
Total	191	680	489

The increase in the account relates to the investment in the company Inox Market Mexico S.A. de C.V. which in 2009 ceased to be an associated company as explained in paragraph "4. Composition and changes in the consolidation scope".

5.28 Trade receivables and loans

The account consists of:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Trade receivables	90,802	85,581	(5,221)
Receivables from associated companies	533	8	(525)
Total	91,335	85,589	(5,746)

Trade receivables and loans recorded a decrease of Euro 5,746 thousand.

This account does not include any receivables due after more than five years at the year-end.

Receivables are recorded net of provisions of Euro 2,687 thousand 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.

The charge for the year, considered adequate to adjust receivables to their realisable value, was Euro 1,622 thousand.

The receivables from associated companies refer to normal operations of the Group; these are regulated at market conditions and are of a commercial nature:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
I.S.M. Srl	533	8	(525)
Total	533	8	(525)

5.29 Inventories

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Raw material, ancillary and consumables	23,621	15,160	(8,461)
Raw materials obsolescence provision	(992)	(903)	89
<i>Total</i>	<i>22,629</i>	<i>14,257</i>	<i>(8,372)</i>
Products in work-in-progress and semi-finished	16,193	13,733	(2,460)
Work-in-progress obsolescence	(670)	(870)	(200)
<i>Total</i>	<i>15,523</i>	<i>12,863</i>	<i>(2,660)</i>
Finished products and goods for resale	13,418	14,769	1,351
Finished products obsolescence provision	(249)	(708)	(459)
<i>Total</i>	<i>13,169</i>	<i>14,061</i>	<i>892</i>
Payments on account	547	270	(277)
Book value	51,868	41,451	(10,417)

The value of final inventories decreased by Euro 10,417 thousand.

Inventories are stated net of obsolescence provisions of approximately Euro 2,481 thousand, in order to take into consideration the effect of waste, obsolete and slow moving items and the risk estimates of the use of some categories of raw and semi-finished materials based on assumptions made by management.

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

Recognition of the inventories at current value does not entail any difference from recognition with the average weighted cost method.

5.30 Other receivables (current)

The breakdown is as follows:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Other receivables	4,433	2,523	(1,910)
Prepaid and accrued income	1,289	1,318	29
Total	5,722	3,841	(1,881)

The reduction in the account is principally related to advances to suppliers, in particular for the new international initiatives, advances on services, deposits on packaging and the receivable relating to customs reimbursements.

This account does not include receivables due after more than five years at the year-end.

5.31 Tax receivables (current)

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

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
IRAP	364	252	(112)
IRES	4,001	3,966	(35)
VAT	4,069	4,121	52
Other tax receivables	697	1,324	627
Total	9,131	9,663	532

The VAT receivable and other indirect foreign taxes are in line with the previous year.

The change in the income tax and regional tax receivables is the difference between the payments on accounts and income tax payables for the year 2009.

The change in "other tax receivables" is principally due to the recording of a tax receivable of Euro 510 thousand as reimbursement for IRAP relating to the years 2004-2007 following the application of article 6 of Legislative Decree No.185/2008.

5.32 Derivative financial instruments

<i>(in Euro thousands)</i>	31.12.2008		31.12.2009	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange derivatives	2,554	2,529	725	288
Irs/CAP	-	27	45	23
Total	2,554	2,556	770	311
of which				
Non-current	-	-	-	-
Current	2,554	2,556	770	311
Total	2,554	2,556	770	311

For a description of the above account reference should be made to paragraph 7 "Risk management" of the present notes.

5.33 Cash and cash equivalents

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Bank and postal deposits	14,901	19,224	4,323
Cash in hand and similar	67	11	(56)
Total	14,968	19,235	4,267

This account reflects positive balances held in bank current accounts and cash on hand. The decrease was due to a different composition in the Group's net financial position. The book value of these assets reflects their fair value.

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

5.34 Liabilities for post-employment benefits

The Elica Group reports obligations of Euro 9,554 thousand, reflecting the present value of its retirement benefit obligations accruing at the year end in favour of employees of the Group's Italian companies and representing termination benefits at the end of the employment period.

The most recent actuarial calculations of the present value of the provision were performed at December 31, 2009 by Mercer Human Resource Consulting Srl, with a projection of the expected cost at December 31, 2008.

The amounts recognised in the Income Statement may be summarised as follows:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Costs relating to current employee services	3,328	2,123	(1,205)
Net actuarial losses recognised in the year	3	4	1
Financial charges	660	574	(86)
Total	3,991	2,701	(1,290)

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

<i>(in Euro thousands)</i>	Balance at December 31, 2008	Balance at December 31, 2009
Opening balance	12,349	11,023
Change in consolidation scope/method	-	-
	12,349	11,023
Costs relating to current employee services	3,328	2,123
Curtailment effect	102	87
Net actuarial losses recognised in the year	3	4
	3,433	2,214
Financial charges	660	574
Benefits provided	(3,062)	(2,186)
Pension fund	(2,357)	(2,071)
Total	11,023	9,554

The Group has decided to use the corridor method. Under this method it may elect not to recognise the actuarial gains or losses, where these do not exceed 10% of the present value of the defined benefit obligation.

Following these adjustments, actuarial gains have not been recorded at December 31, 2009 of Euro 1,064 thousand, while in 2008 these gains amounted to Euro 59 thousand.

