The Hi-Life Company

Elica S.p.A.

2009 FINANCIAL STATEMENTS

CONTENTS

Elica today

Elica has been present in the cooker hood market since the 1970s and today is the world leader in the production of hoods and market leader in terms of units sold in the main European countries. It is also a European leader in the design, manufacture and sale of motors for central heating boilers for domestic use.

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

The Macroeconomic Environment in 2009 and Outlook 2010

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

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

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

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

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

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

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

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

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

Currency markets

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

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

IAS/IFRS

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

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

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

Financial Highlights

(Data in Euro thousands)	FY 08	FY 09	09 Vs 08
Revenues	267,669	203,194	-24%
EBITDA	**13,507**	**3,802**	**-72%**
revenue margin	5.05%	1.87%	-3%
EBIT	**787**	**(4,712)**	**-699%**
revenue margin	0.29%	-2.32%	-3%
Interest income/(charge)	(669)	(1,144)	71%
revenue margin	-0.25%	-0.56%	0%
Exchange gains/(losses)	522	(531)	-202%
revenue margin	0.19%	-0.26%	0%
Net profit/(loss) for the year	**1,373**	**(6,550)**	**-577%**

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.

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.

(Data in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Cash and cash equivalents	3,128	2,992	(135)
Loans to related parties	30,542	19,197	(11,345)
Bank loans and mortgages - current	(33,306)	(22,868)	10,438
Finance leases and other lenders - current	(309)	(1,302)	(994)
Short-term net funds/(debt)	**55**	**(1,982)**	**(2,037)**
Bank loans and mortgages – non-current	(3,981)	(14,617)	(10,636)
Finance leases and other lenders – non-current	(810)	-	810
Long-term net debt	**(4,791)**	**(14,617)**	**(9,826)**
Net Debt	**(4,736)**	**(16,599)**	**(11,863)**

2009 operating performance

In 2009, revenues decreased by 24.1% on the previous year, with a greater contraction in the first part of the year and growth in the final quarter.
Revenues in the "own brands" area decreased by 19.4% on 2008, in line with the market. The Group market share with the principal OEM clients remains solid, while the rationalisation of the client portfolio with credit rating less than average was also carried out.

EBITDA before restructuring charges amounted to 2.5% of revenues compared to 5.8% in 2008. In Q4 EBITDA before restructuring charges amounted to -0.4% of revenues compared to 0.8% in Q4 2008. This performance is principally caused by the reduction in revenues, which was generated by weak international demand and by the relocation of production to Poland and Mexico. The company has also focussed on rendering the operating costs structure more efficient and flexible.

In 2009, the Temporary Lay-off Scheme was utilised, along with social security measures aimed at maintaining the level of personnel employed. On the completion of the industrial restructuring (begun in 2008) the present financial statements include restructuring costs of Euro 1.3 million, relating to labour costs.

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

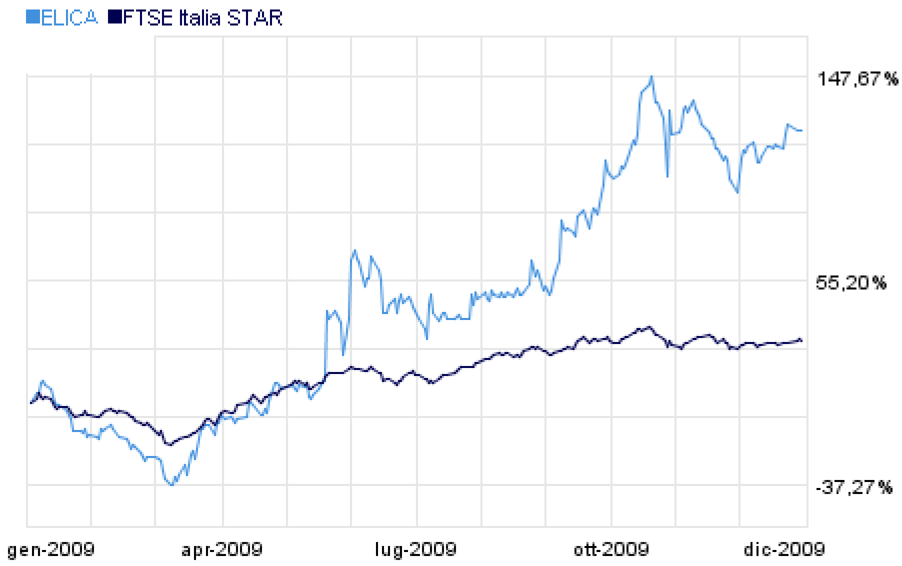
Managerial Working Capital on net revenues improved from 11.3% in December 2008 to 10.0% in December 2009. This improvement was possible thanks to the significant reduction in inventories and the improved management of trade payables, whose effects more than offset the support activities in favour of clients.

