Elica Group

2011 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, is chaired by Francesco Casoli and led by Andrea Sasso and today is the world leader in terms of units sold. It is also a European leader in the design, manufacture and sale of motors for central heating boilers. With approx. 3,000 employees and an annual output of over 18 million units, the Elica Group has 9 plants - of these, four are in Italy, one is in Poland, one in Mexico, one in Germany, one in India and one in China. 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 the Elica Group the prominent market figure it is today. The Group has revolutionised 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 Shareholders,

2011 was a difficult year for the entire kitchen appliances sector and parallels can be drawn with three years ago when the severe economic and financial crisis hit all sectors and the global economy.

In this situation, we can proudly state with objectivity and transparency that we have implemented all necessary measures to deal with this crisis in the best manner possible.

Our Group has demonstrated an ability to rapidly respond to external factors and also to anticipate events and manage market instability.

Our personnel have demonstrated high levels of professionalism and dedication in their work and have renewed their trust in us - enabling us to become in 2011 among the best companies to work for in Europe, and in 2012, for the second consecutive year, the best company in Italy to work for - according to the Great Place to Work Institute.

The strong results are not seen by us as an ultimate goal - but rather as a platform for the future.

From this we can draw even greater enthusiasm, motivation and determination for the coming year. Every day we will win your trust and continue to be the leaders. Together.

Francesco Casoli
Executive Chairman

Chief Executive Officer's view

2011 was a very difficult year, presenting a critical set of factors for our sector: on the one hand, the increase in raw material prices and on the other, a general market contraction - due essentially to the property market crisis, but also the international economic-financial difficulties which drove costs upwards and saw access to credit tighten, creating a lack of confidence which impacted end-user consumption, particularly in the second part of the year.

The property market crisis spread as far as China, affecting for the first time, after many years of growth, cooking product consumption (by approx. 10%), following the move by the Chinese government to stave off the development of a property bubble. China remains however by far the largest market for the production and consumption of range hoods for domestic use.

Considering this very challenging environment, our Group therefore achieved excellent results:

- we increased sales and therefore strengthened our global leadership;
- we increased overall margins, maintaining percentage margins in line with the previous year;
- we reduced the percentage of Managerial Working Capital on revenues[1].

The increase in the net debt - remaining at a sustainable level for the Group - follows the completion of the Merger & Acquisition operations in Asia, which have enabled us to become the only Global Player in the range hood market.

We will continue to implement the policies which positioned us as market leader in recent years: we will continue with product innovation and excellence in design; we will continue to implement operational process efficiencies - particularly in relation to production; we will continue to focus on people and relationships - both internally and externally. The awards received in 2011 recognise this commitment and the results achieved on a number of fronts: Red Dot Design Award 2011 for the Skin and Sombra range hoods; the Best Place to Work Europe 2011 awarded by the Great Place to Work Institute; the Top Employers 2011 for Italy and Poland awarded by CFR Institute; the Web Award Standard of Excellence 2011 awarded by the Web Marketing Association to the new website www.elica.com; the International Award Le Fonti 2011 which recognises Italian business development excellence in the consumer goods sector.

In 2012, raw material prices are expected to settle, although the market remains very complex: the European markets will continue to contract in a similar fashion to the previous year, with North America showing signs of improvement and Japan expected to extend the strong performance of the second half of 2011 due to the reconstruction efforts after the earthquake and tsunami, with India continuing to grow and China expected to contract again this year if the government does not alter its strategy to contain property market growth.

The Elica Group's response to these new challenges is once again based on prudency and a close control of costs, but particularly centres on an extensive updating of products for the Eurocucina 2012 (the Milan Furniture Trade Fair), drawing on the creativity of our designers and the know-how and passion of our engineers.

We are now quicker and more efficient, with faster decision making processes and are more reactive to the market and to all stakeholders, thanks to a new organisation: more skilled and experienced personnel, who believe in team projects and who come to work each day with great enthusiasm. NEW AIR.

[1] This refers to Working Capital concerning ordinary business operations

The Macroeconomic Environment in 2011 and Outlook 2012

In the **Eurozone,** in 2011 the sovereign debt issue took centrestage. This issue was particularly relevant in the second half of the year. In the first six months of 2011 the situation was entirely different with the Euro strengthening against the US Dollar, contained government spreads and interest in risky assets. The opposing trends in the year were in part related to the ending of the second Fed[2] asset purchase program in June. The reawakening of the sovereign risk issue in the last months of the year was due to the difficulties in reaching an agreement within the Eurozone to expand the powers and recourse to the EFSF[3].
In 2011 Eurozone GDP[4] grew by 1.6% on the previous year, driven in particular by German GDP expanding by 3%. Italy and Spain respectively report growth of 0.4% and 0.7%. The consumer price index increased in the Eurozone by 2.7% on 2010.
The most recent IMF[5] estimates indicate a contraction in Eurozone GDP in 2012 of 0.5% following the restrictive measures introduced by the European Authorities in order to contain the sovereign risk in the countries which were impacted greatest in 2011. Inflation is expected at 2.3%.

In the **United States,** GDP grew 1.8% against a rise in consumer prices of 3.2%. This data highlights that the US real estate sector was not substantially improved by the two rounds of Quantitative Easing which overall totalled USD 2,300 billion. The drop in property values was the principal reason behind a further contraction in the so-called Owners' equity - the value of property net of the mortgage cost due. The equities sector was the recipient of the greatest benefit.
In 2012 GDP growth of 1.8% is forecast with the consumer price index increasing 2%.

The events in March 2011 led to a contraction in **Japanese** GDP of 0.9% on 2010. In the second half of 2011, a significant recovery took hold in Japan, which should continue also in 2012.

In **China,** GDP in 2011 grew by 9.2%; a slight slowdown is expected in 2012.

In relation to the **emerging countries**, expansionary policies have already been partly introduced in larger countries such as Brazil. In 2011, the GDP of the emerging countries as a whole grew by 6.2%. The latest IMF estimates predict growth in 2012 of approx. 5.4%.

In relation to **Commodities**, the start of 2011 saw a general increase for the principal sectors, reaching a peak in April with the announcement of the imminent conclusion of QE2[6]. This sparked a contraction in all sectors (with the exception of precious metals) fed by increased concerns in the Eurozone, signs of a slowdown in the principal geographic areas (Europe and the emerging markets, in particular China) and a pullback from speculative positions at the end of the QE2. In the final part of the year, a recovery in energy assets took place (thanks to WTI[7]), following the lowering of industrial metal and agricultural prices, with weakness also for precious metals. In 2012, prices are expected to increase in the first half of the year, with a possible consolidation/correction towards the end of the year.

The **currency markets** saw two opposing trends in 2011. The first part, in which the concerns in the Eurozone were not entirely apparent, the principal currencies strengthened significantly against the US Dollar, both in relation to developed and emerging economy currencies. The Euro in particular benefited from the record growth of Germany in the first two quarters and the restrictive monetary policy of the ECB[8]. The climate of greater optimism encouraged operators to implement carry trade operations in order to benefit from the high yields offered by emerging economy currencies due to the interest rate increases adopted in order to offset inflationary pressures.
The second part, which coincided with the end of QE2 (June 2011), saw a significant decline in investor confidence. The worsening of the global economic data, together with a heightening of the Eurozone crisis which impacted the single currency, led investors to seek safe haven currencies.

[2] Federal Reserve System
[3] European Financial Stability Fund
[4] Gross Domestic Product
[5] International Monetary Fund
[6] Quantitative Easing 2
[7] West Texas Intermediate
[8] European Central Bank

In 2011, the **global range hood market** contracted by 4.6% on 2010[9].
The European market remained stable on the previous year, however with opposing performances: a significant drop in demand in Western Europe (approx. -6%) offset by growth in Eastern Europe (+7%).
The principal Western European markets (Italy, Spain and the United Kingdom) saw contractions of up to 10/15%, with the exception of France (stable) and Germany (slight growth). The strong performance in Eastern Europe was driven particularly by the Russian market (+30%).
Demand in North America (United States and Canada) also contracted significantly in 2011 (-5%) while the Central and South American markets continued to show signs of vibrancy (+5%).
2011 in fact was the first year in which a slowdown was seen in China, the principal global range hood market, with a drop of 10% on 2010.

Currency markets

In 2011, the Euro reports weakness only against the Japanese yen, while the currency strengthened against all the other currencies in which the Group carries out commercial transactions in comparison to the average exchange rate in 2010.
Exchange rate movements resulted in exchanges losses of Euro 1,611 thousand and the translation reserve decreased by Euro 2,565 thousand.

(in Euro)	**average 2011**	**average 2010**	**%**	**31/12/11**	**31/12/10**	**%**
USD	1.39	1.33	4.7%	1.29	1.34	-3.4%
GBP	0.87	0.86	0.9%	0.84	0.86	-2.9%
JPY	110.96	116.24	-4.5%	100.20	108.65	-7.8%
PLN	4.12	3.99	3.3%	4.46	3.98	12.2%
MXN	17.29	16.74	3.3%	18.05	16.55	9.1%
INR	64.89	60.59	7.1%	68.71	59.76	15.0%
CNY	9.00	8.97	0.3%	8.16	8.82	-7.5%
RUB	40.88	40.26	1.6%	41.77	40.82	2.3%

IAS/IFRS

The consolidated financial statements of Elica S.p.A. for the year ended December 31, 2011 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.

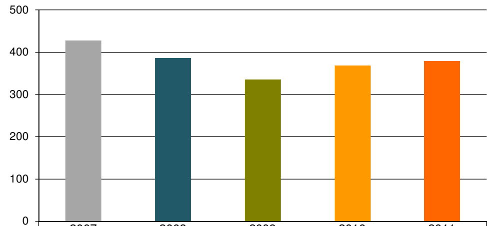
The accounting principles utilised for the preparation of the Consolidated Financial Statements are consistent with those utilised for the preparation of the Consolidated Financial Statements for the year ended December 31, 2010.

[9] Data in volumes

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

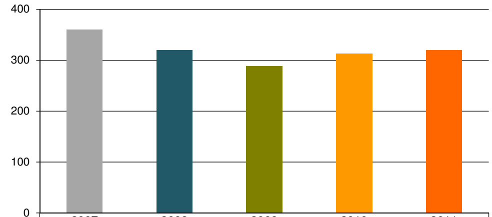
Financial Highlights

CONSOLIDATED REVENUES



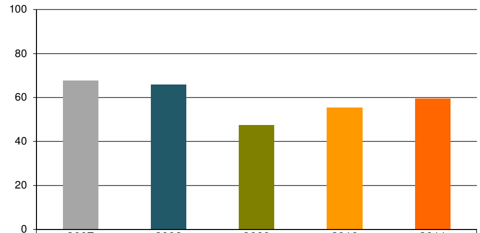
	2007	2008	2009	2010	2011
Millions of Euro	426,8	385,4	335,1	368,3	378,4

COOKING AREA REVENUES



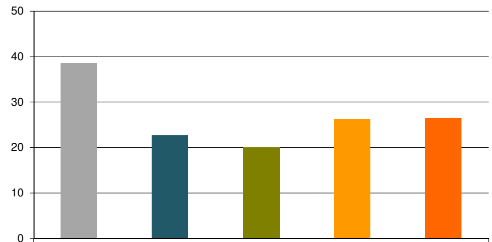
	2007	2008	2009	2010	2011
Millions of Euro	359,2	319,7	287,9	313,1	319,1

MOTOR AREA REVENUES



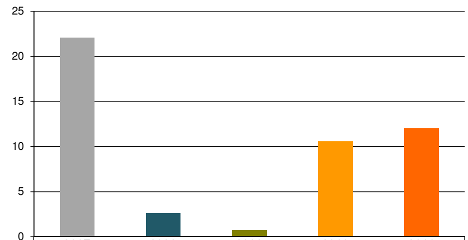
	2007	2008	2009	2010	2011
Millions of Euro	67,6	65,7	47,2	55,2	59,3

EBITDA



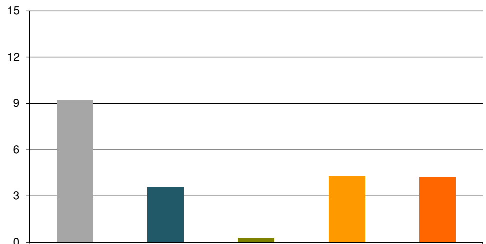
	2007	2008	2009	2010	2011
Millions of Euro	38,5	22,7	20,1	26,2	26,5

EBIT



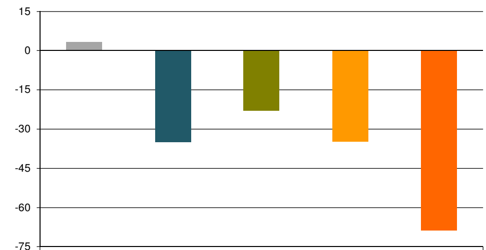
	2007	2008	2009	2010	2011
Millions of Euro	22,1	2,6	0,7	10,6	12,0

GROUP NET PROFIT



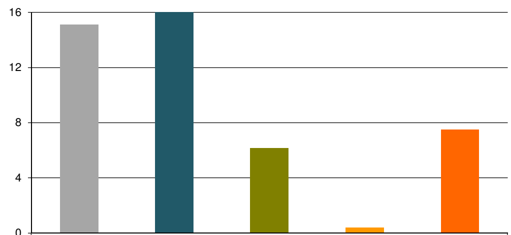
	2007	2008	2009	2010	2011
Millions of Euro	9,2	3,6	0,2	4,3	4,2

CASH/(NET DEBT)



	2007	2008	2009	2010	2011
Millions of Euro	3,2	(34,9)	(22,9)	(34,9)	(68,8)

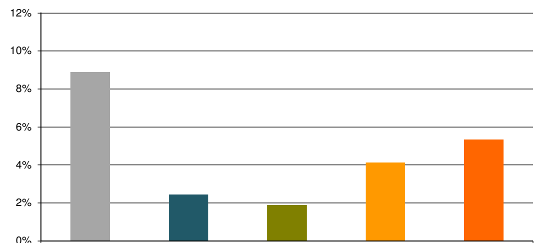
EPS*



	2007	2008	2009	2010	2011
Euro/cents	15,1	16,2	6,2	0,4	7,5

*Earning per Share

ROCE*



	2007	2008	2009	2010	2011
Ratio	8,9%	2,4%	1,9%	4,1%	5,3%

*Return On Capital Employed

Financial and operating review

In Euro thousands	FY 11	FY 10	2011 Vs 2010 %
Revenues	378,406	368,265	2.8%
EBITDA	**26,542**	**26,194**	**1.3%**
revenue margin	7.0%	7.1%	
EBIT	**12,039**	**10,553**	**14.1%**
revenue margin	3.2%	2.9%	
Financial income/(costs)	(5,642)	(982)	474.5%
revenue margin	-1.5%	-0.3%	
Net profit for the year	**4,116**	**5,577**	**-26.2%**
revenue margin	1.1%	1.5%	
Group net profit	**4,162**	**4,262**	**-2.3%**
revenue margin	1.1%	1.2%	
Basic earnings per share	6.92(*)	7.48(*)	-7.5%
Diluted earnings per share	6.59(*)	7.48(*)	-11.8%

(*) The earnings per share for the years 2011 and 2010 were calculated by dividing the Group net result 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.

In Euro thousands	31/12/11	31/12/10
Trade receivables	82,207	89,276
Inventories	50,598	42,671
Trade payables	(89,806)	(88,742)
Managerial Working Capital	**42,999**	**43,205**
% revenues	11.4%	11.7%
Other net receivables/payables	(2,929)	(3,869)
Net Working Capital	**40,070**	**39,336**
% revenues	10.6%	10.7%

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.

In Euro thousands	31/12/11	31/12/10
Cash and cash equivalents	**20,026**	**25,102**
Finance leases and other lenders	(56)	(76)
Bank loans and mortgages	(45,105)	(30,457)
Long-term debt	**(45,162)**	**(30,533)**
Finance leases and other lenders	(25)	(23)
Bank loans and mortgages	(43,640)	(29,426)
Short-term debt	**(43,665)**	**(29,449)**
Net Debt	**(68,800)**	**(34,880)**

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.

2011 operating performance

In 2011 Elica Group consolidated revenues amounted to Euro 378.4 million - an increase of 2.8% on the previous year. The principal growth drivers - both for the Motors Area and the Cooking Area - were increased sales volumes and the improved price/mix. Consolidated revenues in 2011 were significantly ahead of the overall range hoods global market (-4.6%) - with a particularly strong performance vs. the market in the Americas.
Cooking Area revenues increased 1.9%. Own brand revenues grew 7.3% on 2010 - owing also to the sales of the Indian and Chinese companies.
The Motors area grew revenues by 7.4% on 2010 thanks to the expansion of the "heating" segment and strong performances across all segments.