Lastly, the Group shows the interest component of the charge relating to employee defined-benefit schemes under "Financial charges", with a resulting increase of Euro 574 thousand in this item for the year. The cost of current retirement benefits and net actuarial losses were recorded under staff costs. The costs relating to current employee services and utilisations of pension funds respectively include the charges and liquidations in the period.

Assumptions adopted for the calculation

	31.12.2008	31.12.2009
Discount rate to determine the obligation	5.75%	5.00%
Expected salary growth rate	2.50%	2.90%
Rate of inflation	2.00%	2.00%
Discount rate to determine pension cost	5.50%	5.75%

At December 31, 2009 the Company had 2,338 employees (2,433 in 2008), as detailed in paragraph 5.7.

5.35 Provisions for risks and charges

The composition and movements of the provisions are as follows:

<i>(in Euro thousands)</i>					
	31.12.2008	Provisions	Utilisations	Other movements	31.12.2009
Supplementary agent termination benefits	659	448	(456)	-	651
Directors' termination benefits	108	-	-	-	108
Restructuring provisions	675	1,860	(675)	-	1,860
Provisions for risks	1,685	1,679	(234)	3	3,133
Product warranty provisions	1,307	209	(623)	-	893
Other Provisions	-	189	-	-	189
Total	4,434	4,385	(1,988)	3	6,834
of which					
Non-current	3,127				5,752
Current	1,307				1,082
Total	4,434				6,834

The "Supplementary agent termination benefits" are intended to cover possible charges upon termination of relations with agents and sales representatives. The utilisation of provisions during the year was triggered by the termination of several agency relationships following the strengthening of the "strategic business area" of the own brand product sales and the Contractual indemnity provision which during the year was provisioned Euro 215 thousand.

The Directors' termination benefits regard the termination benefits for the Parent Company's Executive Chairman.

The "Restructuring provision" was accrued in the year against charges relating to restructuring operations as described in paragraph 5.44.

The "Provisions for risks" relates to likely costs and charges to be incurred as a result of ongoing legal disputes. The provisions have been determined based on the best possible estimates, considering the available information. For comments in relation to risk provisions, reference is made to paragraph "5.9 Other operational expenses and provisions".

"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 column "Other movements" refer exclusively to exchange rate movements.

5.36 Deferred tax assets – Deferred tax liabilities

At December 31, 2009, details of deferred tax assets and liabilities, determined on the basis of the asset-liabilities method, were as follows:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Deferred tax assets	6,372	9,200	2,828
Deferred tax liabilities	(7,739)	(5,328)	2,411
Net deferred tax liabilities	(1,367)	3,872	5,239

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

<i>(in Euro thousands)</i>	31/12/2008		Credit/Debit to P&L		Oth move	31/12/2009	
	Assets	Liab.	deferred tax assets	deferred tax liab.		Assets	Liab.
Provisions	768	-	817	-	-	1,585	-
Goodwill	847	(3,863)	187	701	(50)	1,032	(3,110)
Losses carried forward	2,040	(37)	2,273	18	104	4,417	(19)
Inventory write-down	520	-	66	-	-	587	-
Restructuring charges	165	-	202	-	-	367	-
Gains, grants	-	(626)	-	171	-	-	(453)
Merger adjustments	-	(610)	-	25	-	-	(585)
Exchange differences	591	(527)	(501)	377	-	90	(150)
Provision for employee leaving indemnity	-	(934)	-	0	-	-	(934)
Amortisation & Depreciation	157	(169)	108	61	-	265	(108)
Set up and expansion costs	740	-	(370)	-	-	370	-
Elimination of intercompany profits	240	28	(29)	69	51	211	44
Other	303	(1,002)	(27)	989	-	276	(13)
Total	6,372	(7,739)	2,726	2,411	105	9,200	(5,328)

The column "Other movements" includes all of the movements of "Deferred Tax Assets" and "Deferred Tax Liabilities" which do not have an effect on the income statement; they principally include the exchange rate movements.

The calculation of deferred tax assets was carried out through critically evaluating the existence of future recoverability requisites of these assets.

No deferred tax assets were not recorded in the present financial statements.

5.37 Finance leases and other lenders

Finance leases and other lenders	Minimum payments due under finance lease agreements and other loans		Present value of minimum payments due under finance leases and other loans	
<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	31.12.2008	31.12.2009
Due within one year	1,185	2,113	1,000	1,903
Due within five years	4,071	2,488	3,914	2,430
Due over five years	-	-	-	-
	5,256	4,601	4,914	4,333
<i>of which:</i>				
- future financing costs	342	268	-	-
- present value of obligations under finance leases	4,914	4,333	4,914	4,333
<i>of which:</i>				
- due within one year			1,000	1,903
- due beyond one year			3,914	2,430

Amounts due under finance leases relate to buildings, plant, machinery, equipment and other assets. The current value of the minimum payments due at December 31, 2009 is Euro 4,333 thousand, of which Euro 1,903 thousand due within 12 months.

The interest rates are linked to one-month or three-month Euribor and are set at the date the finance lease agreement is signed. All finance lease agreements involve a fixed repayment plan and there is no contractual provision for rescheduling the debt.