Guidance for 2010

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

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

Elica S.p.A. and the financial markets



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

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

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

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

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

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

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

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

Significant events in 2009

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

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

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

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

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

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

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

Research and Development

Development activities are a central part of the company's operations: significant increases in resources were dedicated to develop, produce and offer clients innovative products both in terms of design and the utilisation of materials and technological solutions.

During the year, the company was involved in industrial research, seeking to improve products as well as organisational, process and structural improvements.
The implementation of the second part of the OCTOPUS Project, an innovative product and design management system and the continuation of the SAP project, which will improve the integration of systems and processes between the Group companies, as well as new product projects focussed on significantly reinvigorating the product range, are highlighted.
Total research and development costs incurred amounted to Euro 3,816 thousand.

Information in relation to the treatment of personal data

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

Information relating to the environment

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

In 2008, no major workplace accidents occurred. The Company, 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

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

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

The principal financial risks to which Elica S.p.A. is exposed are:

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

In order to mitigate the impact of these risks on the company's results, Elica S.p.A. commenced the implementation of a financial risk monitoring system through a "Financial Risk Policy" approved by the Board of Directors.
Within this policy, Elica S.p.A. 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 Company risk policy management are as follows:

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

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

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

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

Corporate boards

Members of the Board of Directors

Francesco Casoli
Executive Chairman,
born in Senigallia (AN) on 5/6/1961, appointed a director by resolution dated 27/04:09.

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.

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

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

Members of the Board of Statutory Auditors

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

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

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

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

Daniele Capecci
Alternate Auditor, born in Jesi (AN) on 03.04.72, appointed by resolution dated 27/4/2009.

Internal Control Committee
Stefano Romiti
Gennaro Pieralisi
Giovanni Frezzotti

Remuneration Committee
Stefano Romiti
Gennaro Pieralisi
Giovanni Frezzotti

Independent Auditors
Deloitte & Touche S.p.A.

Registered office and Company Data
Elica S.p.A.
Registered office: Via Dante, 288 – 60044 Fabriano (AN)
Share capital: Euro 12,664,560.00
Tax Code and Companies' Register Number: 00096570429
Ancona REA No. 63006 – VAT Number 00096570429

Investor Relations Manager
e-mail: l.giovanetti@elica.com
Telephone: +39 0732 610727

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, - Fabriano (AN) is the parent company of the Group.

Subsidiaries at the publication date of the Financial Statements

- FIME S.p.A. – Castelfidardo, Ancona (Italy). This company operates in the sector of electric motors, mainly for home appliances (range hoods, ovens, refrigerators), home heating and ventilation (fan coils) systems. It operates mainly in European markets, where it holds significant market shares.

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

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

- Leonardo Services S.A. de C.V. – Queretaro (Mexico). This wholly owned subsidiary was incorporated in January 2006 (the Parent Company owns 98% directly and 2% indirectly through Elica Group Polska Sp.zo.o.). Leonardo Services S.A. de C.V. manages all Mexican staff, providing services to ELICAMEX S.A. de C.V..

- ARIAFINA CO., LTD– Sagamihara-Shi (Japan). Established in September 2002 as a 50/50 joint venture with Tokyo-based Fuji Industrial and leader in Japan with over 70% of the range hood market. Elica S.p.A. acquired control of this joint venture in May 2006 to provide further impetus to the development of the important Japanese market, where high-quality products are sold.

- Airforce S.p.A. – Fabriano (AN). This company operates in a specialised segment of the hood sector, in particular in the restaurant channel. The holding of Elica S.p.A. is 60%.

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

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

- Elica International S.à.r.l. – Luxembourg, 100% held by Elica S.p.A;

- Elica Finance Limited – Dublin (Ireland), 100% held by Elica International S.à.r.l.;

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

Associated companies

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

Elica Group Inter-company and other related-party transactions

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

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

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

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

Corporate governance and shareholder report

In accordance with article 12.2 of Legislative Decree 58/98, with article 89-bis of the Consob Resolution No.11971/1999 and successive amendment and integrations of article I.A.2.6 of the Regulation Instructions of Markets Organised and Managed by Borsa Italiana S.p.A., Elica S.p.A. provides complete disclosure on the Corporate Governance system adopted, at March 30, 2010, in line with the recommendations of the Self-Governance Code in the Annual Corporate Governance Report, available on the website of the Company www.elicagroup.com in the Investor Relations/Corporate Governance section.