Revenues by principal geographic sales area report a slight contraction of 1.4% in Europe with the Americas returning a significant increase of 20.1% - a performance mirrored by growth in the Other geographic areas of 18.3% - principally due to the consolidation of the Indian and Chinese companies.

EBITDA amounted to Euro 26.5 million compared to Euro 26.2 million in 2010, a 7.0% revenue margin. The 1.3% increase in the margin is a result of the continued operational efficiency improvements and the innovation investments which offset the significant raw material cost increases, in particular iron, copper and oil-based materials.
The EBIT amounted to Euro 12.0 million compared to Euro 10.6 million in 2010 (a margin of 3.2%) - increasing 14.1% on 2010.

Net interest expense, including the financial component of IAS 19, amounted to Euro 4 million, significantly increasing on Euro 1.3 million in 2010, which however included non-recurring financial income of approx. Euro 0.9 million concerning the fee paid by Whirlpool following the purchase of Elica shares. This significant increase is principally due to the higher net debt in 2011.

The Group net profit amounted to Euro 4.2 million, 1.1% of revenues, in line with Euro 4.3 million in 2010.

Managerial Working Capital on annualised net revenues decreased from 11.7% at December 31, 2010 to 11.4% at December 31, 2011. This improvement derives from the sustained drive on Working Capital efficiencies undertaken by the Elica Group.

The Net Debt at December 31, 2011 amounted to Euro 68.8 million from Euro 34.9 million at December 31, 2010, principally due to the acquisition of a further 15% stake in the Chinese company Putian[10], concluded in April 2011.

[10] Zhejiang Putian Electric Co. Ltd

Reconciliation between Parent Company and Consolidated net equity and net profit

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

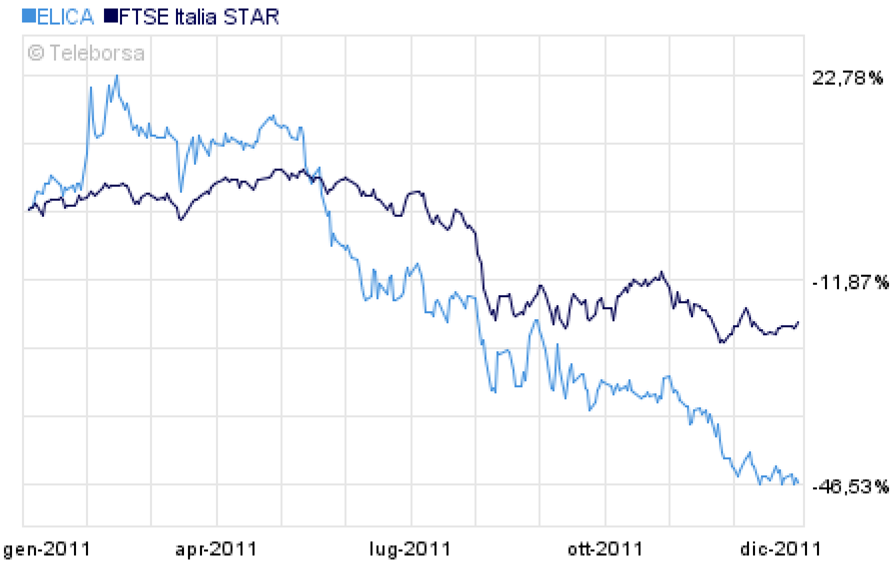
As at December 31, 2010

In Euro thousands	**Net profit**	**Shareholders´ equity**
As per Parent Company Financial Statements	**1,594**	**129,824**
Elimination of the effect of intercompany operations net of tax effect:		
Non-realised gains on fixed assets	25	(252)
Non-realised gains on sale of goods	(80)	(410)
Tax effect	17	208
Dividends received from consolidated companies	(4,587)	(4,587)
Other	(341)	(52)
Share of expenses/(income) from equity investments	**(592)**	**(216)**
Carrying value of consolidated companies		**(75,897)**
Net equity and result for the year of consolidated companies	**9,596**	**75,755**
Allocation of differences to assets of consolidated companies and related depreciation and write-down		
Intangible and tangible assets	(54)	6,671
Consolidation difference		8,485
As per Consolidated Financial Statements	**5,577**	**139,530**
Group share	4,262	131,220
Minority interest share	1,315	8,310

As at December 31, 2011

In Euro thousands	**Net profit/(loss)**	**Shareholders´ equity**
As per Parent Company Financial Statements	**(26,853)**	**106,894**
Elimination of the effect of intercompany operations net of tax effect:		
Non-realised gains on fixed assets	22	(230)
Non-realised gains on sale of goods	(179)	(588)
Tax effect	31	231
Dividends received from consolidated companies	(6,074)	(6,074)
Other	1,532	653
Share of expenses/(income) from equity investments	**182**	**(0)**
Carrying value of consolidated companies	**27,841**	**(77,856)**
Net equity and result for the year of consolidated companies	**7,821**	**75,891**
Allocation of differences to assets of consolidated companies and related depreciation and write-down		
Intangible and tangible assets	(207)	6,896
Consolidation difference	0	9,082
As per Consolidated Financial Statements	**4,116**	**114,899**
Group share	4,162	108,151
Minority interest share	(46)	6,748

Elica S.p.A. and the financial markets



The graph shows the performance of the Elica S.p.A. share price in 2011 in comparison to the average performance of other companies listed on the STAR segment (performance of the FTSE Italia STAR index indicated).

The Share Capital consists of 63,322,800 ordinary voting shares. At December 31, 2011, the shareholders of Elica S.p.A. were as follows:

Shareholder	Number of shares held	Percentage holding
F.A.N. S.r.l.	33,440,445	52.81%
Whirlpool Europe S.r.l.	6,332,280	10.00%
Elica S.p.A. (treasury shares)	3,166,140	5.00%
First Capital S.p.a.	1,955,041	3.09%
IMMI Invest S.r.l.	1,266,456	2.00%
S.A.F.E. S.a.p.a.	116,245	0.18%
Francesco Casoli	70,000	0.11%
Gianna Pieralisi	52,000	0.08%
Others	16,924,193	26.73%
Total	**63,322,800**	**100.00%**

Significant events in 2011

On January 31, 2011 the period for the share capital increase as per article 2439, paragraph 2 of the civil code approved by the Board of Directors on June 27, 2007, based on the delegation of power by the Shareholders' Meeting of April 12, 2006, elapsed without any subscriptions. The subscribed and paid-in share capital therefore remains unchanged at Euro 12,664,560.00.

The Board of Directors of Elica S.p.A. on February 14, 2011 approved the 2010 Fourth Quarter Report, prepared in accordance with IFRS accounting standards.
Also on February 14, 2011, Elica S.p.A., following the authorisation of the Board of Directors' to utilise treasury shares at the same date, sold 1,899,684 shares, equal to 3% of the share capital, to First Capital S.p.A., at the price of Euro 1.64 per share.
On March 19, 2011, Elica S.p.A. signed an agreement to acquire a further 15% holding in the Chinese company Zhejiang Putian Electric Co. Ltd. Elica S.p.A. signed, among other agreements, an equity transfer agreement with the Putian minority shareholders, Renyao Du and Dong Wenhua, which modifies and supplements the equity transfer agreement signed with the same parties in July 2010. In particular, in accordance with the new equity transfer agreement, the Company is committed to acquire a further 15% holding of Putian, for consideration of Renminbi 278,312,573 (corresponding to Euro 29,983,148 at the Euro/Renminbi exchange rate of March 18, 2011). This new equity transfer agreement, until April 2011, remained subject to the fulfilment of certain conditions including the granting by the Chinese authorities of the necessary authorisations, the establishment of guarantees in favour of Elica and substantial fulfilment of the conditions. Since April 2011 Elica holds 70% of the share capital of Putian, while the remaining 30% is held by Mr. Renyao Du.

On March 22, 2011, the Board of Directors of Elica S.p.A. approved the 2010 annual accounts, prepared in accordance with IFRS accounting standards. The appointments of Mr. Bruno Assumma as Chairman and of Messrs Glauco Vico and Massimo Enrico Ferri were also confirmed as members of the Supervisory Board until the approval of the 2013 annual accounts.

On April 28, 2011, the Extraordinary Shareholders' Meeting amended the By-Laws and the Shareholders' Meeting Regulation in line with the Directors' Report to the Shareholders' Meeting on the By-Law amendments, which is available on the company internet site. The Shareholders' Meeting also noted the 2010 consolidated results, approved the 2010 Financial Statements of Elica S.p.A., in addition to the distribution of a dividend of Euro 00.0251 per share (gross of withholding taxes). The Shareholders' Meeting also appointed Luca Pacces to the Board, who will remain in office until the Shareholders' Meeting called for the approval of the financial statements at December 31, 2011. On the same date, the Board of Directors of Elica S.p.A. met and confirmed the independence of the new director Luca Pacces and appointed him as a member of the Remuneration Committee. The Board of Directors also established the 2011 performance objective concerning the 2010 Stock Grant plan and included two further Beneficiaries, updating therefore the Disclosure Document - available on the internet site of the Company. The Board also noted the resignation of the Internal Control System Manager, who also was a member of the Supervisory Board and the Internal Audit Manager, Massimo Ferri.

On May 12, 2011, the Board of Directors of Elica S.p.A. approved the Interim Report at March 31, 2011.

In June, Elica incorporated the new company Elica Trading LLC in the Russian Federation.

On August 25, 2011, the Board of Directors of Elica S.p.A. approved the Half-Year Report at June 30, 2011. At the same date the Board of Directors of Elica S.p.A., following the resignation of the Independent Director Fiorenzo Busso during the board meeting with immediate effect, appointed as his replacement Giuseppe Perrucchetti as an Independent Director until the next Shareholders' Meeting.

On November 14, 2011, the Board of Directors of Elica S.p.A. approved the Third Quarter Interim Report 2011 and appointed Cristiano Babbo as the Internal Control Manager, the Internal Auditing Manager and as a member of the Supervisory Board.

On December 19, 2011 the Board of Directors of Elica S.p.A. approved the utilisation of treasury shares held in portfolio by the Company. Elica S.p.A. therefore sold 1,266,456 shares, comprising 2% of the share capital, to IMMI Invest S.r.l., the Agarini family holding company, at a price of Euro 1.049 per share.

Information relating to the environment

Elica S.p.A. 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 company.

Information relating to personnel

Elica, 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 prudency 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'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 if they 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).

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 27/04/09.

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.

Giuseppe Perrucchetti
Independent Director, born in Varese (VA) on 30/10/1958, appointed by resolution dated 25/08/2011.

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

Luca Pacces
Independent Director, born in Rome on 16/02/1940, appointed by resolution dated 28/04/2011.

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 03/04/72, appointed by resolution dated 27/4/2009.

Internal Control Committee
Stefano Romiti
Gennaro Pieralisi
Giovanni Frezzotti

Remuneration Committee
Stefano Romiti
Gennaro Pieralisi
Giovanni Frezzotti
Luca Pacces

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
Laura Giovanetti
e-mail: l.giovanetti@elica.com
Telephone: +39 0732 610727

Structure of the Elica Group

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

Subsidiaries at December 31, 2011

- Elica Group Polska Sp.zo.o – Wroclaw – (Poland) (in short EGP). This wholly-owned company has been operational since September 2005 in the production and sale of electric motors and from December 2006 in the production and sale of exhaust range hoods for domestic use;

- Elicamex S.A. de C.V. – Queretaro (Mexico) (in short Elicamex). The company was incorporated at the beginning of 2006 (The Parent Company owns 98% directly and 2% through Elica Group Polska). Through this company, the Group intends to concentrate the production of products for the American markets in Mexico and reap the benefits deriving from optimisation of operational and logistical activities;

- Leonardo Services S.A. de C.V. – Queretaro (Mexico) (in short Leonardo). This wholly-owned subsidiary was incorporated in January 2006 (the Parent 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) (in short Ariafina). Incorporated in September 2002 as an equal Joint Venture with Fuji Industrial of Tokyo, the Japanese range hood market leader, Elica S.p.A. acquired control in May 2006 (51% holding) to provide further impetus to the development of the important Japanese market, where high-quality products are sold;

- Airforce SpA – Fabriano (AN) (in short Airforce). This company operates in a special segment of the production and sale of hoods sector. The holding of Elica S.p.A. is 60%;

- Airforce Germany GmbH – Stuttgart (Germany) (in short Airforce Germany). Airforce S.p.A. owns 95% of Airforce Germany G.m.b.h., a company that sells hoods in Germany through so -called "kitchen studios";

- Elica Inc. – Chicago, Illinois (United States) The company aims to develop the Group's brands in the US market by carrying out marketing and trade marketing with resident staff. The company is a wholly owned subsidiary of ELICAMEX S.A. de C.V.;

- Exklusiv Hauben Gutmann GmbH – Mulacker (Germany) (in short Gutmann) - a German company entirely held by Elica S.p.A. and the German leader in the high-end kitchen range hood market, specialised in "tailor made" and high performance hoods;

- Elica PB India Private Ltd. - Pune (India) (in short Elica India); in June 2010 Elica S.p.A. signed a joint venture agreement subscribing 51% of the share capital of the newly-incorporated Indian company. Elica PB India Private Ltd. is involved in the production and sale of Group products.

- Zhejiang Putian Electric Co. Ltd – Shengzhou (China) (in short Putian), a Chinese company held 70% and operating under the "Puti" brand, a leader in the Chinese home appliances sector, producing and marketing range hoods, gas hobs and kitchenware sterilisers. Putian is one of the main players in the Chinese range hood market and the principal company developing western style range hoods. The production site is located in Shengzhou, a major Chinese industrial district for the production of kitchen home appliances.

- Elica Trading LLC – St. Petersberg (Russian Federation) (in short Elica Trading), a Russian company held 70%, incorporated on June 28.

Associated companies

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

Changes in the consolidation scope

In 2011, the holding in the Chinese company Zhejiang Putian Electric Co. Ltd. increased to 70% from 55% at December 31, 2010.
At the end of June the Russian company Elica Trading LLC was incorporated, of which the Group owns 70%.

Elica Group Inter-company and other related-party transactions

In 2011, 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.

Subsidiaries – 2011 Financial Highlights

In Euro thousands	Assets	Liabilities	Net equity	Revenues	Net result
Elicamex S.a.de. C.V.	33,772	10,917	22,855	35,418	2,082
Elica Group Polska Sp.z o.o	40,024	14,993	25,031	74,038	5,262
Airforce S.p.A.	8,409	6,185	2,224	18,419	249
Ariafina CO. LTD	7,972	3,172	4,800	20,571	1,432
Leonardo Services S.A. de C.V.	301	355	(54)	3,845	(59)
Exklusiv Hauben Gutmann GmbH	24,015	14,849	9,166	24,097	921
Elica Inc.	438	333	105	701	19
Airforce Germany (*)	101	17	84	9	(49)
Elica PB India Private Ltd.	4,600	6,983	(2,383)	7,539	(1,696)
Zhejiang Putian Electric Co. Ltd	10,849	2,861	7,988	12,290	(233)
Elica Trading LLC	4,635	4,635	-	3,363	(97)

(*) Airforce Germany Hochleistungs-dunstabzugssysteme Gmbh

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: 2011 Financial Highlights

In Euro thousands	Head Office	% held	Share capital	Net equity	Net result
I.S.M. Srl	Cerreto d'Esi (AN)	49.385	10	1,377	(43)

The table below shows the operating and financial amounts from transactions with associated companies for 2011. No separate disclosure of these positions was given in the financial statements, given the limited amounts involved, in accordance with Consob resolution No. 15519 of July 27, 2006.

In Euro thousands	Payables	Receivables	Costs	Revenues
I.S.M. Srl	-	103	-	3

Corporate governance and shareholder structure report

In accordance with article 123-*bis* of Legislative Decree 58/98, with article 89-*bis* 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 21, 2012, 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.

Remuneration Report

In accordance with Article 123-*ter* of Legislative Decree 58/98 and Article 84-*quater* of the Consob Resolution No. 11971/1999 and subsequent amendments, Elica S.p.A. prepares a remuneration report in accordance with the indications at Attachment 3A, Table 7-*bis* of the same Consob Resolution No. 11971/1999 and subsequent amendments. This report is available on the Company internet site www.elicagroup.com in the Investor Relations/Corporate Governance section.