5.38 Bank loans and mortgages

<i>(in Euro thousands)</i>	Balance at 31.12.2008	Balance at 31.12.2009	Changes
Bank loans and mortgages	45,001	37,838	(7,163)
Total	45,001	37,838	(7,163)
Bank loans and mortgages have the following repayment schedules			
On demand or within one year	40,324	23,058	(17,266)
Within two years	1,323	3,566	2,243
Within three years	634	3,442	2,808
Within four years	643	3,482	2,839
Within five years	651	3,523	2,872
Beyond 5 years	1,426	766	(660)
Total	45,001	37,838	(7,163)
Less amounts to be repaid within one year	40,324	23,058	(17,266)
Due beyond one year	4,677	14,780	10,103

All "Bank borrowings and mortgages" are denominated in Euro. The main borrowings indicated above carry a floating rate of interest. While it is exposed to interest rate risk, in 2009 the Group did not systematically hedge its exposure as, given the expectations of constantly generated cash flows, it is inclined to repay early its bank loans, thus eliminating the need for any such "hedge". For further information on interest rate hedges, reference should be made to paragraph 7 "Risk management" of the present notes.

5.39 Other Payables

Other Payables (non-current)

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Other payables	1	60	59
INAIL contributions – earthquake suspension 1997	91	94	3
INPDAl contributions – earthquake suspension 1997	48	51	3
Employee INPS contributions – earthquake 1997	1,080	1,176	96
Freelance INPS contributions – earthquake 1997	5	-	(5)
Total	1,225	1,381	156

The increase in the account is related to the discounting and repayment of earthquake suspension payables following the earthquake in 1997. The balance includes Euro 602 thousand to be paid beyond 5 years.

Other payables (current)

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Payments to social security institutions	3,185	2,641	(544)
Other payables	7,145	7,317	172
Payables to personnel for remuneration	5,053	3,809	(1,244)
Customers	406	158	(248)
Accruals and deferred income	432	210	(222)
Customer advances	853	548	(305)
Directors and Statutory Auditors	48	3	(45)
Total	17,122	14,686	(2,436)

The account "Other payables" in 2009 includes Euro 6,376 thousand (Euro 5,685 thousand in 2008) relating to the payable for the "earn out" deriving from the purchase of the company Gutmann on November 11, 2008.

The account "Payables to Social Institutions" and "Payables to personnel for remuneration" decreased in line with the changes in the cost of labour as reported in paragraph 5.7.

5.40 Current and non-current tax liabilities**Tax payables (non-current)**

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
ILOR (former local income tax) payable – earthquake suspension	201	218	17
ICI (local property tax) payable – earthquake suspension	10	-	(10)
Employee leaving indemnity payable – earthquake suspension	29	32	3
Flat tax payable – earthquake suspension	414	1	(413)
IRPEF (employees income tax) payable – earthquake suspension	184	198	14
Taxes on equity reserves – earthquake suspension	562	609	47
Total	1,400	1,058	(342)

The decrease in the account is principally related to the discounting and repayment of earthquake suspension payables following the earthquake in 1997. The balance includes Euro 550 thousand to be paid beyond 5 years.

Tax payables (current)

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Other taxes	1,123	1,083	(40)
Flat tax	551	422	(129)
IRPEF withheld	2,639	2,314	(325)
Ires payable for the year	30	880	850
Total	4,343	4,699	356

Income tax payables in the year relate principally to the subsidiary ARIAFINA CO. LTD. The IRPEF withholding taxes payable reduced due to the decreased cost of labour.

5.41 Trade payables

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Trade payables	82,780	84,027	1,247
Associated companies	4,188	2,779	(1,409)
Total	86,968	86,806	(162)

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

The payables to associated companies are exclusively of a commercial nature and include:

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
I.S.M. Srl	4,188	2,779	(1,409)
Total	4,188	2,779	(1,409)

5.42 Group shareholders' equity

For the analysis on the movements in Shareholder's Equity reference should be made to the relative table.

Comments are provided on each of the Equity reserves.

Share Capital

The share capital at December 31, 2009 amounts to Euro 12,664,560, consisting of 63,322,800 ordinary shares with a par value of Euro 0.2 each, fully subscribed and paid-in.

Capital reserves

The capital reserves amount to Euro 71,123 thousand and relate entirely to the Share Premium Reserve.

The costs of the IPO, amounting to Euro 3,650 thousand, net of the relevant tax effect of Euro 2,190 thousand, were charged to the Share Premium Reserve, in accordance with IAS/IFRS.

Hedging, translation and stock option reserves

This negative account of Euro 8,431 thousand (negative for Euro 9,081 thousand in 2008), changed on the translation of the financial statements of subsidiaries in foreign currencies (ELICAMEX S.A. de C.V., Leonardo S.A. de C.V., Elica Group Polska Sp.zo.o, ARIAFINA CO., LTD and Elica Inc.) for a positive value of Euro 571 thousand, the change in the fair value of the cash flow hedges less the tax effect for Euro 3 thousand and a positive amount of Euro 78 thousand due to the elimination of the 2008 income statement items included in this account.

Treasury shares

	Number	Book value (in '000 of Euro)
Opening balance at January 1, 2009	6,332,280	17,629
Changes	-	-
Closing balance at December 31, 2009	6,332,280	17,629

At December 31, 2009, the treasury shares in portfolio represent 10% of the Share Capital. No share buyback operations were carried out during the year.