Events after 31.12.09 and outlook

The ongoing demand analysis activity by Management continues.
The first quarter of 2010 performed in line with forecasts, also in relation to the impairment tests carried out. The principal markets in which the Company carries out its trading activities improved slightly; demand visibility remains limited however.
On December 14, 2009, the merger by incorporation was signed of the company FIME S.p.A. into Elica S.p.A., effective as of January 1, 2010.

The Company will present to the Shareholders' AGM, convened for the approval of the Financial Statements at December 31, 2009, a share-based remuneration plan – a Stock Grant plan for employees, including senior management, advisors and executive directors of the Company and of its subsidiaries considered "key managers" for the achievement of the business growth and development objectives of the Company, pursuant to article 114 of Legislative Decree No. 58/1998.
For further information, reference is made to the Information Document of March 30, 2010 which will be filed at the same time as the present report and available on the website of the Company www.elicagroup.com in the Investor Relations/Corporate Governance section.
In addition, it is noted that Whirlpool Europe S.r.l. on February 23, 2010 reached a 10% stake in Elica and that the entire holding is subject to the Shareholder Agreement signed between FAN S.r.l. (previously FAN S.A., Parent Company of Elica) and Whirlpool Europe S.r.l. on December 10, 2007.

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

In accordance with article 36, Elica S.p.A., having control, directly or indirectly, over some companies registered in countries outside of the European Union, the financial statements of the above-mentioned companies, prepared for the purposes of the Elica Group Consolidated Financial Statements, were made available in accordance with the provisions required by the current regulations.
For the reasons for which it is considered that the company is not under the direction and control of the parent company, in accordance with article 37, reference is made to paragraph 8 "Disclosure in accordance with IAS 24 on the payment of management and related parties".

Proposal for the allocation of the result and reclassification of the reserves

Dear Shareholders,
the Financial Statements for the year 2009 which we present for your approval report a net loss of Euro 6,549,582 and a net equity of Euro 121,113,111.

Therefore we invite you to:

1) approve the Directors' Report on operations for the year 2009 and the Parent Company Financial Statements at December 31, 2009, as a whole and of the individual items;
2) approval the coverage of the loss through utilisation of the "Retained Earnings Reserve".

We thank you for your assistance.

Fabriano, March 30, 2010

For the Board of Directors
The Chairman
Francesco Casoli

Financial Statements

Independent Auditors
Deloitte & Touche S.p.A.

Registered office and Company Data
Elica S.p.A.
Registered office: Via Dante Alighieri, 288 – 60044 Fabriano (AN)
Share capital: Euro 12,664,560.00
Tax Code and Companies' Register Number: 00096570429
Ancona REA No. 63006 – VAT Number 00096570429

ELICA S.p.A.

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

Separate financial statements as at 31.12.09

Income Statement		**FY 09**	**FY 08**
in Euro	**Note**		
Revenues - third parties	4.1	181,683,745	241,124,526
Revenues - related parties	4.1	21,509,832	26,544,897
Other operating revenues	4.2	1,967,847	4,919,151
Changes in inventories of finished and semi-finished goods	4.3	(3,371,406)	(2,411,711)
Increase in internal work capitalised	4.4	1,794,275	979,765
Raw materials and consumables – third parties	4.5	(80,392,957)	(109,770,960)
Raw materials and consumables – related parties	4.5	(21,882,420)	(28,808,190)
Services – third parties	4.6	(34,713,526)	(46,343,807)
Services – related parties	4.6	(10,642,446)	(16,084,833)
Labour costs	4.7	(43,820,883)	(48,234,840)
Amortisation & Depreciation	4.8	(8,514,139)	(9,455,084)
Other operating expenses and provisions	4.9	(6,995,221)	(6,463,282)
Restructuring charges	4.10	(1,335,000)	(1,940,659)
Write-down of goodwill for loss of value		-	(3,268,039)
EBIT		**(4,712,299)**	**786,934**
Share of profit/(loss) from associates	4.11	(871,639)	91,718
Financial income	4.12	1,262,924	1,686,317
Financial charges	4.13	(2,406,777)	(2,355,792)
Exchange gains/(losses)	4.14	(531,345)	521,586
Profit/(loss) before taxes		**(7,259,136)**	**730,766**
Income taxes	4.15	709,554	642,065
Net profit/(loss)		**(6,549,582)**	**1,372,831**