Events after December 31, 2011 and outlook

On January 9, 2012, the Board of Directors of Elica S.p.A. accepted the resignation of Mr. Vincenzo Maragliano from his role as CFO and Executive Responsible for the preparation of corporate accounting documents of Elica S.p.A. for personal reasons and with immediate effect.
The Board subsequently appointed Mr. Alberto Romagnoli as the Executive responsible for the preparation of corporate accounting documents of Elica S.p.A., while the Chief Executive Officer Mr. Andrea Sasso will for the interim period assume the role of Chief Financial Officer.
The Group closely monitors market demand on an ongoing basis, which in the initial months of 2012 was generally in line with forecasts on the Group's principal markets.
The ongoing focus continues on innovation and efficiency pursued by the Elica Group to strengthen further its global leadership footprint.
The Board of Directors of Elica S.p.A. on February 14, 2012 approved the 2011 Fourth Quarter Report, prepared in accordance with IFRS accounting standards.

2012 Policies

Considering the economic outlook for 2012, the Elica Group will pursue two principal policies to maintain and strengthen its leadership position and its role as a global player. Investment in ongoing innovation across all product lines and constant cost control and containment, particularly thanks to production process efficiencies.

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

In accordance with article 36 of the Regulation enacting Legs. Decree No. 58 of February 24, 1998, 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 21, 2012

For the Board of Directors
The Executive Chairman
Francesco Casoli

***ELICA GROUP*- Consolidated Financial Statements at 31/12/2011**

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

Consolidated Income Statement

In Euro thousands	***Note***	**2011**	**2010**
Revenues	**5.1**	378,406	368,265
Other operating revenues	**5.2**	6,788	2,371
Changes in inventories of finished and semi-finished goods	**5.3**	10,958	3,838
Increase in internal work capitalised	**5.4**	2,350	2,633
Raw materials and consumables	**5.5**	(215,697)	(193,686)
Services	**5.6**	(73,228)	(73,873)
Labour costs	**5.7**	(73,657)	(72,397)
Amortisation and Depreciation	**5.8**	(14,503)	(15,641)
Other operating expenses and provisions	**5.9**	(9,178)	(10,221)
Restructuring charges	**5.10**	(200)	(736)
EBIT		**12,039**	**10,553**
Share of loss from associates	**5.11**	(45)	(592)
Financial income	**5.12**	229	1,383
Financial charges	**5.13**	(4,260)	(2,678)
Exchange gains	**5.14**	(1,611)	313
Other income and non-operating charges		(5)	-
Pre-tax result		**6,347**	**8,979**
Income taxes	**5.15**	(2,231)	(3,402)
Net profit from normal operations		4,116	5,577
Net profit from discontinued operations		-	-
Net profit for the year		**4,116**	**5,577**
pertaining to:			
Minority interests share	**5.16**	(46)	1,315
Group net profit		4,162	4,262
Basic earnings per Share (Euro/cents)	**5.17**	***7.09***	***7.48***
Diluted earnings per Share (Euro/cents)	**5.17**	***6.75***	***7.48***

Comprehensive Consolidated Income Statement

In Euro thousands	**2011**	**2010**
Net profit	**4,116**	**5,577**
Other comprehensive income statement items:		
Exchange differences on the conversion of foreign financial statements	(2,565)	3,922
Net change in cash flow hedges	(331)	93
Income taxes on other comprehensive income statement items	72	(20)
Total other comprehensive income statement items, net of tax effects:	**(2,824)**	**3,995**
Total comprehensive profit	**1,292**	**9,572**
pertaining to:		
Minority interests share	591	1,577
Group comprehensive net profit	701	7,995

Consolidated Balance Sheet

In Euro thousands	*Note*	31/12/2011	31/12/2010
Property, plant and equipment	**5.19**	85,165	83,680
Goodwill	**5.20**	41,765	41,168
Other intangible assets	**5.21**	24,424	23,868
Investments in associated companies	**5.22**	1,377	1,717
Other financial assets		-	30
Other receivables	**5.23**	276	1,920
Tax receivables	**5.24**	6	6
Deferred tax assets	**5.35**	10,032	9,357
AFS financial assets	**5.25**	672	614
Derivative financial instruments	**5.30**	29	189
Total non-current assets		**163,746**	**162,549**
Trade and financial receivables	**5.26**	82,207	89,276
Inventories	**5.27**	50,598	42,671
Other receivables	**5.28**	6,036	4,281
Tax receivables	**5.29**	5,943	7,589
Derivative financial instruments	**5.30**	813	649
Cash and cash equivalents	**5.31**	20,026	25,102
Current assets		**165,623**	**169,568**
Assets of discontinued operations	**5.32**	**1,065**	**-**
Total Assets		**330,434**	**332,117**
Liabilities for post-employment benefits	**5.33**	8,907	9,182
Provisions for risks and charges	**5.34**	2,505	8,254
Deferred tax liabilities	**5.35**	6,772	7,890
Finance leases and other lenders	**5.36**	56	76
Bank loans and mortgages	**5.37**	45,105	30,457
Other payables	**5.38**	1,859	1,510
Tax payables	**5.39**	888	978
Derivative financial instruments	**5.30**	60	-
Non-current liabilities		**66,152**	**58,347**
Provisions for risks and charges	**5.34**	1,882	953
Finance leases and other lenders	**5.36**	25	23
Bank loans and mortgages	**5.37**	43,640	29,426
Trade payables	**5.40**	89,806	88,742
Other payables	**5.38**	10,211	9,022
Tax payables	**5.39**	2,814	5,764
Derivative financial instruments	**5.30**	1,004	310
Current liabilities		**149,383**	**134,240**
Share capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging, translation and stock option reserve		(5.668)	(3,411)
Treasury shares		(8,815)	(17,629)
Retained earnings		34,684	64,210
Group profit		4,162	4,262
Group shareholders' equity	**5.41**	**108,151**	**131,220**
Capital and reserves of minority interests		6,794	6,995
Minority interest profit/(loss)		(46)	1,315
Minority interest equity	**5.42**	**6,748**	**8,310**
Consolidated shareholders' equity		**114,899**	**139,530**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**330,434**	**332,117**

Consolidated Cash Flow Statement

In Euro thousands	***Note***	**31/12/2011**	**31/12/2010**
Opening cash and cash equivalents		**25,102**	**19,235**
EBIT- Operating profit		12,039	10,553
Amortisation, depreciation and write-downs		14,503	15,641
EBITDA		26,542	26,194
Trade working capital		(534)	5,673
Other working capital accounts		(4,069)	2,663
Income taxes paid		(3,894)	(2,007)
Change in provisions		(5,563)	1,437
Other changes		(3,422)	630
Cash flow from operating activity		**9,060**	**34,589**
Net increases		(19,405)	(23,798)
Intangible assets		(5,318)	(6,559)
Property, plant & equipment		(14,213)	(11,026)
Equity investments and other financial assets		126	(6,213)
Acquisition of Putian investment	**5.45**	(29,785)	(10,127)
Cash flow from investments		**(49,190)**	**(33,925)**
(Acq.)/Sale of treasury shares		8,815	-
Other movements in share capital		-	120
Dividends		(1,478)	-
Increase financial payables		28,969	6,627
Net changes in other financial assets/liabilities		2,575	(815)
Interest paid		(3,656)	(1,796)
Cash flow from financing activity		**35,224**	**4,135**
Change in cash and cash equivalents		**(4,905)**	**4,799**
Effect of exchange rate change on liquidity		**(172)**	**1,068**
Closing cash and cash equivalents		**20,025**	**25,102**

Statement of changes in Consolidated Shareholders' Equity	Share capital	Share premium reserve	Acquisition/Sale of treasury shares	Retained earnings	Hedge, trans. & stock option reserve	Result for the year	Total Group NE	Total MIN. NE	Total
In Euro thousands									
Balance at December 31, 2009	**12,665**	**71,123**	**(17,629)**	**64,086**	**(8,431)**	**231**	**122,045**	**2,112**	**124,157**
Change in cash flow hedges net of the tax effect	-	-	-	-	73	-	**73**	-	**73**
Recognition of stock grant	-	-	-	-	1,366	-	**1,366**	-	**1,366**
Differences arising from translation of foreign subsidiaries' financial statements	-	-	-	-	3,660	-	**3,660**	262	**3,922**
Total comprehensive gains	-	-	-	-	5,099	-	**5,099**	**262**	**5,361**
Net profit for the year	-	-	-	-	-	4,262	**4,262**	1,315	**5,577**
Total gains/(losses) recognised in the income statement	-	-	-	-	-	4,262	**4,262**	1,315	**5,577**
Allocation of net profit	-	-	-	310	(79)	(231)	**-**	-	**-**
Other changes	-	-	-	(186)	-	-	**(186)**	4,621	**4,435**
Dividends	-	-	-	-	-	-	**-**	-	**-**
Balance at December 31, 2010	**12,665**	**71,123**	**(17,629)**	**64,210**	**(3,411)**	**4,262**	**131,220**	**8,310**	**139,530**
Change in cash flow hedges net of the tax effect	-	-	-	-	(259)	-	**(259)**	-	**(259)**
Recognition of stock grant	-	-	-	-	1,216	-	**1,216**	-	**1,216**
Differences from translation foreign subsidiaries' financial statements	-	-	-	-	(3,202)	-	**(3,202)**	637	**(2,565)**
Total gains/(losses) recognised directly to equity	-	-	-	-	(2,245)	-	**(2,245)**	**637**	**(1,608)**
Net profit for the year	-	-	-	-	-	4,162	**4,162**	(46)	**4,116**
Total gains/(losses) recognised in the income statement	-	-	-	-	-	4,162	**4,162**	(46)	**4,116**
Allocation of net profit	-	-	-	4,273	(11)	(4,262)	**-**	-	**-**
Sale of treasury shares	-	-	8,814	(4,370)	-	-	**4,444**	-	**4,444**
Acquisition of a further 15% in subsidiary company	-	-	-	(27,841)	-	-	**(27,841)**	(1,944)	**(29,785)**
Other changes	-	-	-	(110)	-	-	**(110)**	(209)	**(319)**
Dividends	-	-	-	(1,478)	-	-	**(1,478)**	-	**(1,478)**
Balance at December 31, 2011	**12,665**	**71,123**	**(8,815)**	**34,684**	**(5,668)**	**4,162**	**108,151**	**6,748**	**114,899**

Table of contents – Notes to the consolidated financial statements for the year ended December 31, 2011

1. Group structure and activities

Elica S.p.A. 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 Elica Polska Sp.zo.o Elicamex S.A.de C.V., Leonardo Services S.A.d.C.V., Ariafina CO., LTD, Elica Inc., Elica PB India Private Ltd, Zhejiang Putian Electric Co. Ltd and Elica Trading LLC 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.), Japanese Yen, US Dollar, Indian Rupie, Chinese Renminbi and Russian Rouble respectively.

The Board of Directors today approved the Consolidated Financial Statements for the year ended December 31, 2011 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, 2011 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, 2011 and December 31, 2010. 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, 2011 that have had a material effect on the Consolidated Financial Statements, except as described below.

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.

2.1 Basis of Consolidation

The Consolidated Financial Statements for the year ended December 31, 2011 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, 2011 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 were prepared in accordance with Legislative Decree No. 127/91 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, 2011, 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, Elica Inc, Elica PB India Private Ltd, Zhejiang Putian Electric Co. Ltd and Elica Trading LLC, which use the Polish Zloty, the Mexican Pesos (ELICAMEX S.A. de C.V. and Leonardo Services S.A. de C.V.), the Japanese Yen, the US Dollar, the Indian Rupee, the Chinese Renmimbi and the Russian Rouble respectively.

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

	average 2011		**average 2010**	**%**	**31/12/11**	**31/12/10**	**%**
USD	1.39		1.33	4.7%	1.29	1.34	-3.4%
JPY	110.96		117.21	-5.3%	100.20	108.65	-7.8%
PLN	4.12		3.99	3.3%	4.46	3.98	12.2%
MXN	17.29		16.74	3.3%	18.05	16.55	9.1%
INR	64.89		60.45	7.3%	68.71	59.76	15.0%
CNY	9.00		9.04	-0.5%	8.16	8.82	-7.5%
RUB	41.96	(*)	n/a	n/a	41.77	n/a	n/a

(*) the average exchange rate of the Russian Rouble was calculated for the period in which the Russian subsidiary was consolidated.

Business Combinations

Business combinations are recognised according to the acquisition method. According to this method, the amount transferred in a business combination is valued at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the company acquired. Accessory charges to the transaction are recorded to the income statement at the moment in which they are incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value at the acquisition date; the following items form an exception, which are instead valued according to the applicable standard:

- Deferred tax assets and liabilities;
- Employee benefit assets and liabilities;
- Liability or equity instruments relating to share-based payments of the company acquired or share-based payments relating to the Group issued in substitution of contracts of the entity acquired;
- Assets held for sale and Discontinued Operations.

Goodwill is calculated as the excess of the amounts transferred in the business combination, of the value of minority interests' net equity and the fair value of any holding previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, of the value of minority interest net equity and the fair value of any holding previously held in the acquired company, this excess is immediately recorded to the income statement as income deriving from the transaction concluded.
The share of minority interest net equity, at the acquisition date, may be valued at fair value or pro-quota of the value of net assets recognised of the acquired entity. The valuation method is chosen on the basis of each individual transaction.

In the case of a step acquisition of a subsidiary, a business combination occurs only at the moment in which control is acquired and that, at this moment, all of the net assets identifiable of the company acquired must be valued at fair value; minority interests must be valued according to their fair value or based on a proportion of the fair value of the net assets identifiable of the company acquired.
In a step acquisition of a holding, the previously held share, until that time recorded according to IAS 39 – *Financial instruments: recognition and measurement*, or according to IAS 28 - *Investments in associated companies* or according to IAS 31 – *Investments in joint ventures*, must be treated as if it had been sold and reacquired at the date in which control is acquired. The holding therefore must be valued at the fair value at the acquisition date and the profits and losses from the valuation must be recorded to the income statement. Any amount previously recorded to shareholders' equity as Other comprehensive profits and losses, which must be recorded to the income statement following the sale of the assets to which it refers, must be reclassified in the income statement. Goodwill or income deriving from an acquisition of control of a subsidiary must be calculated as the sum of the price paid for gaining control, the value of minority interests (valued according to one of the methods permitted by the standard), the fair value of the minority holding previously held, net of the fair value of the identifiable net assets acquired.
According to the previous version of the standard, step acquisitions were recognised transaction by transaction, as a series of separate acquisitions which generated overall goodwill calculated as the sum of the goodwill generated by each individual transaction.

Any payments subject to conditions are considered part of the transfer price of the net assets acquired and are valued at fair value at the acquisition date. If the combination contract establishes a right of repayment of some price elements on the fulfilment of certain conditions, this right is classified as an asset of the purchaser. Any subsequent changes to the fair value must be recorded as an adjustment to the original accounting treatment only if resulting from additional or improved information concerning the fair value and if occurring within 12 months from the acquisition date; all other changes must be recorded to the income statement.

The previous version of the standard established that payments subject to conditions were recorded at the acquisition date only if their payment was considered probable and the amount could be reliably calculated. Every subsequent change to the value of these payments was recorded as an adjustment to goodwill.

Once control of an entity has been attained, transactions in which the parent company acquires or sells further minority shares without amending the control exercised on the subsidiary are considered transactions with shareholders and therefore must be recognised to net equity. The carrying amount of the controlling investment and of the minority interest must be adjusted to reflect the change in the share of the investment held and any difference between the amount of the adjustments allocated to minority interests and the fair value of the price paid or received against the transaction is recorded directly to shareholders' equity and is allocated to the shareholders of the parent company. No adjustments will be made to the goodwill and the profits or losses recorded to the income statement. Accessory charges to these operations must be recorded in shareholders' equity in accordance with paragraph 35 of IAS 32.

Business combinations before January 1, 2010 were recognised according to the previous version of IFRS 3.

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.

2.2 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 1 January 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%
lightweight buildings	10%
plant and machinery	6 % - 15%
industrial and commercial equipment	10% - 25%
office furniture and equipment	12%
EDP	20%
commercial vehicles	20%
automobiles	25%

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.

During the year, the parent company Elica S.p.A., within the analysis of the suitability of the useful life of property, plant and equipment, reviewed the useful life of assets related to industrial production (the "Plant and machinery" and "Industrial equipment" categories). In particular, the strategic vision of Elica S.p.A. and of the Group over recent years was considered, based on the international expansion policy and the altered market conditions, in relation to which the production relocation was critical, enabling the Group to gradually change its productive facilities. The lesser use of productive assets, together with their regular maintenance, justifies the lengthening of their useful life. In order to verify the new estimates made by our technical management in relation to the useful life of these assets and therefore to support the new depreciation rates through an independent external source, the company Praxi S.p.A. was appointed to analyse a representative sample of assets belonging to the categories in which the residual useful life was altered. The analysis of Praxi S.p.A. confirmed the estimates of our technical management.