Retained earnings

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009	Changes
Legal reserve	2,533	2,533	-
Undistributed earnings	658	2,566	1,908
IAS transition reserve	1,675	1,675	-
Extraordinary reserve	53,130	53,437	307
Reserve restricted under Law 488/92	3,875	3,875	-
Total	61,871	64,086	2,215

The retained earnings includes the allocation of the profit for the year 2008 amounting to Euro 3,501 thousand, other movements of Euro 220 thousand and the distribution of dividends of Euro 1,066 thousand. The Majority shareholder postponed immediate receipt of a dividend as a tangible move in support of the corporate strategy to strengthen the balance sheet of the company at this particular time.

Minority interest shareholders' equity

The account increased by Euro 146 thousand principally due to the increase of Euro 551 thousand for the allocation of the 2009 minority profit and a decrease of Euro 103 thousand relating to the minority interest share of the translation effect of financial statements of the company ARIAFINA CO., LTD , stated in foreign currency.

The reconciliation between Net Equity and profit attributable to shareholders of the Parent Company and the corresponding consolidated items is provided in the Directors' Report.

5.43 Net debt, default risk and covenants

(In accordance with CONSOB No. DEM/6064293 of 28 July 2006)

<i>In Euro thousands</i>	Dec 31, 09	Dec 31, 08
Cash and cash equivalents	19,235	14,968
Finance leases and other lenders	(2,430)	(3,914)
Bank loans and mortgages	(14,780)	(4,677)
Long-term debt	(17,210)	(8,591)
Finance leases and other lenders	(1,903)	(1,000)
Bank loans and mortgages	(23,058)	(40,324)
Short-term debt	(24,961)	(41,324)
Net Debt	(22,936)	(34,947)

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

Concerning the default risk and covenants on debt reference should be made to section 7 "Risk management" of the Notes.

5 .44 Significant non-recurring events and operations

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

<i>(in Euro thousands)</i>	Net Equity		Net Profit	
	Amount	%	Amount	%
Book values	124,157		782	
a) restructuring charges	1,326	1.1%	1,326	169.6%
b) Gain from payable of substitute tax	(550)	(0.4%)	(550)	(70.4%)
c) Write-down of Goodwill for loss of value	2,096	1.7%	2,096	268.0%
d) Whirlpool options	(459)	(0.4%)	(459)	(58.7%)
Gross notional book value	126,570		3,195	

a) The account refers to the Group industrial reorganisation charges of Euro 1,940 thousand and the relative tax effect.

b) The amounts shown in the table illustrates the benefit deriving from the exercise of the option contained in law No. 244 of 2007 (2008 Finance Act) to recognise, with the payment of the substitute tax, the misalignment between the result for the year and the assessable base for taxes prior to 2007.

c) These accounts includes the effects of the write-down of Goodwill for loss in value, as described in paragraph 5.21, net of the relative tax effect.

d) This account refers to the fee paid by Whirlpool of Euro 0.50 for every share purchased during the Derogation Period of the Modifying Agreement signed on December 3, 2008. Due to the above-mentioned agreement, Whirlpool, in derogation of the exclusivity obligation set out in the Share Options Agreement, purchased 1,266,456 ordinary shares of the Company, comprising 2% of the Share Capital, on the market in the period between the signing of the Modifying Agreement and March 31, 2009.

6. Guarantees, commitments and contingent liabilities

a) Contingent liabilities

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

Group companies have valued the contingent liabilities that could arise from pending judicial proceedings and have made appropriate provisions in their financial statements on a prudent basis. The provision included in the Group consolidated financial statements at December 31, 2009 for contingent risks and charges relating to legal disputes amount to Euro 1,269 thousand. Management considers that the provision for risks in order to cover possible liabilities from pending or potential disputes is, on the whole, adequate.

b) Guarantees and commitments

Commitments with suppliers for the purchase of raw materials amounted to Euro 4,696 thousand while the amount relating to fixed asset purchases at December 31, 2009 was approx. Euro 107

thousand, principally relating to investments in the productive capacity such as equipment, plant and buildings for the expansion of industrial activities.

On December 10, 2007, FAN SA (now "FAN s.r.l."), parent company of Elica S.p.A., and Whirlpool signed a shareholder agreement (the "Shareholder Agreement") which provides for (i) a purchase contract by Whirlpool of Elica shares, representing 5% of the share capital (the "5% Holding") and (ii) regulations concerning the governance of the Company.

At the same time, in accordance with the Shareholder Agreement, Whirlpool and the company signed an options agreement on Shares (the "Share Options Agreement") providing Whirlpool with the right to purchase Treasury Shares of the Company up to a further 10% of the Shares with voting rights of the Company, for a period of 18 months from the date of receiving from Elica the communication of the purchase of the 5% Share (the "Option Period").

This Agreement was modified through two additional agreements signed between Whirlpool Europe S.r.l. and Elica S.p.A. respectively on December 3, 2008 (the "Modifying Agreement") and June 15, 2009 ("the "Second Modifying Agreement").

On December 18, 2009, Whirlpool Europe s.r.l., Prop s.r.l. and Elica S.p.A., signed, thus confirming their respective obligations, the communication issued by FAN S.A. relating to the merger by incorporation of the same into Prop s.r.l., which at the same time changed its name to FAN s.r.l. Following the merger, FAN s.r.l. with registered offices in Rome, via Parigi, No.11, registered in the Rome Company Registration Office at No.10379911000, assumed the rights and obligations of FAN S.A. and continues all activities of FAN S.A., including the Shareholder Agreement.