Comprehensive Income Statement *in Euro*	**FY 09**	**FY 08**
Net profit/(loss)	**(6,549,582)**	**1,372,831**
Other comprehensive income statement items:		
Net change in cash flow hedge and Stock option reserves	3,707	(68,985)
Income taxes on other comprehensive income statement items	(805)	14,985
Total other comprehensive income statement items, net of tax effects:	**2,902**	**(54,000)**
Total comprehensive result	**(6,546,680)**	**1,318,831**
of which:		
Minority interests share	-	-
Group comprehensive net profit/(loss)	(6,546,680)	1,318,831

Balance sheet		**Dec. 31, 09**	**Dec. 31, 08**
in Euro	**Note**		
Property, plant & equipment	4.16	29,998,284	32,446,794
Goodwill	4.17	3,445,953	3,445,953
Other intangible assets	4.17	9,405,150	8,083,751
Investments in subsidiary companies	4.18	82,423,417	70,229,057
Investments in associated companies	4.19	1,899,162	1,899,162
Other financial assets	4.20	30,000	30,000
Other receivables	4.21	166,633	171,554
Tax receivables	4.22	570	570
Deferred tax assets	4.23	4,062,277	3,539,983
Financial assets available-for-sale	4.24	23,803	23,803
Total non-current assets		**131,455,249**	**119,870,627**
Trade receivables and loans	4.25	44,383,066	52,445,538
Trade receivables and loans – related parties	4.26	32,301,685	44,103,578
Inventories	4.27	20,927,418	29,363,120
Other receivables	4.28	2,352,277	3,002,515
Tax receivables	4.29	6,740,815	6,038,908
Derivative financial instruments	4.30	508,915	1,747,746
Cash and cash equivalents	4.31	2,992,385	3,127,691
Current assets		**110,206,561**	**139,829,096**
Total assets		**241,661,810**	**259,699,723**
Liabilities for post-employment benefits	4.32	6,938,427	8,063,074
Provisions for risks and charges	4.33	4,886,225	2,729,202
Deferred tax liabilities	4.23	1,727,429	2,416,616
Finance leases and other lenders	4.35	-	809,633
Bank loans and mortgages	4.34	14,617,038	3,981,446
Other payables	4.37	1,316,085	1,218,747
Tax payables	4.36	1,058,139	1,293,228
Derivative financial instruments	4.30	-	11,218
Non-current liabilities		**30,543,343**	**20,523,164**
Provisions for risks and charges	4.33	240,968	295,041
Finance leases and other lenders	4.35	1,302,340	308,593
Bank loans and mortgages	4.34	22,868,124	33,306,093
Trade payables	4.38	51,609,396	55,979,167
Trade payables - related parties	4.39	6,588,273	9,085,607
Other payables	4.37	4,882,743	6,973,632
Tax payables	4.36	2,202,628	2,603,294
Derivative financial instruments	4.30	310,884	1,899,618
Current liabilities		**90,005,356**	**110,451,045**
Share Capital		12,664,560	12,664,560
Capital reserves		71,123,335	71,123,335
Hedging and stock option reserve		(16,317)	(19,219)
Treasury shares		(17,629,065)	(17,629,065)
Retained earnings		61,520,180	61,213,072
Net profit/(loss) for the year		(6,549,582)	1,372,831
Shareholders' Equity	4.40	**121,113,111**	**128,725,514**
Total liabilities and shareholders' equity		**241,661,810**	**259,699,723**

Cash Flow Statement		**Dec. 31, 09**	**Dec. 31, 08**
in Euro	**Note**		
Opening cash and cash equivalents		**3,127,691**	**13,725,848**
EBIT- Operating result		(4,712,299)	786,934
Amortisation, depreciation and write-downs		8,514,139	9,455,084
Write-down of goodwill for loss of value		-	3,268,039
EBITDA		**3,801,840**	**13,510,057**
Changes in Working Capital		8,425,210	(4,085,179)
trade working capital		10,987,223	(669,971)
other working capital accounts		(2,562,013)	(3,415,208)
Income taxes paid		(1,354,809)	(4,826,707)
Change in provisions		549,303	(1,555,141)
Gain on earthquake write-offs		-	(4,084,000)
Cash flow from operating activity		**11,421,544**	**(1,040,970)**
Net increases		(7,387,028)	(5,873,732)
Intangible assets		(3,566,039)	(5,085,049)
Property, plant & equipment		(3,820,989)	(788,683)
Purchase/sale of investments		-	(776,471)
(Increase) / decrease of inter-group financial receivables		-	(15,726,487)
Cash flow from investments		**(7,387,028)**	**(22,376,690)**
Acquisition of treasury shares		-	(10,957,895)
Dividends	4.40	(1,065,723)	(2,816,602)
Increase (decrease) financial payables		(2,568,405)	28,476,000
Interest paid		(535,694)	(1,882,000)
Cash flow from financing activity		**(4,169,822)**	**12,819,503**
Change in cash and cash equivalents		**(135,306)**	**(10,598,157)**
Closing cash and cash equivalents		**2,992,385**	**3,127,691**