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. According to management and expert estimations the most important software utilised by the Group has a useful life of 7 years. The useful life is reviewed on an annual basis and any changes are made in accordance with future estimates.
The intangible assets with indefinite useful life are not amortised but are subject annually or, more frequently where there is an indication that the activity may have suffered a loss in value, to a verification which identifies any reduction in value.
Currently the Group only holds intangible assets with definite useful life.

Impairment Tests

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

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.

Post-employment 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 27 December 2006 ("2007 Finance Act") and subsequent Decrees and Regulations issued at the beginning of 2007. In view of these changes, and specifically with reference to companies with more than 50 employees, this fund is now to be considered a defined benefit plan exclusively for the amounts matured prior to 1 January 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 recognises additional benefits to some members of senior management and some employees through stock option plans. In accordance with IFRS 2 – Share-based payments, these plans represent a remuneration component of the beneficiaries; therefore, the cost representing the fair value of these instruments at the granting date is recognised in the income statement on a constant quota criteria over the period between the assignment date and that of maturity, and directly recorded to shareholders' equity. Subsequent changes in the fair value to the assignment date do not have an effect on the initial value.

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 the 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 currencies 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 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 subsidiary Airforce S.p.A. (since 2008) have opted for a consolidated tax regime in Italy. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies.
Transactions plus reciprocal responsibilities and obligations between the consolidating company and the aforementioned subsidiary company are defined by a specific consolidation agreement. With regard to responsibility, the agreement provides that the Parent 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, increasing the number of shares which potentially may be added to those in circulation under an allocation or utilisation of treasury shares in portfolio under stock grant plans.

2.3 Accounting standards, amendments and interpretations applied after January 1, 2011

The only new accounting standard applied for the first time by the Group from January 1, 2011 was the revised version of IAS 24 – Related party disclosures, issued on November 4, 2009 by the IASB, which simplifies the type of information required in the case of transactions with related parties controlled by the State and clarifies the definition of related parties. The adoption of this amendment does not have any effect in relation to the valuation of the financial statement items and has limited effects on the disclosure of transactions with related parties.
The following amendments, improvements and interpretations, with effect from January 1, 2011, concern facts and events not applicable to Elica S.p.A. at the date of the present Report but which may have accounting effects on future transactions or agreements:

- Amendment to IAS 32 - Financial Instruments: Disclosure: Classification of rights issued;
- Amendment to IFRIC 14 – Minimum funding requirements;
- IFRIC 19 – Extinguishing financial liabilities with equity instruments;
- Improvements to IAS/IFRS (2010).

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

At the date of the present Annual Report, the relevant bodies of the European Union have not yet concluded the process necessary for the adoption of the following accounting standards and amendments, with the exception of the amendments of October 7, 2010 to IFRS 7 - *Financial instruments: Disclosure*, which is explained below:

- On November 12, 2009, the IASB published IFRS 9 – Financial instruments, which was subsequently amended. The standard, applicable from January 1, 2015 in a retrospective manner is the first step toward the full replacement of IAS 39 and introduces new criteria for the classification and measurement of financial assets and liabilities. In particular for financial assets the new standard utilises a single approach based on the management method of financial instruments and on the contractual cash flow characteristics of the financial assets in order to determine the measurement criteria, replacing the various rules established by IAS 39. For financial liabilities however the standard is amended with regard to the accounting treatment of the fair value changes of a financial liability allocated as a financial liability valued at fair value through the income statement, in the case in which these relate to changes in the credit position of the liability. According to the new standard these changes must be recorded to Other comprehensive profits and losses and no longer transferred to the income statement.
- On December 20, 2010, the IASB issued a minor amendment to IAS 12 – *Income taxes* which clarifies the calculation of deferred taxes on investment property valued at fair value. The amendment introduces the requirement that deferred taxes relating to investments property valued at fair value according to IAS 40 must be calculated based on the presumption that the book value of these assets will be recovered through sale. Following this amendment SIC-21 – Income taxes – Recovery of revalued non-depreciable assets will no longer be applicable. The amendment is effective in a retrospective manner from January 1, 2012.
- On May 12, 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* which will replace SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements* (to be renamed Separate Financial Statements) and will govern the inclusion of investments in the separate financial statements. The new standard is based on existing standards, identifying control as the determining factor for the consolidation of a company in the consolidated financial statements of the parent company. It provides also a guide for the determination of control in cases in which it is difficult to ascertain. The standard is effective in a retrospective manner from January 1, 2013.
- On May 12, 2011, the IASB issued IFRS 11 – *Joint arrangements* which will replace IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly controlled entities – non monetary contributions by ventures.* The new standard establishes the criteria for the classification of joint arrangements based on the rights and obligations of the agreements rather than on the

legal form and establishes the net equity method as the only method to be applied to holdings in joint ventures in the consolidated financial statements. The standard is effective in a retrospective manner from January 1, 2013. Following the issue of IAS 28 – *Investments in associates,* IFRS 11 was amended to include in its application, from the date of efficacy of the standard, also holdings in joint ventures.

- On May 12, 2011, the IASB issued IFRS 12 – *Disclosure of interests in other entities* which is a new and complete standard on additional information to be provided on all types of investments, including those in subsidiaries, joint arrangements, associated companies, special purpose entities and other non consolidated vehicle companies. The standard is effective in a retrospective manner from January 1, 2013.
- On May 12, 2011 the IASB issued IFRS 13 – *Fair value measurement* which clarifies how the fair value is calculated for the purposes of the financial statements and is applied to all IFRS standards which require or permit the calculation of the fair value or the presentation of information based on the fair value. The standard is effective in a prospective manner from January 1, 2013.
- On June 16, the IASB published this amendment which requires the grouping of items presented in Other Comprehensive Income based on whether they are potentially reclassifiable to profit or loss subsequently. The amendment was applicable from periods beginning July 1, 2012.
- On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee benefits* which removes the option to defer recognition of gains or losses under the corridor method, requiring presentation in the balance sheet of the deficit or surplus of the relevant provision and the separate recognition to the income statement of the labour cost components and net financial charges and the recognition of the gains or losses which derive from the recalculation in each period of the assets and liabilities under Other Comprehensive Income. In addition the income from the assets included under net financial charges must be calculated based on the discount rate of the liability and no longer on the expected income. The amendment finally introduces new additional information to be provided in the notes to the financial statements. The amendment is applicable in retrospective manner from periods beginning January 1, 2013.
- On December 16, 2011, the IASB issued a number of amendments to IAS 32 – Financial instruments: *disclosure*, to clarify the application of a number of criteria for the composition of the assets and liabilities present in IAS 32. The amendments are applicable in retrospective manner from the periods beginning January 1, 2014.
- On December 16, 2011, the IASB issued a number of amendments to IFRS 7 – Financial instruments: disclosure. The amendment requires information on the effects or potential effects of remuneration contracts on the financial assets and liabilities in the balance sheet. The amendments are applicable for the periods beginning January 1, 2013 and the interim periods subsequent to this date. The information must be provided in retrospective manner.
- Finally, on October 7, 2010, the IASB published a number of amendments to IFRS 7 – Financial instruments: *additional disclosures*, applicable for the accounting periods after July 1, 2011. The amendments were issued in order to improve understanding of transfers of financial assets (derecognition), including understanding the possible effects of any risks pertaining to the company which has transferred these assets. The amendments also require additional information in the case in which a disproportionate amount of these transactions are carried out near the end of an accounting period. The adoption of the amendment will not have any impact on the valuation of any accounts in the financial statements.

3. Significant accounting 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, 2011, 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:

In Euro thousands	**Registered Office**	**Currency**	**Share Capital**	**Direct holding**	**Indirect holding**		**Total holding**
Elica S.p.A.	Fabriano (AN)	EUR	12,664,560				
Elicamex S.a. de. C.V.	Queretaro (Mexico)	MXN	458,633,515	98%	2%	(b)	100%
Elica Group Polska Sp.z o.o	Wroklaw (Poland)	ZTY	78,458,717	100%	-		100%
Airforce S.p.A.	Fabriano (AN)	EUR	103,200	60%	-		60%
Ariafina	Sagamihara – Shi (Japan)	JPY	10,000,000	51%	-		51%
Leonardo	Queretaro (Mexico)	MXN	1,250,000	98%	2%	(b)	100%
Exklusiv Hauben Gutmann GmbH	Muhlacker (Germany)	EUR	25,000	100%	-		100%
Elica Inc.	Chicago, Illinois (United States)	USD	5,000	-	100%	(a)	100%
Airforce GE (*)	Stuttgart (Germany)	EUR	26,000	-	95%	(c)	95%
Elica PB India Private Ltd.	Pune (India)	INR	41,000,000	51%	-		51%
Zhejiang Putian Electric Co. Ltd	Shengzhou (China)	CNY	29,300,000	70%	-		70%
Elica Trading LLC	Saint Petersburg (Russia)	RUB	4,072,000	70%	-		70%

(*) Airforce Germany Hochleistungs-dunstabzugssysteme Gmbh

(a) Quota held through ELICAMEX S.A. de C.V.

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

(c) Quota held through Air Force.S.p.A.

In 2011, the Elica Group acquired a further 15% of the company Zhejiang Putian Electric Co. Ltd., increasing the holding therefore to 70%. The Group also acquired 70% of the Russian company Elica Trading LLC.

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

in Euro	Registered Office	Currency	Share Capital	% held directly	% held indirectly	Total held
I.S.M. Srl	Cerreto d'Esi (AN)	EUR	10,327	49,39%	-	49.39%

In 2011 the associated company I.S.M. Srl approved the distribution of dividends for Euro 296 thousand.

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:

In Euro thousands	2011	2010	Changes
Revenues from product sales	378,332	367,854	10,478
Service revenues	74	411	(337)
Total	**378,406**	**368,265**	**10,141**

For an analysis on revenues, reference should be made to the paragraph "Financial and operating review" in the Directors' Report. The impact on the present account of the consolidation of the Chinese, Indian and Russian companies amounts to approx. Euro 21 million (in 2010 the impact of the Chinese and Indian companies was Euro 12.5 million).
Clients who comprise more than 10% of total revenues constituted 10.3% of revenues in 2011 compared to 24.39 % in 2010.

5.1.1 Segment information

In 2011, the Group reviewed the Corporate Reporting system without substantial amendments to the set of internal reports reviewed periodically by management, but with greater emphasis placed on the geographic breakdown of data rather than analysis by product. As per IFRS 8, from the half-year report the segment disclosure is reviewed and reported in line with that utilised by management for the undertaking of operational decisions. For the purposes of comparison, the disclosure relating to the previous year was restated.
The present reporting is in line with management strategy which increasingly has a global focus, with a direct presence now established in Europe, America and Asia. In this manner the Group can provide information which enables readers of the financial statements to evaluate the nature and effects on the financial statements of the strategies undertaken and of the general economic context.
The new operational segments are as follows:

- "Europe": production and sale of range hoods, accessories and electric motors developed by the companies based in Europe, i.e. the Italian companies Elica S.p.A. and Airforce S.p.A., the German companies Exklusiv Hauben Gutmann GmbH and Airforce Germany GmbH, the Polish company Elica Group Polska Sp.zo.o and the Russian company Elica Trading LLC;

- "America": production and sale of range hoods and accessories, developed by the Group companies based in America, i.e. the Mexican companies Elicamex S.A. de C.V. and Leonardo S.A. de C.V. and the US company Elica Inc;

- "Asia and the rest of the world": production and sale of range hoods, accessories and other products, developed by the Group companies located in Asia, i.e. the Chinese company Zhejiang Putian Electric Co. Ltd, the India company Elica PB India Private Ltd. and the Japanese company Ariafina CO., LTD.

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

(*) The data relating to the previous year was reclassified for comparability with December 31, 2011.

INCOME STATEMENT	Europe		America		Asia and Rest of the world		Unallocated and eliminations		Consolidated	
	2011	2010 (*)	2011	2010 (*)	2011	2010 (*)	2011	2010 (*)	2011	2010 (*)
Segment revenue										
customers	304,239	312,925	35,411	29,177	38,718	26,098	38		378,406	368,265
Inter-segment	10,076	8,629	8	254	1,682	439	(11,766)	(9,256)	-	-
Total revenues	**314,315**	**321,554**	**35,418**	**29,430**	**40,400**	**26,537**	**(11,728)**	**(9,256)**	**378,406**	**368,265**
Segment result:	**31,754**	**32,432**	**2,781**	**1,034**	**696**	**4,325**			**35,231**	**37,791**
Unallocated overheads									**(23,192)**	**(27,238)**
EBIT									**12,039**	**10,553**
Share of associates							(45)	(592)	(45)	(592)
Financial income							229	1,383	229	1,383
Financial charges							(4,260)	(2,677)	(4,260)	(2,677)
Exchange gains							(1,616)	313	(1,616)	313
Profit before taxes							**6,347**	**8,978**	**6,347**	**8,978**
Income taxes							(2,231)	(3,402)	(2,231)	(3,402)
Net profit from normal operations							**4,116**	**5,576**	**4,116**	**5,576**
Net profit from discontinued operations							-	-	-	-
Net profit							**4,116**	**5,576**	**4,116**	**5,576**

BALANCE SHEET	Europe		America		Asia and Rest of the world		Unallocated and eliminations		Consolidated	
	Dec´11	Dec´10 (*)	Dec´11	Dec´10 (*)	Dec´11	Dec´10 (*)	Dec´11	Dec´10 (*)	Dec´11	Dec´10 (*)
Assets:										
Segment assets	234,948	234,097	30,253	29,292	33,540	31,134	(6,777)	(4,724)	291,964	289,800
Investments	74,299	44,854		-		-	(72,922)	(43,138)	1,377	1,717
Unallocated assets				-		-	36,029	40,599	36,029	40,599
Total operational assets	**309,248**	**278,951**	**30,253**	**29,292**	**33,540**	**31,134**	**(43,671)**	**(7,263)**	**329,370**	**332,115**
Total assets of discount. operations	**1,065**		**-**		**-**		**-**		**1,065**	
Total Assets	**310,312**	**278,951**	**30,253**	**29,292**	**33,540**	**31,134**	**(43,671)**	**(7,263)**	**330,434**	**332,115**
Liabilities										
Segment liabilities	(109,795)	(115,672)	(10,898)	(8,820)	(12,779)	(12,314)	6,763	4,202	(126,709)	(132,603)
Unallocated Liabilities		-		-		-	(88,827)	(59,982)	(88,827)	(59,982)
Net Equity		-		-		-	(114,899)	(139,531)	(114,899)	(139,531)
Total operational liabilities	**(109,795)**	**(115,672)**	**(10,898)**	**(8,820)**	**(12,779)**	**(12,314)**	**(196,962)**	**(195,310)**	**(330,434)**	**(332,115)**
Total liabilities of discount operations			-		-					
Total liabilities	**(109,795)**	**(115,672)**	**(10,898)**	**(8,820)**	**(12,779)**	**(12,314)**	**(196,962)**	**(195,310)**	**(330,434)**	**(332,115)**

(*) The data relating to the previous year was reclassified for comparability with December 31, 2011.

5.2 Other operating income

In Euro thousands	2011	2010	Changes
Rental income	94	40	54
Operating grants	2,604	98	2,506
Ordinary gains on disposal	451	234	217
Claims and insurance payouts	416	340	76
Expenses recovered	158	258	(100)
Other revenues and income	3,065	1,402	1,663
Total	**6,788**	**2,371**	**4,417**

The increase of the present account principally relates to the "Operating grants", under which the "2015 Industry" project was recognised, in addition to the photovoltaic plant project of Elica S.p.A., and to the account "Other revenues and income", under which various items are grouped, including the reversal of prior year provisions.

5.3 Changes in inventories of finished and semi-finished goods

The account changes in inventories of finished and semi finished goods, amounting to Euro 10,958 thousand, increased by Euro 7,120 thousand on 2010, in line with the increase in Group inventories.

5.4 Increases on internal work capitalised

The account amounted to Euro 2,350 thousand (Euro 2,633 thousand in the previous year) and mainly relates to the capitalisation of charges regarding the design and development of new products and costs sustained internally for the construction of mouldings, industrial equipment and the implementation of new IT programmes.