For further information on the Agreement, the Modifying Agreements and the subsequent events to December 31, 2009 reference is made to the "Annual Corporate Governance and Shareholder Report" of Elica S.p.A., updated to March 30, 2010 and available on the website of the Company www.elicagroup.com in the Investor Relations/Corporate Governance section as well as the extracts of the Agreement published in accordance with law on the site www.consob.it.

The amendments to the Agreement described above had no impact on Elica S.p.A. which pursuant to article 93 of the Consolidated Finance Act, continues to be indirectly held by Ms. Gianna Perialisi.

In 2008, the Parent Company Elica S.p.A. issued the following guarantees which are still in place:

- a surety in favour of Unicredit S.p.A. for a value of Euro 5,500 thousand for the credit lines granted by Bayerische Hypo und Vereinsbank Ag to the company Elica Germany GmbH (now Exklusiv Hauben Gutmann GmbH); this surety will expire in 2010;
- two sureties in favour of Bank DnB Nord for a value of Euro 3,000 thousand and PLN 15,000 for credit lines granted to the subsidiary Elica Group Polska S.p.oz.o; these sureties will expire in 2012.

c) Operating leases

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

<i>(in Euro thousands)</i>	31.12.2008	31.12.2009
Property rentals	1,689	1,128
Car and fork lift rental	3,199	2,187
Hardware operating leases	1,321	1,848
Equipment	44	10
Total	6,253	5,173

<i>(in Euro thousands)</i>	31.12.2009	Within 1 year	1-5 years	Over 5 years
Property rentals	1,128	435	693	-
Car and fork lift rental	2,187	1,689	498	-
Hardware operating leases	1,848	555	1,293	-

Equipment	10	10	-	-
Total	5,173	2,689	2,484	-

The decrease in property rentals is primarily due to the cancellation of contracts regarding industrial premises previously held by the Parent Company, Elica S.p.A.

7. Risk management policy

Introduction

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

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

- Identify the risks related to the achievement of the business objectives;
- Assess the risks to determine whether they are acceptable compared to the controls in place and require additional treatment;
- Reply appropriately to risks;
- Monitor and report on the current state of the risks and the effectiveness of their control.

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

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

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

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

Market risk

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

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

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

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

Foreign currency risks

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

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

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

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

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

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

The values are shown below at December 31, 2009 of the balance sheet accounts in foreign currencies for the most significant currencies:

<i>(in Euro thousands)</i>	2008		2009	
Currency	Assets	Liabilities	Assets	Liabilities
CHF	-	(311)	-	(311)
GBP	574	(22)	946	(21)
JPY	332	(1)	123	-
PLN	9,865	(9,647)	17,275	(11,536)
Rub	22	(1)	39	(3)
USD	12,547	(7,413)	8,945	(3,968)
MXN	2,341	(4,212)	658	(779)
Total	25,681	(21,607)	27,985	(16,618)

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

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

<i>(in Euro thousands)</i>		2008		2009	
Currency	Depreciation of foreign currencies 10%	Appreciation of foreign currencies 10%	Depreciation of foreign currencies 5%	Appreciation of foreign currencies 5%	
CHF	28	(35)	15	(16)	
GBP	(50)	61	(44)	49	
JPY	(30)	37	(6)	6	
PLN	20	(24)	(273)	302	
Rub	(2)	2	(2)	2	
USD	(467)	571	(237)	262	
MXN	(170)	208	6	(6)	
Total	(671)	820	(541)	598	

The hedging operations as at December 31, 2009 with financial counterparties have a total Fair Value of approx. Euro 435 thousand.

The table below shows the details of the notional and Fair Values:

FOREIGN EXCHANGE DERIVATIVES

Currency	Notional at 31.12.08 (in foreign currency/000)	FV at 31.12.08 (Euro/000)	Notional at 31.12.09 (in foreign currency/000)	FV at 31.12.09 (Euro/000)
USD				
Forward	7,000	36	4,100	(19)
Options	2,500	41	9,200	196
GBP				
Forward	450	48	500	(1)
Options	350	4	-	-
PLN				
Options	3,480	162	37,465	259
JPY				
Forward	1,100,000	(342)	-	-
Options	1,250,000	77	-	-
Total		26		435

For the purposes of the sensitivity analysis on the exchange rate, the potential movements on the EUR/USD, EUR/GBP and EUR/PLN and the rate curves of the Euro exchange rates were analysed. In the stress testing we have stressed, as well as the spot to spot exchange rate, also the monetary curve rates at December 31, 2009 in order to show the effect of changes in the rate curve. A change of 5% in the exchange rate was the maximum deviation which the exchange rate saw from the beginning of December 2009 to the first week of January 2010. For the rates, a change of 25 basis points (bps) for the monetary curve and 50 bps for the medium-long term curve represents the possible deviation that the curves may undergo given the market conditions.