Statement of changes in Shareholders' Equity *(in Euro thousands)*	Share Capital	Share premium reserve	Acquisition of treasury shares	Retained earnings	Hedge reserve	Result for the year	Total NE
Balance at December 31, 2007	**12,665**	**71,123**	**(6,671)**	**54,746**	**35**	**9,283**	**141,181**
Allocation of 2007 net profit							
Dividends						(2,816)	(2,816)
Other allocations				6,467		(6,467)	-
Income components recorded directly to equity							-
Recognition of stock options					(35)		(35)
Changes in hedging reserve					(19)		(19)
Other changes							-
Acquisition of treasury shares			(10,958)				(10,958)
Net profit for the year						1,373	1,373
Balance at December 31, 2008	**12,665**	**71,123**	**(17,629)**	**61,213**	**(19)**	**1,373**	**128,726**
Allocation of 2008 net profit							
Dividends						(1,066)	(1,066)
Other allocations				307		(307)	-
Income components recorded directly to equity							-
Recognition of stock options							-
Changes in hedging reserve					3		3
Other changes							-
Acquisition of treasury shares							-
Net loss for the year						(6,550)	(6,550)
Balance at Dec. 31, 2009	**12,665**	**71,123**	**(17,629)**	**61,520**	**(16)**	**(6,550)**	**121,113**

Table of contents – Notes to the financial statements for the year ended 31.12.09

1. Accounting principles and policies

General information

Elica S.p.A. is a company incorporated under Italian law, with its registered office in Fabriano (AN).
The company is listed on the STAR segment on the Italian Stock Exchange.
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.
The Euro is the functional and presentation currency of the company.
The amounts are expressed in thousands of Euro.

General principles

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

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

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

The separate 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.

Presentation of the Financial Statements

Management of the Company, in accordance with IAS 1, made the following choices in relation to the presentation of the financial statements.

- **The Income Statement** is prepared in accordance with the nature of the item and shows intermediary results relating to the operating result and the result before taxes in order to allow a better assessment of the normal operating performance.
  The operating profit is the difference between the net operating costs and revenues (this latter inclusive of non-cash items relating to amortisation/depreciation and write-downs of current and non-current assets, net of any restatements in value) and inclusive of gain/losses generated on the disposal of non-current assets.

- **The Comprehensive Income Statement** reports, beginning with the profit (loss) in the period, the effect of the other comprehensive income statement items recorded directly to net equity ("other comprehensive income").

- **The Balance Sheet** is presented with separation between "current and non-current" assets and liabilities. An asset/liability is classified as current when it satisfies any of the following criteria: it is expected to be realised/settled or is expected to be sold or utilised in the normal operating cycle of the company; it is held for trading; it is expected that it will be realised/settled within 12 months from the balance sheet date. Where none of these conditions apply, the assets/liabilities are classified as non-current.

- **Cash flow statement** prepared using the indirect method in which the operating result is adjusted by non-cash items.

- **Statement of Changes in Shareholders' Equity** illustrates the changes in Equity accounts.

Accounting principles and policies

The main accounting principles and policies adopted in the preparation of the separate financial statements are described below.

Property, plant & equipment
Property, plant and equipment are recorded at purchase or production cost, including any directly attributable costs. Some assets have been adjusted under specific revaluation legislation prior to January 1, 2005 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 estimated useful life of the relative assets applying the following percentage rates:

buildings	3 %
lightweight buildings	10 %
plant and machinery	10 % - 15.5 %
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 company. These grants are recognised in the income statement by gradually reducing the depreciation charged over the useful life of the assets to which they relate.

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

Goodwill

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

On the sale of a subsidiary, any Goodwill not amortised attributable to the subsidiary is included in determining the gain or loss on the sale.
Goodwill arising on acquisitions prior to January 1, 2004 is carried at the amount recognised under Italian GAAP after an impairment test at that date.