5.5 Raw materials and consumables

In Euro thousands	2011	2010	Changes
Purchases of consumable materials	1,865	1,774	91
Purchases of supplies	648	872	(224)
Purchase of raw materials	182,866	163,489	19,377
Change in inventory of raw materials, consumables and goods for re-sale	1,163	6,366	(5,203)
Finished and semi-finished products	21,701	9,574	12,127
Packaging	3,134	8,322	(5,188)
Other purchases	828	550	278
Shipping expenses on purchases	3,493	2,737	756
Total	**215,697**	**193,686**	**22,011**

Raw material and consumables increased on 2010 in overall terms by Euro 22,014 thousand. The impact of the consolidation of the Chinese, Indian and Russian companies was approx. Euro 11,809 thousand (Euro 6.9 million in 2010).
The increase relates both to higher production volumes and the increase in raw material costs - in particular metals, copper and oil-based materials, which increased following oil price rises. Therefore the account decreased by 3% on revenues and the change in finished and semi finished products on 2010.

5.6 Service expenses

In Euro thousands	2011	2010	Changes
Outsourcing expenses	27,062	30,262	(3,200)
Transport	7,876	7,503	373
Finished goods inventories	4,174	3,951	222
Consulting	5,334	6,644	(1,311)
Maintenance	2,409	2,280	129
Utilities	4,201	3,983	218
Commissions	2,702	2,513	188
Travel expenses	2,870	2,748	122
Advertising	3,806	2,118	1,689
Insurance	1,246	1,349	(104)
Directors & Statutory Auditor fees	1,224	1,112	112
Trade fairs and promotional events	1,358	1,006	352
Industrial services	413	599	(186)
Banking commissions and charges	396	438	(42)
Other services	8,158	7,366	792
Total	**73,228**	**73,873**	**(645)**

Service costs in overall terms decreased by Euro 645 thousand and reducing as a percentage of revenues from 20% to 19%. The impact on this account of the consolidation of the Russian, Chinese and Indian companies was Euro 5.4 million (Euro 3.8 million in 2010). The account other services includes communication services (Euro 884 thousand), technical assistance costs (Euro 2,143 thousand), regulatory and trademark costs (Euro 602 thousand), canteen costs (Euro 486 thousand), cleaning costs (Euro 693 thousand), vehicle expenses (Euro 563 thousand), training courses (Euro 267 thousand), and costs for import services (Euro 319 thousand).

5.7 Labour costs

Labour costs incurred by the Group in 2010 and 2011 were as follows:

In Euro thousands	2011	2010	Changes
Wages and salaries	50,646	49,455	1,191
Social security expenses	14,753	15,348	(595)
Post-employment benefit provisions	3,358	2,998	360
Other costs	4,900	4,596	304
Total	**73,657**	**72,397**	**1,260**

The account reports a net increase of Euro 1,260 thousand, principally due on the one hand to the consolidation of the Chinese, Indian and Russian companies for Euro 3,377 thousand (in 2010, the consolidation of the Chinese and Indian companies amounted to Euro 693 thousand) and on the other to the reduction in Elica S.p.A. labour costs of Euro 3,139 thousand, principally due to the Group performance based targets not being met by the company.
The account "other costs" includes temporary staff costs of Euro 2,156 thousand, in addition to stock grant plan costs for Euro 0.7 million (only the Retention portion matured, with the performance targets not met) and leaving incentive costs for of Euro 1 million. During the year, the Parent

Company 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.

The table below shows the Group workforce at December 31, 2010 and December 31, 2011.

Workforce	**31/12/11**	**31/12/10**	**Changes**
Executives	36	34	2
White-collars	696	618	78
Blue-collars	2,043	1,989	54
Other	191	159	32
Total	**2,966**	**2,800**	**166**

The increase in employees is principally due to the consolidation of the new Russian subsidiary Elica Trading, for 43 persons, in addition to the expansion of the workforce of the Mexican company.

5.8 Amortisation and depreciation

Amortisation and depreciation decreased on the previous year from Euro 15,641 thousand to Euro 14,503 thousand in 2011.
This decrease is principally due (for approx. Euro 1.6 million) to the fact that the parent company Elica S.p.A., within the analysis of the estimate of the residual useful life of the fixed assets, reviewed the "Plant and machinery" and "Industrial equipment" categories. This analysis was carried out by the technical management of the company and supported by an independent company (Praxi S.p.A.). For further details on depreciation, reference should be made to the accounting principles and to point 5.19 of the present notes.

5.9 Other operating expenses and provisions

The details of the account are as follows:

In Euro thousands	**2011**	**2010**	**Changes**
Leasing and rental	1,393	1,222	172
Rental of vehicles and industrial equipment	2,279	1,881	398
Expenses for hardware, software and patents	996	1,048	(52)
Other taxes	1,030	764	266
Magazine and newspaper subscriptions	61	61	-
Various equipment	251	190	61
Catalogues and brochures	252	598	(347)
Losses and bad debts	146	1,517	(1,371)
Provisions for risks and charges	191	1,687	(1,496)
Other prior year expenses and losses	2,578	1,254	1,325
Total	**9,178**	**10,221**	**(1,043)**

The account reduced by Euro 1,044 thousand. The decrease particularly relates to the reduction in receivable related costs, losses and write-downs and the reduction in the risks and charges provision. "Other prior year expenses and losses" increased however, which include expenses for damages and penalties amounting to Euro 1,523 thousand (Euro 195 thousand in 2010), charitable donations for Euro 146 thousand (Euro 137 thousand in 2010) and Samples for Euro 650 thousand (Euro 428 thousand in 2010).

5.10 Restructuring charges

The Restructuring charges account, totalling Euro 200 thousand, principally relates to the provision for current restructuring.

5.11 Share of profit/(loss) from associates

In Euro thousands	**2011**	**2010**	**Changes**
Share of loss from associates	(45)	(592)	547
Total	**(45)**	**(592)**	**547**

The amounts recorded under this heading relate to the Equity method of accounting for investments in the associated company I.S.M. Srl.. The result is based on the real estate activities of the company. The prior year results were impacted by the company reorganisation, with the sale of the mechanical processing division and the change of the corporate scope in line with the current activities carried out (real estate).

5.12 Financial Income

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

In Euro thousands	**2011**	**2010**	**Changes**
Income from other non-current financial assets	13	17	(4)
Interest on bank deposits	192	34	159
Interest income from customers	-	7	(7)
Other financial income	24	1,326	(1,302)
Total	**229**	**1,383**	**(1,154)**

The decrease principally relates to the "Other financial Income" account, which in the preceding year included income of Euro 950 thousand relating to the fee from Whirlpool of Euro 0.50 for every share purchased in accordance with the Shareholder Agreement, the Modifying Agreements thereof and the Supplementary Agreement signed on March 8, 2010.

5.13 Financial charges

In Euro thousands	**2011**	**2010**	**Changes**
Financial charges:			
on overdrafts and bank loans	3,335	1,468	1,867
on other borrowings	26	179	(153)
on post-employment benefit provisions	504	544	(40)
Discounts on sales	345	430	(85)
Other financial expenses			
Losses/(Gains) from cash flow hedges transferred from equity	-	-	-
Net financial gains/(losses) from traded financial instruments	50	56	(6)
Total	**4,260**	**2,677**	**1,583**

The increase in financial charges of Euro 1,576 thousand is principally due to the higher Group debt relating to the acquisition of the Putian holding.
Euro 50 thousand refers to the loss in value on the CAP options to hedge interest rate fluctuations as described in paragraph 7 "Information on risk management" of the present Notes.

5.14 Exchange gains/(losses)

In Euro thousands	2011	2010	Changes
Exchange losses	(7,519)	(11,083)	3,564
Exchange gains	7,901	11,671	(3,770)
Charges on derivative instruments	(1,058)	(317)	(741)
Profits on derivative instruments	(934)	42	(976)
Net financial income (charges)	**(1,611)**	**313**	**(1,924)**

Net exchange gains excluding transactions in derivative instruments amounted to gains of Euro 382 thousand compared to Euro 588 thousand in 2010.
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 a loss of Euro 163 thousand in 2011 compared to a loss of Euro 361 thousand in 2010.
A large part of the exchange gains and losses are concentrated in the Parent Company Elica S.p.A. (loss of Euro 1,824 thousand), in Elica Group Polska Sp.zo.o (gain of Euro 451 thousand) and in Elica PB India Private Ltd. (loss of Euro 264 thousand).
The "Net Charges (profits) on derivative instruments" report charges in 2011 of Euro 1,992 thousand, increasing on a loss of Euro 275 thousand in 2010. The significant loss in value of the Polish Zloty in the second half of the year had a significant impact on this result, exacerbated by the high levels of volatility (particularly in the second half of the year) of the currencies in which the Group operates (in particular the US Dollar).
For further information on exchange gains and losses in the year, reference is made to the Directors' Report.

5.15 Income taxes

Deferred and current taxes in 2011 are broken down as follows:

In Euro thousands	2011	2010	Changes
Current taxes	(3,875)	(3,712)	(163)
Deferred tax income	1,644	310	1,334
Total income taxes	**(2,231)**	**(3,402)**	**1,171**

The decrease in income taxes relates particularly to the utilisation of deferred tax assets. We highlight in particular the increase in the tax receivable of the subsidiary Elica Polska Sp.zo.o., whose net increase between provisions and utilisations was PLN 1,383 thousand. This credit arose following admission to the Special Economic Zone by the Polish Tax Authorities in February 2007, in which 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.

In 2011, the Parent Company theoricial tax rate (theorical tax on pre-tax income) was 31.63%, in line with 2010, 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, 2011. For foreign subsidiaries the 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.

	2010					2011				
Theoretical IRES rate	27.50%					27.50%				
Theoretical IRAP rate	4.13%					4.13%				
(in Euro thousands)	**Assessable**	**Income taxes**	**Regional taxes**	**Total**	**% on pre-tax profit**	**Assessable**	**Income taxes**	**Regional taxes**	**Total**	**% on pre-tax profit**
Income taxes										
- Current		2,096	1,616	3,712			2,311	1,563	3,875	
- Deferred – cost (income)		(381)	71	(310)			(1,685)	41	(1,644)	
[A] TOTAL INCOME TAXES		**1,715**	**1,687**	**3,402**	**19.1%**		**626**	**1,604**	**2,231**	**9.9%**
PROFIT BEFORE TAXES	**8,979**					**6,347**				
+ Tax calculated using local tax rate		2,470			27.5%		1,746			27.5%
+ Tax effect of expenses/revenues exempt/not deductible for tax purposes	(11,934)	861			9.6%	(3,278)	(899)			-14.2%
- Tax effect on the different tax rates of the foreign subsidiaries	(2,587)	(711)			-7.9%	(2,956)	(813)			-12.8%
- Decrease/increase in deferred tax assets/liabilities due to changes in tax rates	-	-			0.0%	-	-			0.0%
- Other differences	(102)	(27)			-0.3%	1,112	307			4.8%
[B] Effective tax charge and tax rate net of substitute tax	**(5,541)**	**2,592**			**28.9%**	**113**	**341**			**5.4%**
- Tax credit from Polish investments		(877)			-9.8%		285			4.5%
- Substitute Tax effect					0.0%					0.0%
[C] Effective tax charge and tax rate	**(5,541)**	**1,715**			**19.1%**	**113**	**626**			**9.9%**

5.16 Result attributable to minority interest

The minority interest profit relates to those subsidiaries not wholly owned by the Elica Group and in particular they relate to ARIAFINA CO., LTD (minority interest 49%), Airforce S.p.A. (40%), Airforce Germany Hochleistungs-Dunstabzugssysteme GmbH (43%), Zhejiang Putian Electric Co. Ltd (30%), Elica PB Private Ltd. (49%) and Elica Trading LLC (30%). The effect on the account of the consolidation of the Chinese, Indian and Russian subsidiaries on the present account was Euro 855 thousand.

5.17 Basic earnings per share – Diluted earnings per share

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

	2011	2010
From continuing and discontinued operations:		
Net profit for the year (thousands of Euro)	4,162	4,262
Average number of ordinary shares net of treasury shares	58,692,429	56,990,520
Basic earnings per share	**7.09**	**7.48**
Weighted average number of ordinary shares to calculate diluted earnings per share	61,645,382	56,990,520
Diluted earnings per share	**6.75**	**7.48**
From continuing operations:		
Net profit for the year (thousands of Euro)	4,162	4,262
Average number of ordinary shares net of treasury shares	58,692,429	56,990,520
Basic earnings per share	**7.09**	**7.48**
Weighted average number of ordinary shares to calculate diluted earnings per share	61,645,382	56,990,520
Diluted earnings per share	**6.75**	**7.48**

The diluted earnings per share is calculated by dividing the net profit by the average weighted number of shares in circulation in the period, excluding treasury shares, increased by the potential number of shares which may be in circulation following the allocation or disposal of treasury shares in portfolio under the stock grant plants approved on April 28, 2011.

5.18 Other information on the Income Statement accounts

The research and development costs charged in the Income Statement in 2010 and 2011 are summarised in the table below:

In Euro thousands	2011	2010	Changes
R&D costs expensed	4,766	5,789	(1,023)
Amortisation of capitalised R&D costs	952	885	67
Total R&D costs	**5,718**	**6,674**	**(956)**
R&D costs capitalised during the year	**1,062**	**758**	**304**

"R&D 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

5.19 Property, plant & equipment

The table below shows details of the changes in property, plant and equipment in 2010 and 2011.

Property, plant and equipment

(in Euro thousands)	**31/12/2009**	**Increases**	**Disposals & Reclass.**	**Other movements**	**31/12/2010**
Historical cost					
Land and buildings	52,111	1,000	1,387	13,159	67,657
Plant and machinery	72,689	4,532	(1,550)	4,555	80,226
Commercial and industrial equipment	85,318	4,902	(3,847)	526	86,900
Other assets	9,218	1,400	(504)	865	10,980
Assets in progress and advances	2,860	401	(2,636)	235	860
Total	**222,196**	**12,235**	**(7,149)**	**19,340**	**246,623**

(in Euro thousands)	**31/12/2009**	**Deprec.**	**Disposals & Reclass.**	**Other movements**	**31/12/2010**
Accumulated depreciation					
Land and buildings	13,321	1,856	(14)	921	16,084
Plant and machinery	55,823	4,403	(1,041)	1,954	61,139
Commercial and industrial equipment	76,722	4,702	(3,680)	278	78,022
Other assets	7,230	628	(483)	323	7,698
Total	**153,096**	**11,588**	**(5,218)**	**3,476**	**162,943**

(in Euro thousands)	**31/12/2009**	**Increases**	**Disposals & Reclass.**	**Other movements**	**Deprec.**	**31/12/2010**
Net value						
Land and buildings	38,790	1,000	1,402	12,237	(1,856)	51,573
Plant and machinery	16,866	4,532	(509)	2,601	(4,403)	19,087
Commercial and industrial equipment	8,596	4,902	(167)	249	(4,702)	8,878
Other assets	1,988	1,400	(21)	542	(628)	3,282
Assets in progress and advances	2,860	401	(2,636)	235	-	860
Total	**69,100**	**12,235**	**(1,931)**	**15,864**	**(11,588)**	**83,680**

The movements in 2011 were as follows:

Property, plant and equipment					
(in Euro thousands)	**31/12/2010**	**Increases**	**Disposals & Reclass.**	**Other movements**	**31/12/2011**
Historical cost					
Land and buildings	67,657	2,552	(190)	(1,658)	68,361
Plant and machinery	80,226	5,083	(2,170)	(838)	82,301
Commercial and industrial equipment	86,900	5,648	(1,439)	(942)	90,167
Other assets	10,980	1,656	(319)	(211)	12,106
Assets in progress and advances	860	370	(164)	(152)	914
Total	**246,623**	**15,309**	**(4,282)**	**(3,801)**	**253,849**

(in Euro thousands)	**31/12/2010**	**Depreciation**	**Disposals & Reclass.**	**Other movements**	**31/12/2011**
Accumulated depreciation					
Land and buildings	16,084	2,208	31	(103)	18,220
Plant and machinery	61,139	3,526	(2,151)	(186)	62,328
Commercial and industrial equipment	78,022	3,336	(895)	(567)	79,896
Other assets	7,698	894	(321)	(31)	8,240
Total	**162,943**	**9,964**	**(3,336)**	**(887)**	**168,684**

(in Euro thousands)	**31/12/2010**	**Increases**	**Disposals & Reclass.**	**Other movements**	**Depreciation**	**31/12/2011**
Net value						
Land and buildings	51,573	2,552	(221)	(1,555)	(2,208)	50,141
Plant and machinery	19,087	5,083	(19)	(652)	(3,526)	19,973
Commercial and industrial equipment	8,878	5,648	(544)	(375)	(3,336)	10,271
Other assets	3,282	1,656	2	(180)	(894)	3,866
Assets in progress and advances	860	370	(164)	(152)	-	914
Total	**83,680**	**15,309**	**(946)**	**(2,914)**	**(9,964)**	**85,165**

The investments made in the year mainly regarded the upgrading and expansion of facilities, improvements to the manufacturing plant and machinery, the acquisition of new mouldings and equipment for the launch of new products and the development of hardware for the implementation of new technical-logistical-administrative projects.
The column "other movements" on the one hand includes exchange losses of Euro 1.7 million, and on the other, the reclassification from "Property, plant and equipments" to "Assets held for sale" of a factory of the Polish subsidiary for which a preliminary agreement was signed for Euro 1,065 thousand. The notary deed will be signed in 2012.
They include assets acquired under finance lease agreements. As highlighted in the table below, nearly all the finance leasing contracts held by Group companies were redeemed in the year.