The following table shows the sensitivity to reasonably possible movements in the exchange rates and the rate curves, maintaining all other variables unchanged, of the Fair Value of the operations in foreign currencies at December 31, 2009 (compared with December 31, 2008):

2008

<i>in Euro</i>	USD	GBP	PLN	JPY
	Notional 9,500 USD/000	Notional 800 GBP/000	Notional 3,480 PLN/000	Notional 2,350,000 JPY/000
Exchange depreciation 10%	(534,026)	(36,182)	(66,648)	(67,299)
Curr. depreciation EURO 25%	14,572	790	108	3,523
Currency depreciation 30 %	(8,820)	(744)	(171)	(1,529)
Sensitivity to Depreciation	(528,274)	(36,136)	(66,711)	(65,305)
Exchange appreciation 10%	487,258	39,288	49,462	209,944
Curr. appreciation EURO 25%	(8,622)	(258)	(132)	(2,107)
Currency appreciation 30 %	3,051	245	113	118
Sensitivity to Appreciation	481,687	39,275	49,443	207,955

<i>in Euro</i>	USD	2009 GBP	PLN
	Notional 13,300 USD/000	Notional 500 GBP/000	Notional 37,465 PLN/000
Depreciation of foreign currencies 5%	298,419	27,007	(134,419)
Curr. depreciation EURO 25%	6,389	1,211	(5,693)
Currency depreciation 25 %	(2,510)	(816)	7,029
Sensitivity to Depreciation	302,298	27,401	(133,084)
Appreciation of foreign currencies 5%	(247,173)	(29,429)	292,074
Curr. appreciation EURO 25%	(2,694)	(816)	6,399
Currency appreciation 25 %	6,198	1,211	(6,289)
Sensitivity to Appreciation	(243,669)	(29,035)	292,184

Commodity risk

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

Based on this strategy, the Elica Group does not adopt any hedging through derivative financial instruments, as the Company implements a hedging policy based on quantities. In particular, as illustrated by Management, between the end and the beginning of the year, on the basis of the production budget for the year, the raw material orders are made establishing the delivery period and the price to be paid. Operating in this manner, the Group covers the standard cost of the raw materials contained in the budget from possible increases in commodity prices, achieving the operating profit objective.

Interest rate risk

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

The Group's debt carries mainly a floating rate of interest. Relating to the Group debt (as already described prevalently at a variable rate), from the sensitivity analysis a change of -25 bps in the interest rate curve in the short-term incurs lower financial charges of Euro 57,300, while a change of +25 bps in the same interest rate curve converts into higher financial charges of Euro 57,300.

The Group hedges part of the interest rate risk through the utilisation of an Interest Rate Swap and through the purchase of a CAP option against specific medium-long term loans at variable rate.

The table below shows the details of the notional and Fair Values:

DERIVATIVES ON INTEREST RATES

Instrument	Notional	FV	Notional	FV
	Dec 31, 08 (Euro/000)	Dec 31, 08 (Euro/000)	Dec 31, 09 (Euro/000)	Dec 31, 09 (Euro/000)
Interest Rate Swap	1,221	(26.5)	915	(22.5)
CAP	-	-	6,550	40.1
Total	1,221	(26.5)	7,465	17.6

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

The analysis showed that a change of the interest rate curve in the short-term of -25 bps and of the long-term curve of -50 bps converts into a decrease in the Fair Value of the Interest Rate Swap at December 31, 2009 of Euro 1,000.

A change of the interest rate curve in the short-term of +25 bps and of the long-term curve of +50 bps converts into an increase in the Fair Value of the Interest Rate Swap of Euro 1,000.

With reference to the CAP option the sensitivity analysis carried out on the interest rate curve shows against a change in the short-term curve of -25 bps and in the long-term curve of -50 bps, the Fair Value of the CAP decreases by Euro 500.

A change in the interest rate curve in the short-term of +25 bps and a change in the long-term curve of +50 bps converts into an increase in the Fair Value of the CAP of Euro 500.

Credit risk

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

The Group only deals with well known and reliable clients. It is Group policy to analyse clients in order to award a credit rating. Moreover, the collection of receivables is monitored during the year so that the exposure to losses is not substantial.

The maximum theoretical exposure to the credit risk for the Group at December 31, 2009 is the carrying value of the financial assets recorded in the accounts, and the nominal value of the guarantees given on debts and commitments to third parties as indicated in paragraph 6 "Commitments, guarantees and contingent liabilities".

At December 31, 2009, trade receivables, amounted to Euro 85.6 million, including approx. Euro 8.5 million relating to overdue receivables. 0.6% of receivables were overdue by 60 days.

The amount of trade receivables reported in the balance sheet is net of the allowance for doubtful accounts. The allowance is made on the basis of past experience and on the basis of specific considerations on the individual customers.

The doubtful debt provision was created based on the guidelines contained in the attachment to the Financial Risks Policy specifically relating to the management of credit risk.

For the management of credit risk, the Group utilises insurance coverage to guarantee against the non payment of a significant part of its clients.

Liquidity risk

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

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

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

Data at December 31, 2009

<i>(in Euro thousands)</i>	within 12 months	1-5 years	over 5 years
Finance leases and other lenders	1,903	2,430	-
Bank loans and mortgages	23,058	14,014	766
Trade and other payables	101,492	1,381	-
Total	126,453	17,825	766

Data at December 31, 2008

<i>(in Euro thousands)</i>	within 12 months	1-5 years	over 5 years
Finance leases and other lenders	1,000	3,914	-
Bank loans and mortgages	40,324	3,251	1,426
Trade and other payables	104,090	1,225	-
Total	145,414	8,390	1,426

During the year, the Group signed with major financial counterparties three Medium-Long term loan contracts which include an obligation to respect financial covenants based on the Consolidated Financial Statements.

In particular, the covenants on some of the loans do not immediately determine default of the loan through non respecting of the limits, but in the first instance impose an increase in the cost of the loan.

At December 31, 2009 the level of the covenants in question were significantly better than the terms of the first threshold to increase the cost of the loan or of the default of the credit line.