Research and development costs

The research costs are recognised in the income statement in the year in which they are incurred.
Development costs in relation to projects are capitalised when all of the following conditions are satisfied:

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

The development costs capitalised are amortised on a straight-line basis, commencing from the beginning of the production over the estimated life of the product.
The carrying value of the development costs are reviewed annually through a test in order to record any loss in value when the asset is no longer in use, or with greater frequency when there are indications of a possible loss in the carrying value.
All other development costs are charged to the income statement when incurred.

Other intangible assets

The other intangible assets acquired or produced internally are recorded under assets, in accordance with the provisions of "IAS 38 – Intangible Assets", when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined reliably.
The useful life of the intangible assets are classified as definite or indefinite. Intangible fixed assets with a definite useful life are amortised monthly for the duration of the period. The useful life is reviewed on an annual basis and any changes are made in accordance with future estimates.
The intangible assets with indefinite useful life are not amortised but are subject annually or, more frequently where there is an indication that the activity may have suffered a loss in value, to a verification which identifies any reduction in value.

Impairment Test

At each balance sheet date, the Company 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 Company 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 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.

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 Company 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.

Investments in subsidiary and associated companies

The investments in subsidiaries, joint ventures and associated companies not classified as held-for-sale are recorded at cost.
Income from investments is recorded only in relation to the dividends received, generated subsequent to the acquisition date. Dividends received in excess of profits generated are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.
At each balance sheet date, an evaluation is made as to whether indications exist of a reduction in the value of the cost of the investment; where such indications exist, an impairment test is carried out in accordance with IAS 36. A reduction in the value of the investment is recorded when the recoverable value is lower than the carrying value. The recoverable value is the higher between the fair value of the investment, less costs to sell, where they may be determined, and the value in use, represented by the present value of the expected revenue streams for the years of operations of the company subject to the impairment test and deriving from its disposal at termination of the useful life. Where in subsequent periods there is a reduction in the indications that the loss does not exist or is reduced, the value of the investment is restated to take into account the reduced loss in value. Following the write-down of the cost of the investment, further losses recorded on the investment are recorded under liabilities, where a legal implicit obligation to cover the losses in the investment exists.

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 and work in progress 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 Company 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 Company.

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

Trade payables and other financial liabilities

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

Bank and other borrowings

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

Derivative instruments and hedge accounting

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

- For derivatives that hedge scheduled transactions (i.e. cash flow hedges), changes in the fair value of derivative instruments are allocated to Equity for the portion considered effective while the portion considered ineffective is recognised in the Income Statement;

- For derivatives that hedge receivables and payables recorded in the balance sheet (i.e. fair value hedges), differences in fair value are recognised in full in the Income Statement. Moreover, the value of the receivables/payables hedged is adjusted for the change in the risk hedged, again in the Income Statement.

- For derivatives classified as hedges of a net investment in a foreign operation, the effective portion of profits or losses on the financial instruments are recorded under net equity. The cumulative gains or losses are reversed from the net equity and recorded in the income statement on the sale of the foreign operation.

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

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

Treasury shares

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

Employee benefits

Post-employment benefits

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

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

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

Share-based payments

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

Provisions for risks and charges

Provisions are recorded in the financial statements when the Company has a current obligation that is the result of a past event and it is probable that the obligation must be met.

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

Revenues and income

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

Financial income (with the exception of dividends) is recognised in accordance with the accruals principle; interest income is recorded based on the amount lent and the effective interest rate applicable.

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 benefits of ownership to the lessee. All the other leases are considered operating leases.

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

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

Foreign currency transactions

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

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

Public grants

Public grants related to property, plant and equipment (purchase, extension, construction) are deducted from the cost of the assets to which they relate. Depreciation is charged to the Income Statement on the net cost (cost less grants) of the asset. If a grant is awarded in a period after the start of the depreciation period of the asset, the portion of the grant relating to the prior periods is recorded in the Income Statement as other income.

Income taxes

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

For each consolidated company, current taxation is based on taxable income for the period as determined under applicable tax law. The liability for current income taxes is calculated using the current rates at the reporting date.

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

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

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

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

The tax receivable is shown under Tax Receivables, determined as the difference between the income taxes in the year, payments on account, withholding taxes and, in general, tax credits.
Tax Receivables also include the current IRES charge as determined on an estimate of the taxable income and tax losses of the companies taking part in the Consolidated tax regime, net of payments on account, taxes withheld by third parties and tax credits; tax assets are offset by the amounts due to the subsidiary companies by Elica for the residual receivable attributable to the Consolidated tax regime.