Details of the historical cost, accumulated depreciation and depreciation charged to the income statement in the year as a result of the application of the method recommended by IAS 17 for the accounting treatment of assets held under finance lease agreements are provided below.
The table highlights a decrease in depreciation in the year from Euro 11,588 thousand to Euro 9,964 thousand. Reference should be made to note 5.8 for further details.

Leased assets

Table of leased assets *(in Euro thousands)*	**Land and buildings**	**Plant and machinery**	**Commercial and industrial equipment**	**Total**
Gross value	-	139	-	139
Accumulated depreciation	-	(66)	-	(66)
31/12/2011	**-**	**73**	**-**	**73**
Depreciation at December 31, 2011	**-**	21	-	21
Gross value	-	139	-	139
Accumulated depreciation	-	(24)	-	(24)
31/12/2010	**-**	**115**	**-**	**115**
Depreciation at 31 December 31, 2010	**-**	21	-	21

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.

5.20 Goodwill

In Euro thousands	**31/12/2011**	**31/12/2010**	**Changes**
Goodwill	41,765	41,167	**598**
Goodwill	**41,765**	**41,167**	**598**

Details of the allocations are provided below:

(in Euro thousands)	**31/12/2010**	**Other movements**	**Acquisitions/(write-downs)**	**31/12/2011**	**Changes**
Cost for CGU					
Europe	33,817	-	-	33,817	-
America					
Asia	7,350	598	-	7,948	598
Total	**41,167**	**598**	**-**	**41,765**	**598**

The change in "other movements" is solely due to the exchange rate impact on the goodwill of the Asia CGU.
In line with the new Group strategic vision, which centres on international expansion, and the altered market conditions in which our market and sales channel leadership is paramount, Elica S.p.A. over time has forged a new path for the business and established new organisational and disclosure policies with the historical *Range Hood*, *Putian Range Hood* and *Motors Cash Generating Units* becoming increasingly integrated. For this reason in 2011 it was considered necessary to establish new Cash Generating Units, which better reflect the current Group situation and the International Accounting Standards (IAS 36); the new CGU's are the Cash Generating Unit Europe, the Cash Generating Unit Asia and the Cash Generating Unit America.
In addition, a number of assets were identified as common allocation and use between the three CGU's and could not be specifically identified to an individual CGU and therefore were identified as corporate assets and valued according to the applicable IAS 36 provisions.
The recoverable value of the Cash Generating Units to which the individual goodwill is allocated was 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 Cash Generating Units at the valuation date. In particular, these calculations discount the financial cash flow projections of the various CGU's over a time period of 5 years, the first of which (2012) coincides with the updated budget and the subsequent years (2013-2016) estimated based on the respective budgets, utilising a CAGR of revenues for the 2012-2016 period of 3.0% for the Cash Generating Unit Europe, 3.6% for the Cash Generating Unit Asia, and 3.3% for the Cash Generating Unit America, in line with the best estimates available. In relation to raw material costs, an annual average decrease of their percentage of revenues of 0.02% is provided for in relation to the Cash Generating Unit Europe, an annual decrease of 2.5% for the Cash Generating Unit Asia and an increase of 0.8% for the Cash Generating Unit America. These changes are based on the 2012 budget for the various categories of goods, of which the average is for a decrease of 1.5% on the previous year. The variable operational cost components (direct labour, outsourcing and commercial costs) are expected to remain constant in terms of revenues while the fixed operating cost components are projected to increase by 2.4% in the 2012 budget for the Cash Generating Unit Europe, by 3.0% for the Cash Generating Unit Asia and by 2.7% for the Cash Generating Unit America, in line with inflation.
The working capital absorbed by the CGU's is expected to remain constant in terms of revenues at around 10% for the Cash Generating Unit Europe, 2.7% for the Cash Generating Unit Asia and 11% for the Cash Generating Unit America. These amounts were based on a growth rate of 2.4% for the Cash Generating Unit Europe and Corporate (2% in 2010), of 3.0% for the Cash Generating Unit Asia (3.8% in 2010) and of 2.7% for the Cash Generating Unit America (3.5% in 2010). The discount rate (WACC) was estimated at 8.7% for the Cash Generating Unit Europe and Corporate (9% in 2010), of 8.6% for the Cash Generating Unit Asia (8.7% in 2010) and of 8.6% for the Cash Generating Unit America (11.4% in 2010).

These are the principal assumptions used by the Group to predict future performances and for the year-end impairment test.
Regarding the CGU's analysed, the valuations made at consolidated level did not result in the recognition of a loss in value of Goodwill at December 31, 2011. The Cash Generating Unit Europe has a coverage of the book value against the value in use of 3.8 times. The Cash Generating Unit Asia has a coverage of the book value against the value in use of 2.0 times. The Cash Generating Unit America has a coverage of the book value against the value in use of 1.8 times. No write-down was considered necessary for the corporate assets considering the excess capacity of the Cash Generating Units.
In carrying out the analyses for the impairment tests, assumptions and projections of future performance were utilised based on the corporate plans and the best currently available estimates: of sales, of prices of raw materials and operating costs, of investments, of changes in working capital and the average weighted cost of capital. A change in these assumptions could result a significantly different value in use and give rise to "impairment". For this reason, and considering the uncertainties which continue to affect the market at the present moment, management will monitor periodically the circumstances and the events which affect the above-mentioned assumptions and future trends.

5.21 Other intangible assets

The table below shows details of changes in other intangible assets in 2010 and 2011.

Intangible assets *(in Euro thousands)*	**31/12/2009**	**Increases**	**Decr.**	**Other changes**	**Amort.**	**31/12/2010**
Net value						
Development costs	2,544	758	-	157	(885)	2,575
Industrial patents and intellectual property rights	8,047	3,708	(24)	37	(1,974)	9,793
Concessions, licenses, trade marks & similar rights	2,090	10	-	855	(965)	1,989
Assets in progress and advances	582	2,302	-	(392)	-	2,491
Other intangible assets	7,830	150	-	(734)	(228)	7,018
Total	**21,093**	**6,928**	**(24)**	**(77)**	**(4,052)**	**23,867**

Intangible assets *(in Euro thousands)*	**31/12/2010**	**Increases**	**Decr.**	**Other changes**	**Amort.**	**31/12/2011**
Net value						
Development costs	2,575	1,332	-	(99)	(952)	2,855
Industrial patents and intellectual property rights	9,794	1,843	-	(83)	(2,433)	9,120
Concessions, licenses, trade marks & similar rights	1,990	62	-	3	(197)	1,856
Assets in progress and advances	2,491	1,937	-	-	-	4,428
Other intangible assets	7,019	123	-	(19)	(957)	6,166
Total	**23,869**	**5,297**	**-**	**(198)**	**(4,539)**	**24,425**

At December 31, 2011, intangible assets amounted to Euro 24,425 thousand, an increase of Euro 558 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.

"Industrial patents and intellectual property rights" includes patents, intellectual property rights and software programs. The increase for the year, primarily for the parent company, mainly refers to the implementation of the integrated SAP and Octopus projects and the continuous upgrading of technical and management reporting software.

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

The assets in progress and advances of Euro 4,428 thousand refer in part to advances and the development of projects for the implementation of new IT platforms and the design and development of new software applications, and also the development of new products, including two projects focused on energy efficiency.

The account "Other intangible 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 "other changes" column includes net exchange losses of Euro 0.2 million.

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

5.22 Investments in associated companies

The table below shows changes in investments in associated companies:

In Euro thousands	**31/12/2010**	**Acq. or subscrip.**	**Other movements**	**Reval./ (Write-downs)**	**31/12/2011**
Investments in associated companies	1,717	-	(295)	(45)	1,377
Total	**1,717**	**-**	**(295)**	**(45)**	**1,377**

The balance of the "Revaluations/(Write downs)" column, negative for Euro 45 thousand, includes the adjustments in the year to investments based on the results for the year, while the column "Other movements" includes dividends approved by the associated company in favour of Elica S.p.A. utilising retained earnings of the associated company. For further clarifications, reference is made to paragraph 5.11.

The table below shows the carrying values at the end of the previous year and as at December 31, 2011.

in Euro thousands	**Purchase cost**	**Pro-quota post-acquisition gain/loss (exclud. dividends)**	**Balance at 31/12/2011**	**Purchase cost**	**Pro-quota post-acquisition gain/loss (exclud. dividends)**	**Balance at 31/12/2010**
I.S.M. Srl	1,899	(522)	1,377	1,899	(182)	1,717
Total	**1,899**	**(522)**	**1,377**	**1,899**	**(182)**	**1,717**

5.23 Other receivables (non-current)

The breakdown of the other receivables is as follows:

In Euro thousands	**31/12/2011**	**31/12/2010**	**Changes**
Employees	117	141	(24)
Other receivables	159	1,778	(1,620)
Total	**276**	**1,920**	**(1,644)**

The decrease in "Other receivables" is principally due to a receivable of the Polish subsidiary in 2010 concerning a supplier. This receivable had been settled at December 31, 2011.

5.24 Trade Receivables (non-current)

Non-current tax receivables did not change significantly on the previous year, amounting to Euro 6 thousand.

5.25 Available-for-sale financial assets

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:

In Euro thousands	31/12/2011	31/12/2010	Changes
Meccano S.p.A.	15	15	-
UnifabrianoSoc. S.r.l.	2	2	-
Consorzio Energia	4	4	-
Ceced	4	4	-
Inox Market	513	560	(47)
Other minor investments	133	28	105
Total	**671**	**613**	**58**

The change in the investment value of the company Inox Market Mexico S.A. de C.V. is entirely due to exchange rate movements. The increase in "Other minor investments" relates to Elica S.p.A., principally concerning the investment in the "Magna Carta" foundation.

5.26 Trade receivables and loans

The account consists of:

In Euro thousands	31/12/2011	31/12/2010	Changes
Trade receivables	82,104	89,269	(7,164)
Receivables from associated companies	103	7	95
Total	**82,207**	**89,276**	**(7,069)**

Trade receivables and loans decreased by Euro 7,069 thousand. The impact of the consolidation of the Indian, Chinese and Russian companies amounted to Euro 2,819 thousand (Euro 3,042 thousand in 2010). The change is principally due to the more restrictive Group credit policy applied in the year.
Receivables are recorded net of provisions of Euro 3,474 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 146 thousand.
The receivables from the associated company I.S.M. for Euro 98 thousand relate to dividends not yet paid and for the remainder to ordinary operations of the company.

5.27 Inventories

In Euro thousands	31/12/2011	31/12/2010	Changes
Raw material, ancillary and consumables	22,975	19,798	3,176
Raw materials obsolescence provision	(1,157)	(1,201)	(44)
Total	**21,818**	**18,597**	**3,221**
Products in work-in-progress and semi-finished	11,499	11,823	(324)
Semi-finished obsolescence	(684)	(603)	81
Total	**10,815**	**11,220**	**(405)**
Finished products and goods for resale	19,018	13,381	5,637
Finished products obsolescence provision	(1,125)	(1,040)	85
Total	**17,893**	**12,341**	**5,552**
Payments on account	72	513	(440)
Book value	**50,599**	**42,671**	**7,928**

The value of inventories increased by Euro 7,927 thousand.
Inventories are stated net of obsolescence provisions of approximately Euro 2,966 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 Company 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.
The quantification of the stock obsolescence provision of raw materials, semi-finished and finished products is based on assumptions made by Management and amounts to 6% of inventories.

5.28 Other receivables (non-current)

The breakdown is as follows:

In Euro thousands	31/12/2011	31/12/2010	Changes
Other receivables	4,305	2,462	1,843
Prepayments and accrued income	1,731	1,818	(88)
Total	**6,036**	**4,281**	**1,755**

The increase in the account principally relates to Elica S.p.A. concerning the "Other receivables" account and due for Euro 1.7 million to the Elica grant under the "2015 Industry" project.

5.29 Tax receivables (current)

The break down of the account "Tax Receivables" is summarised in the table below:

In Euro thousands	31/12/2011	31/12/210	Changes
IRAP	-	22	(22)
IRES	2,606	2,828	(222)
VAT	2,083	2,836	(753)
Other tax receivables	1,255	1,904	(649)
Total	**5,943**	**7,589**	**(1,646)**

The change in the income tax and regional tax receivables refers to the balance between the payments on accounts and income tax payables for the year 2011.
The increase in the account "other tax receivables" is principally due to the increase of the foreign company tax receivables.

5.30 Derivative financial instruments

		31/12/2011		31/12/2010
In Euro thousands	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivatives on foreign exchange	774	726	573	143
Derivatives on interest rates	69	338	265	166
Total	**842**	**1,064**	**838**	**310**
of which				
Non-current	29	60	189	-
Current	813	1,004	649	310
Total	**842**	**1,064**	**838**	**310**

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

5.31 Cash and cash equivalents

In Euro thousands	31/12/2011	31/12/2010	Changes
Bank and post office deposits	19,967	25,078	(5,110)
Cash and cash equivalents on hand	58	24	34
Total	**20,025**	**25,102**	**(5,077)**

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.

5.32 Assets of discontinued operations

In 2011, the company Elica Group Polska, wholly owned by the Group, signed a preliminary sales contract on a factory for Euro 1,065 thousand. At December 31, 2011 the notary deed had not yet been drawn up, which is scheduled to be signed in 2012.

5.33 Liabilities for post-retirement benefits

The Elica Group reports obligations of Euro 8,907 thousand, reflecting the present value of its retirement benefit obligations accruing at the period end in favour of employees of the Group's companies and representing termination benefits at the end of the employment period.
The most recent actuarial calculation of the present value of the provision was performed at December 31, 2011 by Mercer Human Resource Consulting S.r.l.
The amounts recognised in the Income Statement may be summarised as follows:

In Euro thousands	**31/12/2011**	**31/12/2010**
Costs relating to current employee services	3,166	2,986
Net actuarial losses recognised in the year	4	11
Curtailment effect	188	-
Financial charges	504	544
	3,862	**3,541**

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

In Euro thousands	**31/12/2011**	**31/12/2010**
Opening balance	**9,182**	**9,554**
Costs relating to current employee services	3,166	2,986
Curtailment effect	188	-
Net actuarial losses recognised in the year	4	11
	3,358	**2,997**
Financial charges	504	544
Pension fund	(2,790)	(2,882)
Benefits provided	(1,347)	(1,032)
Total	**8,907**	**9,182**

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.
Actuarial losses have not been recorded at December 31, 2011 of Euro 1,074 thousand, while in 2010 these losses amounted to Euro 891 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 504 thousand in this item for the period. 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 settlements in the year.

Assumptions adopted for the calculation

	31/12/2011	31/12/2010
Discount rate to determine the obligation	4.6%	5.1%
Expected salary growth rate	2.9%	2.9%
Rate of inflation	2.0%	2.0%
Discount rate to determine pension cost	5.1%	5.0%

At December 31, 2011 the Company had 2,996 employees (2,800 in 2010), as detailed in paragraph 5.7.

5.34 Provisions for risks and charges

The composition and movements of the provisions are as follows:

In Euro thousands	31/12/2010	Provisions	Utilisations	Others	31/12/2011
Supplementary agent termination benefits	551	90	(113)	-	529
Directors' termination benefits	109	-	-	-	109
Product warranty provisions	866	548	(230)	33	1,218
Provisions for risks	3,409	182	(1,708)	(19)	1,865
Restructuring provisions	1,278	200	(1,278)	-	200
Personnel Fund	2,907	424	(2,906)	-	425
Other Provisions	87	-	-	(46)	41
Total	**9,207**	**1,444**	**(6,235)**	**(32)**	**4,387**
of which					
Non-current	8,254				2,505
Current	953				1,882
Total	**9,207**				**4,387**

The "Supplementary agent termination benefits" are intended to cover possible charges upon termination of relations with agents and sales representatives.

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

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

The "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.

The "Restructuring Fund" was provisioned in the year against charges concerning restructuring operations as described in paragraph 5.44. During the year this fund was principally used for departing personnel for Euro 1,278 thousand.

The Personnel Fund includes contractual indemnities of employees provisioned in the year, not yet definitive and based on the best estimates according to the information available, which will be paid in the subsequent year.