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

For details on the net financial position, reference should be made to note 5.43 of the notes.

Classification of the Financial Instruments

<i>(in Euro thousands)</i>	Dec. 31, 09	Dec. 31, 08
Other financial assets	30	30
Financial assets available-for-sale	680	191
Non-current assets	710	221
Derivative financial instruments	770	2,554
Cash and cash equivalents	19,235	14,968
Current assets	20,005	17,522
Finance leases and other lenders	2,430	3,914
Bank loans and mortgages	14,780	4,677
Non-current liabilities	17,210	8,591
Finance leases and other lenders	1,903	1,000
Bank loans and mortgages	23,058	40,324
Derivative financial instruments	311	2,556
Current liabilities	25,272	43,880

Hierarchy of Fair Value according to IFRS 7

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

The IFRS 7 classification implies the following hierarchy:

- Level 1: determination of fair value based on prices listed in active markets for identical assets or liabilities;
- Level 2: determination of the fair value is calculated based on the valuation techniques which utilise market parameters, other than listings of the financial instrument;
- Level 3: determination of the fair value is calculated based on the valuation techniques which utilise non-market parameters.

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

All the derivative instruments in place at December 31, 2009 belong to level 2 of the fair value hierarchy.

Instruments in place at December 31, 2009

The table below shows the following information on derivative instruments at December 31, 2009:

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

<i>in Euro</i>	Notional Value				Book Value
Interest rate risk					
	Maturity within 1 year		Maturity over 1 year		
Cash Flow hedge as per IAS 39	915		6,550		22
Fair Value hedge as per IAS 39					
Not considered hedges under IAS 39					
Total derivatives on interest rates	915		6,550		22
Foreign currency risks					
	Maturity within 1 year		Maturity over 1 year		
	sales	purchases	sales	purchases	
Considered hedges under IAS 39					
- On commercial operations					
- On financial operations					
Not considered hedges under IAS 39					
- On commercial operations	9,698	5,700	112	3,450	435
- On financial operations					
Total derivatives on foreign exchange	9,698	5,700	112	3,450	435

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

The Group is indirectly controlled by the Casoli Family through Fintrack S.p.A. of Fabriano.

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

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

8.1 Remuneration of Directors, Statutory Auditors and Senior Management with strategic responsibility

The remuneration of the above-mentioned parties is indicated below (in Euro thousands):

Name	Office	Duration	Emoluments	Non-monetary benefits	Bonus and other incentives	Others
Francesco Casoli	Chairman of the Board of Directors	Acc. 2011	app	341	5	154
Andrea Sasso	Chief Executive Officer			111	4	509
Gianna Pieralisi	Executive director	Acc. 2011	app	161		
Gennaro Pieralisi	Director	Acc. 2011	app	23		
Giovanni Frezzotti	Director	Acc. 2011	app	23		
Stefano Romiti	Director	Acc. 2011	app	23		
Fiorenzo Busso	Director	Acc. 2011	app	11		
Total				693	9	- 663

Name	Office	Duration	Emoluments	Non-monetary benefits	Bonus and other incentives	Others
Corrado Mariotti	Chair. Board of Statutory Auditors (*)	Acc. 2011	app	48		
Stefano Marasca	Statutory Auditor	Acc. 2011	app	32		
Gilberto Casali	Statutory Auditor	Acc. 2011	app	34		
Franco Borioni (*)	Alternate Auditor	Acc. 2011	app	-		
Daniele Capecci (*)	Alternate Auditor	Acc. 2011	app	-		
Guido Cesarini (**)	Alternate Auditor	Acc. 2008	app	-		
Total				114	-	- -

(*) Appointed on 27/04/2009

(**) In office until 27/04/2009

The senior managers with strategic responsibilities in Elica S.p.A are the following: the Administration, Finance and Control Director, the Supply Chain Director, the B2B Commercial Director, the Industrial Area Director, the Human Resource Director, the Marketing and Innovation Director, the Elicamex General Manager, the Product Direction Director and the ICT and Business Integration Director. The aggregated remuneration in 2009 amounted to Euro 1,849 thousand.

8.2 Share-based payments

Stock options granted to the members of the Board of Directors and senior managers with strategic responsibilities are listed below.

Name	Office held	Options assigned during the year			Options held at the end of the year		
		Number of options	Average exercise price	Average expiry	Number of options	Average exercise price	Average expiry
Andrea Sasso	Chief Executive Officer	-	-	-	62,333	Euro 5	Dec. 31, 2011
Senior executives	Senior executives	-	-	-	82,821	Euro 5	Dec. 31, 2011

8.3 Information on subsidiary companies

The tables below show key data for subsidiaries and the amount of transactions entered into with them for the year ended December 31, 2009.

Subsidiary companies – key data according to local accounting principles:

(in Euro thousands)

	Assets	Liabilities	Net equity	Revenues	Net result
<i>Subsidiary companies</i>					
FIME S.p.A.	54,889	40,306	14,583	57,367	(926)
Air Force.S.p.A.	8,465	6,652	1,813	17,495	374
ARIAFINA CO. LTD	4,959	2,439	2,520	12,396	799
Airforce Ge (*)	207	7	200	40	(16)
Elica Group Polska S.p.zo.o	46,858	20,043	26,815	53,001	5,945
ELICAMEX S.A. de C.V.	30,089	11,315	18,774	24,137	(546)
Leonardo Services S.A.de C.V.	262	287	(25)	2,854	(33)
Elica Inc..	218	158	60	976	21
Elica International S.à.r.l.	27,102	12,945	14,157	-	902
Elica Finance Limited	12,030	6	12,024	-	(19)
Exklusiv Hauben Gutmann GmbH	23,619	22,817	802	20,370	(789)

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

8.4 Information on associated companies

The table below shows the operating and financial amounts arising from transactions with associated companies for 2009. No separate indication of these positions was given in the financial statements as the amounts involved were limited.