The liability for tax losses surrendered by a subsidiary is recorded under "Amounts due to subsidiaries".

Deferred tax assets and liabilities arise from timing differences between the carrying amount of assets and liabilities determined in accordance with the financial reporting criteria set out by the Italian civil code and their tax base.

No tax provision has been made in relation to reserves subject to taxation upon distribution as no transactions that could trigger their taxation are planned.

Deferred tax assets are recognised insofar as it is likely that, in the years the deductible timing differences leading to their creation reverse, there will be taxable income not less than the amount of the differences. The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Deferred taxation is calculated based on the tax rate expected to be in force when the assets are realised or the liabilities extinguished. Deferred tax is charged or credited directly to the Income Statement, except when it relates to items charged or credited directly to Equity, in which case the deferred tax is also recognised in Equity.

The deferred tax assets and liabilities are compensated when there is a direct right to compensate the tax assets and liabilities and when they refer to income taxes due to the same fiscal authority and there is the intention to pay the amount on a net basis.

2. Accounting principles, amendments and interpretations from January 1, 2009

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

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

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

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

The Group opted for the presentation of two separate statements.

IAS 27 & IFRS 1 – Consolidated and Separate Financial Statements & FTA
IFRS 1 was amended in 2008 in order to enable in the transition phase to IFRS/IAS the valuation of holdings in subsidiaries, associated companies and those under joint control:

1) at cost in accordance with IAS 27, or
2) at replacement cost, which may be:
   - the fair value at the date of transition to IFRS/IAS in the separate financial statements, or
   - the book value under the previous accounting principles at the date of transition.

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

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

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

IFRS3 - Business Combinations and IAS 27R - Consolidated and Separate Financial Statements
The principal changes to IFRS 3 relate to the elimination of the obligation to value the individual assets and liabilities of a subsidiary at fair value for each successive acquisition, in the case of several acquisitions in an investment. The goodwill will only be determined in the acquisition phase and will be the difference between the value of the investments immediately before the payment for the transaction and the value of the net assets acquired. In addition, where the company does not acquire 100% of the investment, the minority interest share of net equity may be valued at fair value or utilising the method already contained previously in IFRS 3. The revised version of the standard provides for the allocation to the income statement of all the costs relating to the business combination and recognition at the acquisition date of the liabilities for payments subject to conditions.
In the amendment to IAS 27, the IASB has established that the modifications in shareholdings which do not constitute a loss of control must be treated as an equity transaction and therefore recorded under equity. In addition, it is established that when a parent company loses control of an investment but still has a holding, the investment must be valued at fair value with recording of any gains or losses deriving from the loss of control in the income statement. Finally, the amendment to IAS 27 requires that all the losses attributable to

minority shareholders are allocated to the minority shareholders net equity, even when this exceeds their holding in the investment. The new regulations must be applied in prospective manner from January 1, 2010.

IFRS 8 – Operating segments

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

3. Significant accounting estimates

In the preparation of the Financial Statements in accordance with IFRS, Elica'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. Notes to the income statement, balance sheet and cash flow statement

INCOME STATEMENT

4.1 Revenues

4.01 Revenues - third parties

Details of revenues from third parties are as follows:

(in Euro thousands)	FY 08	FY 09	Changes
Revenues from product sales	239,749	181,684	(58,065)
Service revenues	1,376	-	(1,376)
Total	**241,125**	**181,684**	**(59,441)**

The account recorded a decrease of approx. 25% on the preceding year - principally due to a contraction in demand in 2009.
For information on the revenues, reference should be made to the Directors' Report.

4.02 Revenues - related parties

(in Euro thousands)	FY 08	FY 09	Changes
Subsidiary companies	26,539	21,394	(5,145)
Associate companies	6	116	110
Total	**26,545**	**21,510**	**(5,035)**

Revenues from related parties amount to Euro 21,510 thousand; these amounts principally refer to the sale of finished products to the subsidiary AirForce S.p.A. for Euro 726 thousand (Euro 1,133 thousand in 2008), to the subsidiary Ariafina for Euro 159 thousand (Euro 473 thousand in 2008), to the subsidiary Elica Group Polska Sp.z o.o. for Euro 14,255 thousand (Euro 9,898 thousand in 2008) and to the subsidiary Elica Mex Sa Cv of Euro 5,917 thousand (Euro 14,324 thousand in 2008). Revenues from associated companies refer to the company ISM SpA.
All transactions are regulated at prices in line with market conditions applied to third parties.