The column "Other movements" exclusively relates to exchange gains/losses.

5.35 Deferred tax assets – Deferred tax liabilities

At December 31, 2011, details of deferred tax assets and liabilities, determined on the basis of the asset-liabilities method, were as follows:

In Euro thousands	31/12/2011	31/12/2010	Changes
Deferred tax assets	10,032	9,357	675
Deferred tax liabilities	(6,772)	(7,890)	1,118
Total	**3,260**	**1,467**	**1,793**

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

In Euro thousands	31/12/2010			Credit/Debit to P&L		Other move./NE	31/12/2011		
	Assets	Liabilities	N.E.	deferred tax liab.	deferred tax assets		Assets	Liabilities	N.E.
Provisions	1,922	-	-	(733)	276	11	1,476	-	-
Goodwill	884	(2,239)	-	(129)	70	(182)	756	(2,342)	-
Losses carried forward	3,460	(24)	-	(192)	2,455	(321)	5,402	(23)	-
Inventory write-down	866	(230)	-	(27)	236	-	843	-	-
Restructuring charges	351	-	-	(351)	55	-	55	-	-
Gains, grants	-	(235)	-	-	46	-	(96)	(94)	-
Merger adjustments	-	(1,013)	-	-	-	45	-	(968)	-
Exchange diff.	82	(153)	-	(401)	478	-	325	(319)	-
Post-employment benefit provision	-	(934)	-	-	51	-	-	(884)	-
Amortisation and Depreciation	457	(110)	-	-	179	(45)	591	(110)	-
Set up and expansion costs	-	-	-	-	-	-	-	-	-
Elimination of intercompany profits	174	34	-	-	41	-	224	25	-
Stock option	-	-	519	(519)	-	-	-	-	-
Employee bonuses	799	-	-	(799)	116	-	116	-	-
Allocation purchase price	-	(2,393)	-	-	260	-	-	(2,134)	-
Other	363	(593)	-	(59)	591	120	339	76	-
Total	**9,358**	**(7,890)**	**519**	**(3,210)**	**4,854**	**(372)**	**10,031**	**(6,772)**	**-**

The column "Other movements" includes all the movements of "deferred tax assets and liabilities" which do not have an effect on the Income Statement in the deferred tax income or charge accounts; principally they include exchange rate effects.
Deferred tax asset recognition for each Group company is carried out through evaluating the projected future recovery based on budget projections. In particular, in relation to the Group Italian companies, although recording a tax loss for 2011 under the national consolidation, deferred tax assets were maintained based on expected future assessable income.

5.36 Amounts due under finance leases and other borrowings

Finance leases and other lenders	Minimum leasing payments due		Present value of the minimum leasing payments due	
(in Euro thousands)	**31/12/2011**	**31/12/2010**	**31/12/2011**	**31/12/2010**
Due within one year	25	24	25	23
Due within five years	59	81	56	76
Due over five years				-
	84	**105**	**81**	**99**
pertaining to:				
- future financing costs	3	6	-	-
- present value of obligations under finance leases	81	99	81	99
pertaining to:				
- due within one year			25	23
- due beyond one year			56	76

Finance lease payables refer to plant and machinery. As outlined in the note concerning fixed assets, during the previous year all Group leased assets were redeemed. The current value of the minimum payments due at December 31, 2011 is Euro 81 thousand, of which Euro 25 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.

5.37 Bank loans and mortgages

In Euro thousands	**31/12/2011**	**31/12/2010**	**Changes**
Bank loans and mortgages	88,745	59,883	28,862
Total	**88,745**	**59,883**	**28,862**
Bank loans and mortgages have the following repayment schedules			
On demand or within one year	43,640	29,426	14,214
Within two years	11,571	10,357	1,214
Within three years	11,405	6,649	4,756
Within four years	8,070	6,369	1,701
Within five years	6,946	2,992	3,954
Beyond 5 years	7,113	4,090	3,023
Total	**88,745**	**59,883**	**28,862**
Less amounts to be repaid within one year	43,640	29,426	14,214
Due beyond one year	**45,105**	**30,457**	**14,648**

The majority of borrowings indicated above carry a floating rate of interest. While it is exposed to interest rate risk, in 2011 the Group did not systematically hedge its exposure as, particularly concerning short-term debt, 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.

5.38 Other Payables

Other Payables (non-current)

In Euro thousands	31/12/2011	31/12/2010	Changes
Other payables	764	294	470
INAIL contributions – earthquake suspension 1997	79	87	(8)
INPDAI contributions – earthquake suspension 1997	43	47	(5)
Employee INPS contributions – earthquake 1997	973	1,082	(109)
Total	**1,859**	**1,510**	**349**

The balance of non-current payables relates for Euro 5 thousand to Airforce, for Euro 546 thousand to Elica India and for Euro 1,307 thousand to the parent company Elica S.p.A.. The parent company payable decreased principally due to the reimbursement of suspended amounts following the earthquake of 1997.

Other payables (current)

In Euro thousands	31/12/2011	31/12/2010	Changes
Payments to social security institutions	1,210	2,169	(959)
Other payables	1,094	993	101
Payables to personnel for remuneration	4,929	4,792	137
Customers	76	103	(27)
Accrued expenses and deferred income	918	266	652
Payments on account	1,984	596	1,388
Directors and Statutory Auditors	-	102	(102)
Total	**10,211**	**9,021**	**1,190**

The account increased by Euro 1,190 thousand. This increase principally relates to the "payments on account" of the subsidiary Elica Group Polska, in particular for payments received against the warehouse sale.
The account "Payables to Social Security Institutions" decreased due to redundancies within the Parent Company.

5.39 Current and non-current tax liabilities

Tax payables (non-current)

In Euro thousands	31/12/2011	31/12/2010	Changes
ILOR (former local income tax) payable – earthquake suspension	183	201	(19)
Other taxes payable	166	183	(17)
Employee leaving indemnity payable – earthquake suspension	27	29	(3)
Flat tax payable – earthquake suspension	1	1	-
Taxes on equity reserves – earthquake suspension	511	563	(52)
Total	**888**	**978**	**(90)**

The decrease of the other account relates principally to the reimbursement of earthquake suspension payables following the earthquake in 1997.

Tax payables (current)

In Euro thousands	31/12/2011	31/12/2010	Changes
Other taxes	742	2,157	(1,415)
IRPEF withheld	2,070	2,108	(38)
Ires payables for the year	2	1,499	(1,497)
Total	**2,814**	**5,764**	**(2,950)**

The account decreased by Euro 2,950 thousand. This decrease relates both to income tax payables which decreased by Euro 1,497 thousand and other tax payables principally concerning the foreign subsidiaries.

5.40 Trade payables

In Euro thousands	31/12/2011	31/12/2010	Changes
Trade payables	89,806	88,742	1,064
Total	**89,806**	**88,742**	**1,064**

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.

5.41 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, 2011 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 Euro 2,190 thousand, were charged to the Share Premium Reserve, in accordance with IAS/IFRS.

Hedging, translation and stock grant reserve

This account, negative for Euro 5,688 thousand (in 2010 negative for Euro 3,441 thousand), changed as follows: conversion of financial statements expressed in foreign currencies (ELICAMEX S.A. de C.V., Leonardo S.A. de C.V., Elica Group Polska Sp.zo.o, ARIAFINA CO., LTD, Elica Inc., Elica PB India Private Ltd., Zhejiang Putian Electric Co. Ltd and Elica Trading LLC) resulting in a decrease of Euro 3,202 thousand, including the fair value changes of cash flow hedges, net of the negative tax effect of Euro 259 thousand. The change in the Stock Grant Plan reserve is also recorded to this account, approved by the shareholders’ meeting by April 26, 2010. The 2011 cost was recognised to this reserve, relating only to Retention rights, in addition to the amount concerning the change in the relevant tax regulation.

Treasury shares

	Number	**Book value** (*in Euro Thousand*)
Beginning balance at January 1, 2011	6,332,280	17,629
Changes	(3,166,140)	(8,814)
Closing balance at December 31, 2011	3,166,140	8,815

At December 31, 2011, the treasury shares in portfolio represent 5% of the Share Capital.
During the year, as described in the Directors' Report, treasury shares were sold in two tranches, the first of which in February, under which 3% were sold (1,899,684 shares) and the second in December, under which 2% were sold (1,266,456 shares).

Retained earnings

In Euro thousands	**31/12/2011**	**31/12/2010**	**Changes**
Legal reserve	2,533	2,533	-
Undistributed earnings	(16,032)	9,239	(25,271)
IAS transition reserve	1,675	1,675	-
Extraordinary reserve	42,633	46,887	(4,254)
Reserve restricted under Law 488/92	3,875	3,875	-
Total	**34,684**	**64,210**	**(29,525)**

The significant decrease in retained earnings is principally due to the increase in the allocation of profits for 2010 for the portion not distributed as dividends for an amount of Euro 4,273 thousand and decreases relating to: Euro 1,478 thousand for dividends paid, Euro 4,370 thousand to the contraction in the market value of treasury shares sold in the year and Euro 27,841 thousand to the acquisition of a further 15% in Putian (55% held at December 31, 2010) as a shareholder transaction in line with IAS 27. For further details on the transaction reference should be made to note 5.45.

At December 31, 2011, the Stock Market capitalisation of the company was Euro 49.2 million. The market value of shares does not coincide with the market consensus[11] value, which however in this period closely approximates to the Group Net Equity book value.

5.42 Minority interest shareholders' equity

The account decreased by Euro 1,562 thousand, principally due to:

- a decrease of Euro 46 thousand for the allocation of minority losses of 2011,
- an increase of Euro 637 thousand concerning the minority share of the translation effect of financial statements of the investee companies ARIAFINA CO., LTD, Elica PB India Private Ltd., Zhejiang Putian Electric Co Ltd and Elica Trading LLC, expressed in foreign currencies;
- a decrease of Euro 312 thousand for the distribution of dividends;
- a decrease of Euro 1,944 thousand for the acquisition by the Group of a further 15% of the Chinese subsidiary (note 5.45).

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.

[11] Average of the target price indications provided to the market by brokers familiar with the Company.

5.43 Net debt, default risk and covenants

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

In Euro thousands	**31/12/2011**	**31/12/2010**
Cash and cash equivalents	**20,026**	**25,102**
Finance leases and other lenders	(56)	(76)
Bank loans and mortgages	(45,105)	(30,457)
Long-term debt	**(45,162)**	**(30,533)**
Finance leases and other lenders	(25)	(23)
Bank loans and mortgages	(43,640)	(29,426)
Short-term debt	**(43,665)**	**(29,449)**
Net Debt	**(68,800)**	**(34,880)**

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

	Net equity		Net Profit	
in Euro thousands	Amount	%	Amount	%
As per accounts	114,899		4,116	
Restructuring charges	145	0.13%	145	3.52%
Notional book value	**115,044**		**4,261**	

The account refers to the Group industrial reorganisation charges of Euro 145 thousand after the tax effect.

5.45 Acquisitions and asset transfers

Acquisition of the holding in Zhejiang Putian Electric

The Elica Group in 2011 acquired a further 15% of the Chinese company Zhejiang Putian Electric, as described in the paragraph "Significant events in 2011" in the Directors' Report.
The effects of this operation are summarised in the table below:

	Carrying value based on Group principles	Fair value adjustments	*Fair value*
(in Euro thousands)			
Property, plant and equipment	3,868	3,093	6,961
Usage rights of the land	551	5,127	5,678
Other intangible assets	97	-	97
Trade receivables	1,216	-	1,216
Inventories	2,218	-	2,218
Other receivables	87	-	87
Deferred tax assets	130	-	130
Cash and cash equivalents	2,225	-	2,225
Deferred tax liabilities	(601)	(2,055)	(2,656)
Trade payables	(2,343)	-	(2,343)
Other payables	(467)	-	(467)
Taxes payable	(187)	-	(187)
Total Shareholders' Equity	**6,794**	**6,165**	**12,959**
Amount acquired (15%)			**1,944**
Reduction in net equity of the Group			27,841
Total acquisition cost			**29,785**

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, 2011 for contingent risks and charges relating to legal disputes amount to Euro 969 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 amount to Euro 13,815 thousand while the amount relating to fixed asset purchases at December 31, 2011 was approx. Euro 409 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 S.A. (now "FAN S.r.l."), the parent company of Elica S.p.A., and Whirlpool signed a shareholder agreement (the "Shareholder Agreement"). Under the Shareholder Agreement, Whirlpool and the Company signed a Share Option Agreement (the "Share Option Agreement").
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.
On March 8, 2010, Whirlpool Europe S.r.l. and FAN S.r.l. signed a further modification to the Agreement under which the parties agree that, among other issue, any provision of the Agreement dependent on the holding by Whirlpool of 10% of the share capital of Elica at the closing of the option period, as extended by the Second Modifying Agreement, is fully enacted.
On December 18, 2010, Whirlpool Europe S.r.l. and FAN s.r.l. announced that the Agreement had been renewed for a further 3-year period and without amendment.
The matters outlined above had no impact on the control of Elica S.p.A. which pursuant to article 93 of the Consolidated Finance Act, continues to be indirectly held by Ms. Gianna Pieralisi.
For further information reference is made to the "Annual Corporate Governance and Ownership Structure Report" of Elica S.p.A., updated to March 22, 2011 and available on the website of the Company www.elicagroup.com in the Investor Relations/Corporate Governance section, which reports the extracts of the Agreement published in accordance with law on the site www.consob.it.
Elica S.p.A. is committed to the following guarantees:
- 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.zo.o; these sureties will expire in 2012.
- a guarantee in favour of a supplier of the Mexican subsidiary for the purchase of plant up to a maximum amount of Euro 72 thousand; this guarantee will be valid until 120 days following the last payment date established and however not beyond January 31, 2012.
A guarantee provided by the bank PEKAO is in place for the Polish subsidiary concerning a supplier for PLN 120,000 valid until April 4, 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 and photovoltaic

panels. The payments due by the Group under the property rentals and operating leases are summarised in the following table:

In Euro thousands	**31/12/2011**	**31/12/2010**
Property rentals	1,148	1,701
Car and fork lift rental	2,573	3,001
Hardware operating leases	2,213	1,825
Other operating leases	4,915	4,419
Total	**10,849**	**10,946**

In Euro thousands	**31/12/2011**	**Within 1 year**	**1-5 years**	**Over 5 years**
Property rentals	1,148	652	497	-
Car and fork lift rental	2,573	1,374	1,199	-
Hardware operating leases	2,213	1,069	1,143	-
Other operating leases	4,915	482	1,772	2,662
Total	**10,849**	**3,577**	**4,611**	**2,662**

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 if they 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 American Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Polish Zloty (PLN), Mexican Pesos (MXN), Swiss Francs (CHF), Russian Roubles (RUB), Chinese Yuan (CNY) and the Indian Rupie (INR). In all of these currencies, except for the Swiss Franc and the Polish Zloty, 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, 2011 of the balance sheet accounts in foreign currencies for the most significant currencies:

Currency	Assets	31/12/2011 Liabilities	Assets	31/12/2010 Liabilities
CHF	-	(300)	-	(299)
CNY	(3)	93	-	-
GBP	292	(60)	498	(39)
JPY	253	(1)	93	-
PLN	(8,338)	10,488	(7,387)	6,305
RUB	2,874	(6)	44	(2)
USD	12,717	(9,797)	10,098	(3,568)
MXN	(490)	618	(868)	904
INR	105	(1,687)	-	364
Total	**7,410**	**(652)**	**2,458**	**(3,941)**

For the purposes of the sensitivity analysis on the exchange rate, the potential movements on the Euro/CHF, Euro/CNY, Euro/GBP, Euro/YEN, Euro/PLN, Euro/RUB, Euro/USD, Euro/MXN and EUR/INR 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:

In Euro thousands	**2011**		**2010**	
Currency	**Depreciation of foreign currencies 5%**	**Appreciation of foreign currencies 5%**	**Depreciation of foreign currencies 5%**	**Appreciation of foreign currencies 5%**
CHF	14	(16)	14	(16)
CNY	(4)	5	-	-
GBP	(11)	12	(22)	24
JPY	(12)	13	(4)	5
PLN	(102)	113	52	(57)
Rub	(137)	151	(2)	2
USD	(139)	154	(311)	344
MXN	(6)	7	(2)	2
INR	(85)	94	-	-
Total	**(482)**	**533**	**(305)**	**337**

The hedging operations at December 31, 2011 with financial counterparties have a total Fair Value of approx. Euro 48 thousand.
The table below shows the details of the notional and fair values:

Currency	31/12/2011		31/12/2010	
	Notional	Fair Value	Notional	Fair Value
	(in foreign currency/000)	(in Euro thousands)	(in foreign currency/000)	(in Euro thousands)
USD				
Forward	3,180	(62)	2,000	28
Options	9,435	174	8,650	241
GBP				
Forward	590	(6)	730	16
PLN				
Forward	173,468	(533)	6,014	12
Options	107,265	373	14,145	127
JPY				
Options	55,000	1	75,000	6
Rub				
Forward	42,000	14	-	-
Options	167,000	87	-	-
Total		**48**		**430**

For the purposes of the sensitivity analysis on the exchange rate, the potential movements on the EUR/USD, EUR/GBP, EUR/PLN, EUR/JPY and EUR/RUB and the EUR and foreign exchange interest rate curves were analysed.
In the stress testing we have stressed, as well as the spot to spot exchange rate, also the monetary curve rates at December 31, 2011 in order to show the effect of changes in the rate curve.
For this purpose, the maximum change in the interval between the beginning of November 2010 and the first week of January 2012 was considered.
For the EUR/USD exchange rates a stress of 4.5% was applied, for the EUR/GBP 2.5%, for EUR/PLN 4.0%, for EUR/JPY 5% and for EUR/RUB 3%.
For the interest rates, variable based on forward exchange contracts, a stress of 17% was applied for the Eurozone, 15% for the USA, 1% for the Polish and Japanese rates and 1% for the UK rates.
The following table shows the sensitivity to the movements in the exchange rates and the rate curves indicated, maintaining all other variables unchanged, of the Fair Value of the operations in foreign currencies at December 31, 2011 (compared with December 31, 2010):

in Euro	2011 USD Notional 12,615 USD/000	GBP Notional 590 GBP/000	PLN Notional 280,733 PLN/000	JPY Notional 55,000 JPY/000	RUB Notional 209,000 RUB/000
Exchange depreciation	214,431	17,237	(753,363)	2,511	59,787
Currency deprec. EURO	8,311	1,109	(25,868)	15	3,523
Currency depreciation	(4,071)	(309)	78,107	-	(13,789)
Sensitivity to depreciation	**218,671**	**18,037**	**(701,124)**	**2,526**	**49,521**
Exchange appreciation	(189,186)	(18,121)	955,623	(645)	(54,984)
Currency apprec. EURO	(8,226)	(1,115)	32,341	(14)	(4,515)
Currency appreciation	4,095	308	(76,296)	-	14,192
Sensitivity to Appreciation	**(193,317)**	**(18,928)**	**911,668**	**(659)**	**(45,307)**

in Euro	2010 USD Notional 10,650 USD/000	GBP Notional 730 GBP/000	PLN Notional 20,159 PLN/000	JPY Notional 75,000 JPY/000
Exchange depreciation	212,667	24,712	(163,196)	9,837
Currency deprec. EURO	5,629	853	(847)	(44)
Currency depreciation	(2,418)	(338)	1,337	(5)
Sensitivity to Depreciation	**215,878**	**25,227**	**(162,706)**	**9,788**
Exchange appreciation	(185,371)	(26,241)	254,145	(4,412)
Currency apprec. EURO	(4,671)	(856)	881	(44)
Currency appreciation	2,424	337	(2,624)	5
Sensitivity to Appreciation	**(187,618)**	**(26,760)**	**252,402**	**(4,451)**

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 costs 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 172 thousand, while a change of 25 bps in the same interest rate curve converts into higher financial charges of Euro 172 thousand.

The Group hedges the interest rate risk through the utilisation of two Interest Rate Swaps and through CAP options 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

	31/12/2011		**31/12/2010**	
Instrument *In Euro thousands*	**Notional**	**Fair Value**	**Notional**	**Fair Value**
Interest Rate Swap	16,272	(278)	12,969	79
CAP	22,072	8	10,573	19
Total	**38,344**	**(270)**	**23,542**	**99**

Also the interest rate risk is measured through sensitivity analysis, in accordance with IFRS 7. The changes in the interest rate curve utilised for the sensitivity analysis were based on the volatility of the market rates.
The analysis shows that a change of the interest rate curve (both short-term and medium/long-term) of -25 bps results in a decrease in the Fair Value of the Interest Rate Swap at December 31, 2011 of Euro 124 thousand.
An increase however of 25 bps on the interest rate curve would cause an increase in the fair value of the Interest Rate Swap of Euro 123 thousand.

With reference to the CAP options the sensitivity analysis carried out on the interest rate curve shows against a change in the curve (both short and medium/long-term) of -25 bps, the Fair Value of the CAP decreases by Euro 6 thousand.
A change in the interest rate curve of 25 basis point prompts an increase in the CAP fair value of Euro 10 thousand.

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, 2011 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, 2011, trade receivables of Euro 82.2 million (Euro 89.1 million at December 31, 2010), included approx. Euro 6.2 million (Euro 6.7 million at December 31, 2010) concerning overdue receivables. 1.2% of receivables (0.5% at December 31, 2010) 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:

December 31, 2011

(in Euro thousands)	**within 12 months**	**1-5 years**	**Over 5 years**
Finance leases and other lenders	25	56	-
Bank loans and mortgages	41,210	37,903	7,113
Trade and other payables	100,018	1,859	-
Total	**141,253**	**39,818**	**7,113**

Decembrer 31, 2010

(in Euro thousands)	**within 12 months**	**1-5 years**	**Over 5 years**
Finance leases and other lenders	23	76	-
Bank loans and mortgages	29,426	26,367	4,090
Trade and other payables	97,764	1,510	-
Total	**127,213**	**27,953**	**4,090**

During the year, the Group signed with major financial counterparties a medium/long-term loan contract which include an obligation to respect financial covenants based on the Consolidated Financial Statements.
In particular the structure of the covenants on some of the Medium/long-term loans do not immediately determine default of the line through non respecting of the limits, but in first instance result in an increase in the cost of the loan.
At December 31, 2011 the level of the covenants in question were comfortably complied with both in relation to the increase in the cost of the loan and the level of default of the credit line.

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

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

Classification of the Financial instruments

In Euro thousands	**31/12/2011**	**31/12/2010**
Other financial assets	-	30
AFS financial assets	672	614
Derivative financial instruments	29	189
Non-current assets	**701**	**833**
Derivative financial instruments	813	649
Cash and cash equivalents	20,026	25,102
Current assets	**20,839**	**25,751**
Finance leases and other lenders	56	76
Bank loans and mortgages	45,105	30,457
Non-current liabilities	**45,161**	**30,533**
Finance leases and other lenders	25	23
Bank loans and mortgages	43,640	29,426
Derivative financial instruments	1,004	310
Current liabilities	**44,669**	**29,759**

Hierarchy of Fair Value according to IFRS 7

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

- Level 1: determination of fair value based on prices listed in active markets for identical assets or liabilities. The instruments which the Group operates directly on active markets or in "Over the Counter" markets characterised by an adequate level of liquidity belong to this category;
- Level 2: determination of fair value based on other inputs than the listed prices included in "Level 1" but which are directly or indirectly observable. In particular instruments which the Group operates on "Over the Counter" markets, not characterised by an adequate level of liquidity are included in this category;
- Level 3: determination of the Fair Value based on valuation models whose input is not based on observable market data.

The classification of the financial instruments may have a discretional element, although not significant, where in accordance with IFRS, the 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, 2011 and December 31, 2010 belong to level 2 of the fair value hierarchy.

Derivative instruments at December 31, 2011 -

The table below shows the following information on derivative instruments at December 31, 2011:

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

in Euro	**Notional Value**				**Book Value**
Interest rate risk	Maturity within 1 year		Maturity over 1 year		
Cash Flow hedge as per IAS 39	2,712		13,560		(278)
Fair Value hedge as per IAS 39					
Not considered hedges under IAS 39	4,592		17,480		8
Total derivatives on interest rates	**7,304**		**31,040**		**(270)**
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	27,242	49,620	673	1,447	48
- On financial operations					
Total derivatives on foreign exchange	**27,242**	**49,620**	**673**	**1,447**	**48**

The situation at December 31, 2010 is outlined below:

in Euro	**Notional Value**				**Book Value**
Interest rate risk	Maturity within 1 year		Maturity over 1 year		
Cash Flow hedge as per IAS 39		1,853		11,116	79
Fair Value hedge as per IAS 39					
Not considered hedges under IAS 39		2,768		7,805	20
Total derivatives on interest rates		**4,621**		**18,921**	**99**
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	8,478	4,943	977	-	431
- On financial operations					
Total derivatives on foreign exchange	**8,478**	**4,943**	**977**	**-**	**431**

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

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

The remuneration of the above-mentioned persons in total amounted to Euro 4,402 thousand.
The details are reported in the "Remuneration Report". This report is available on the Company internet site www.elicagroup.com, in the Investor Relations/Corporate Governance section.

8.2 Share-based payments

At December 31, 2011, the stock option plan "2007-2011 Performance Stock Option Plan" expired without utilisation, whose options were allocated to senior management with strategic responsibilities, in addition to the Chief Executive Officer.

At December 31, 2011, the Board members and senior managers with strategic responsibilities matured Stock Grants for a total of Euro 676 thousand. The details are reported in the "Remuneration Report". This report is available on the Company internet site www.elicagroup.com, in the Investor Relations/Corporate Governance section.

8.3 Information on subsidiary companies

The tables below show key data for subsidiaries and the amount of transactions entered into with them at and for the year ended December 31, 2011.

Subsidiaries – 2011 Highlights

In Euro thousands	Assets	Liabilities	Net equity	Revenues	Net result
Elicamex S.a.d. C.V.	33,772	10,917	22,856	35,418	2,082
Elica Group Polska Sp.z o.o	40,024	14,993	25,031	74,038	5,262
Airforce S.p.A.	8,409	6,185	2,224	18,419	249
Ariafina CO. LTD	7,972	3,172	4,799	20,571	1,432
Leonardo Services S.A. de C.V.	301	355	(54)	3,845	(59)
Exklusiv Hauben Gutmann GmbH	24,015	14,849	9,166	24,097	921
Elica Inc.	438	333	105	701	19
Airforce Germany (*)	101	17	83	9	(49)
Elica PB India Private Ltd.	4,600	6,983	(2,383)	7,539	(1,696)
Zhejiang Putian Electric Co. Ltd	10,849	2,861	7,989	12,290	(233)
Elica Trading LLC	4,635	4,634	-	3,363	(97)

(*) Airforce Germany Hochleistungs-dunstabzugssysteme Gmbh

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 2011. 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 – key data at December 31, 2011

In Euro thousands	Head Office	% held	Share capital	Net equity	Net result
I.S.M. Srl	Cerreto d'Esi (AN)	49.385	10	1,377	(43)

Commercial transactions with associated companies

The table below shows the operating and financial amounts from transactions with associated companies for 2011. No separate disclosure of these positions was given in the financial statements, given the limited amounts involved, in accordance with Consob resolution No. 15519 of July 27, 2006.

In Euro thousands	Payables	Receivables	Costs	Revenues
I.S.M. Srl	-	103	-	3

8.5 Transactions with other related parties

In 2011, transactions with other related parties took place. All transactions were conducted on an arm's length basis in the ordinary course of business. No separate disclosure of these positions was given in the financial statements, given the limited amounts involved, in accordance with Consob resolution No. 15519 of July 27, 2006.
The table below shows the main operating and financial amounts arising from trading transactions with FASTNET S.p.A. (30% interest held by FAN, the parent company of Elica), with Roal Electronics S.p.A. (21.276% interest held by Fintrack, the ultimate parent company of Elica) and with Fintrack S.p.A. (company that indirectly controls the Parent Company, Elica S.p.A.).

<u>Elica Group and FASTNET S.p.A.</u>

In Euro thousands	31/12/2011	31/12/2010
Payables	11	5
Costs and charges	34	19

Elica Group and Fintrack S.p.A.

In Euro thousands	31/12/2011	31/12/2010
Receivables	765	1,013
Revenues and income	15	13

Elica Group and Roal Electronics S.p.A.

In Euro thousands	31312/2011	31/12/2010
Receivables	86	41
Payables	479	1,137
Revenues and income	84	56
Costs and charges	2,933	3,275

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.

The "Procedures for transactions with Related Parties" is available on the company internet site, in the Investor Relations/Corporate Governance section.

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

In 2011, no operations classifiable in this category were recorded.

10. Subsequent events

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

Fabriano, March 21, 2012

For the Board of Directors
The Executive Chairman
Francesco Casoli

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 2011 for audit and other services carried out by the audit firm and entities associated with the audit firm.

Type of services	Company delivering the service	Company	Remuneration *(in Euro thousands)*
Auditing of accounts	Deloitte & Touche S.p.A.	Elica S.p.A.	277
Auditing of accounts	Deloitte & Touche S.p.A.	Air Force S.p.A.	29
Auditing of accounts	Deloitte & Touche S.p.A.	ELICAMEX S.A. de C.V.	20
Auditing of accounts	Deloitte & Touche Sp.z o.o.	Elica Group Polska S.p.z.o.o.	31
Auditing of accounts	Deloitte & Touche GmbH	Exklusiv Hauben Gutmann GmbH	32
Auditing of accounts	Deloitte & Touche Regional Consulting Services Limited	Elica Trading LLC	15
Auditing of accounts	Deloitte Touche Tohmatsu Limited	Ariafina CO. LTD	27
Other services	Deloitte & Touche S.p.A.	Elica S.p.A.	13
Other services	Deloitte Doradztwo Podatkowe Sp. z o.o.	Elica Group Polska S.p.z.o.o.	5
Other services	Deloitte & Touche S.p.A.	Elicamex S.a. de C.V.	6
Total			**455**

Type of services	Company delivering the service	Company	Remuneration *(in Euro thousands)*
Auditing of accounts	B S R and Co. (K.P.M.G. affiliate)	Elica PB India Private Ltd.	14
Auditing of accounts	Price Waterhouse Coopers	Zhejiang Putian Electric Co. Ltd	36
Other services	B S R and Co. (K.P.M.G. affiliate)	Elica PB India Private Ltd.	3
Other services	Price Waterhouse Coopers	Zhejiang Putian Electric Co. Ltd	1
Total			**54**

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

The undersigned Andrea Sasso, as Chief Executive Officer, and Alberto Romagnoli, 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 2011.

It is also declared that:

- the Consolidated Financial Statements:

a) corresponds to the underlying accounting documents and records;
b) were prepared in accordance with International Financial Reporting Standards adopted by the European Union and also in accordance with article 9 of Legislative Decree 38/2005;
c) provide a true and correct representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.

- The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer together with a description of the principal risks and uncertainties to which they are exposed.

Fabriano, March 21, 2012

The Chief Executive Officer
Andrea Sasso

Executive responsible for the preparation
of corporate accounting documents
Alberto Romagnoli

List of holdings in non-listed companies, including foreign, of over 10% at the reporting date

In Euro thousands	**Head Office**	**% total**	**% Direct**	**% Indirect**	**Held by (*)**	**value "direct"**	**value "indirect"**	**Consolidation method**
Elicamex S.a.d. C.V.	Queretaro (Mexico)	100%	98%	2%	Elica Group Polska Sp.z o.o	28,640	625	Full
Elica Group Polska Sp.z o.o	Wroklaw (Poland)	100%	100%	n/a	n/a	22,276	n/a	Full
Airforce S.p.A.	Fabriano (AN) -(Italy)	60%	60%	n/a	n/a	1,212	n/a	Full
Ariafina Co.Ltd	Sagamihara – Shi (Japan)	51%	51%	n/a	n/a	49	n/a	Full
Leonardo Services S.a. de C.V.	Queretaro (Mexico)	100%	98%	2%	Elica Group Polska Sp.z o.o	77	2	Full
Exklusiv Hauben Gutmann GmbH	Muhlacker (Germany)	100%	100%	n/a	n/a	8,869	n/a	Full
Elica Inc.	Chicago, Illinois (United States)	100%	0%	100%	Elicamex S.a.d. C.V.	-	110	Full
Airforce Germany Hochleistungs-dunstabzugssysteme Gmbh	Stuttgart (Germany)	95%	0%	95%	Airforce S.p.A.	-	238	Full
Elica PB India Private Ltd.	Pune (India)	51%	51%	n/a	n/a	366	n/a	Full
Zhejiang Putian Electric Co. Ltd	Shengzhou (China)	70%	70%	n/a	n/a	15,321	n/a	Full
Elica Trading LLC	Sankt Peterburg (Russia)	70%	70%	n/a	n/a	71	n/a	Full
I.S.M. s.r.l.	Cerreto D'Esi (AN) - (Italy)	49.39%	49.39%	n/a	n/a	1,376	n/a	Equity

(*) name and legal form of any subsidiary companies which directly hold investments in non-listed companies and relative holdings.