All transactions were conducted on an arm's length basis in the ordinary course of business.

The table below summarises key operating and financial data for associated companies, as derived from the companies' financial statements in accordance with Italian GAAP and local GAAP for foreign companies.

Associated companies

Summary data at December 31, 2009

(in Euro thousands)

	Registered Office	% held	Share Capital	Net equity	Net result
I.S.M. Srl	Cerreto d'Esì (AN)	49.385	10	2,328	177

Summary data at December 31, 2008*(in Euro thousands)*

	Registered Office	% held	Share Capital	Net equity	Net result
I.S.M. Srl	Cerreto d'Esì (AN)	49.385	10	2,146	315
Inox Market Mexico S.A. de C.V.	Queretaro (Mexico)	13.289	4,523	3,626	(255)

Commercial transactions with associated companies*(in Euro thousands)*

	Payables	Receivables	Costs	Revenues
I.S.M. Srl	2,779	8	10,755	117
Total	2,779	8	10,755	117

8.5 Transactions with other related parties

In 2009, transactions with other related parties took place. All transactions were conducted on an arm's length basis in the ordinary course of business.

The table below shows the main operating and financial amounts arising from trading transactions with FASTNET S.p.A. (30% interest held by the parent company of Elica), with Roal Electronics S.p.A. (21.276% interest held by the parent company of Elica) and with Fintrack S.p.A. (company that indirectly controls the Parent Company, Elica S.p.A.).

Elica Group and FASTNET S.p.A.*(in Euro thousands)*

	31.12.2008	31.12.2009
Payables	51	19
Costs	14	19

Elica Group and Fintrack S.p.A.

<i>(in Euro thousands)</i>		
	31.12.2008	31.12.2009
Receivables	1,069	1,017

Elica Group and Roal Electronics S.p.A.

<i>(in Euro thousands)</i>		
	31.12.2008	31.12.2009
Receivables	36	49
Payables	1,010	1,048
Revenues	49	72
Costs	4,181	3,107

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

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

The transactions with Fintrack S.p.A. regard management and administrative/accounting services. It is noted that the receivable is related to the sale in 2007 of the shareholding in Roal Electronics S.p.A.

The transactions with Roal Electronics S.p.A. relate to the supply of electronic control systems for equipment.

9. Disclosure pursuant to article 149 of the CONSOB Issuer's Regulation

The following table, prepared pursuant to article 149 of the CONSOB Issuer's Regulations, reports the payments made in 2009 for audit and other services carried out by the audit firm and entities associated with the audit firm.

Type of service	Party providing the service	Company	Remuneration (in Euro thousands)
Audit	Deloitte & Touche S.p.A.	Elica S.p.A.	237
Audit	Deloitte & Touche S.p.A.	FIME S.p.A.	46
Audit	Deloitte & Touche S.p.A.	Air Force S.p.A.	27
Audit	Deloitte & Touche S.p.A.	ELICAMEX S.A. de C.V.	19
Audit	Deloitte & Touche Sp.z o.o.	Elica Group Polska S.p.z.o.o.	25
Audit	Deloitte & Touche S.p.A.	Elica International S.à.r.l.	8
Audit	Deloitte & Touche GmbH	Exklusiv Hauben Gutmann GmbH	32
Other services	Deloitte & Touche S.p.A.	Elica S.p.A.	5
Other services	Deloitte & Touche Sp.z o.o.	Elica Group Polska S.p.z.o.o.	13
Other services	Deloitte & Touche S.p.A.	ELICAMEX S.A. de C.V.	7
Other services	Deloitte & Touche S.p.A.	FIME S.p.A.	2
Total			420

Type of service	Party providing the service	Company	Remuneration (in Euro thousands)
Audit	FGS	Elica Finance Limited	4
Total			4

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

In 2009, no operations classifiable in this category were recorded.

11. Events after the year-end

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

Fabriano, March 30, 2010

For the Board of Directors
The Chairperson
Francesco Casoli

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

The undersigned Andrea Sasso, as Chief Executive Officer, and Vincenzo Maragliano, Executive responsible for the preparation of the corporate accounting documents of Elica S.p.A., affirm, and also in consideration of article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February, 1998:

- the accuracy of the information on company operations and
- the effective application,
of the administrative and accounting procedures for the compilation of the Consolidated Financial Statements for 2009.

In addition, we declare that the Consolidated Financial Statements:

- a) corresponds to the underlying accounting documents and records;
- b) were prepared in accordance with International Reporting Standards adopted by the European Union and also in accordance with article 9 of Legislative Decree 38/2005 and provide a true and fair representation of the balance sheet, financial position and results of the issuer and of the consolidated companies.

Fabriano, March 30, 2010

The Chief Executive Officer
Andrea Sasso

Executive responsible for the preparation
of corporate accounting documents
Vincenzo Maragliano