4.03 Revenues by geographic area

Breakdown of revenues from sales and services by geographic area and from third party and related companies:

(in Euro thousands)	FY 08	FY 09	Changes
Europe + CIS	243,077	184,498	(58,577)
Other countries	16,424	10,745	(5,679)
The Americas	8,169	7,951	(218)
Total	**267,670**	**203,194**	**(64,474)**

Clients who comprise more than 10% of total revenues constituted 40.8% of revenues in 2009 compared to 33.8% in 2008.

4.2 Other operating income

(in Euro thousands)	FY 08	FY 09	Changes
Operating grants	310	182	(128)
Ordinary gains on disposal	431	143	(288)
Claims and insurance payouts	252	97	(155)
Expenses recovered	1,334	686	(648)
Other revenues and income	2,592	860	(1,732)
Total	**4,919**	**1,968**	**(2,951)**

The change in the account is principally due to the earthquake suspension payables relating to the earthquake in 1997 which in 2008 had an impact of Euro 1,543 thousand on "Other income and revenues" as well as the account "Expenses recovered" related principally to the reduction of the transport recoveries following the change in the delivery practices.

4.3 Changes in inventories of finished and semi-finished goods

Changes in finished products, semi-finished and work-in-progress inventories was negative for Euro 2,412 thousand at December 31, 2008; at December 31, 2009 the account was negative for Euro 3,371 thousand; this is due to a greater use of inventory to optimise working capital.

4.4 Increases on internal work capitalised

The account amounted to Euro 1,794 thousand (Euro 980 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.

4.5 Raw and consumable materials

The breakdown of consumables (third parties and related parties) are as follows:

(in Euro thousands)	FY 08	FY 09	Changes
Purchases of consumable materials	895	526	(369)
Purchases of supplies	342	154	(188)
Purchase of raw materials	113,002	82,828	(30,174)
Change in inventory of raw materials, consumables and goods for re-sale	3,886	5,064	1,178
Purchase of finished products	8,858	6,295	(2,563)
Packaging	11,094	7,048	(4,046)
Other purchases	205	157	(48)
Shipping expenses on purchases	297	203	(94)
Total	**138,579**	**102,275**	**(36,304)**

The balance is broken down as follows:

(in Euro thousands)	FY 08	FY 09	Changes
Third parties	109,771	80,393	(29,378)
Related parties	28,808	21,882	(6,926)
Total	**138,579**	**102,275**	**(36,304)**

Raw and consumable materials reduced in absolute terms by Euro 36,304 thousand in 2009 on 2008; this reduction is directly related to the reduction in revenues as well as the changes made to the purchases and logistics policy.

Purchases from related parties amount to Euro 21,882 thousand (Euro 28,808 thousand in 2008). The most significant amount relate to electric motor purchases from the subsidiary Fime S.p.A. for Euro 15,028 thousand (Euro 19,776 thousand in 2008).

All transactions are regulated at prices in line with market conditions applied to third parties.

4.6 Service expenses

(in Euro thousands)	FY 08	FY 09	Changes
Outsourcing expenses	32,788	21,650	(11,138)
Transport	6,434	3,818	(2,616)
Finished goods inventories	4,509	3,509	(1,000)
Consulting	4,055	4,979	924
Maintenance	1,414	1,595	181
Utilities	2,515	2,044	(471)
Commissions	567	330	(237)
Travel expenses	1,609	1,192	(417)
Advertising	1,384	629	(755)
Insurance	738	664	(74)
Directors & Statutory Auditor fees	808	810	2
Trade fairs and promotional events	854	177	(677)
Industrial services	415	390	(25)
Banking commissions and charges	156	251	95
Other services	4,183	3,318	(865)
Total	**62,429**	**45,356**	**(17,073)**

Service expenses reduced by Euro 17,073 thousand. The principal decreases relate to the accounts outsourced work for Euro 11,138 thousand and transport for Euro 2,616 thousand.
The account other services in 2009 includes communication services (Euro 493 thousand), technical assistance costs (Euro 852 thousand), canteen costs (Euro 385 thousand), cleaning costs (Euro 243 thousand), vehicle expenses (Euro 220 thousand) and training courses (Euro 228 thousand).

The balance is comprised of:

(in Euro thousands)	FY 08	FY 09	Changes
Third parties	46,344	34,710	(11,634)
Related parties	16,085	10,646	(5,439)
Total	**62,429**	**45,356**	**(17,073)**

Service expenses decreased by over 27% on the previous year.
Services from related parties amounted to Euro 10,646 thousand. The most significant amount related to mechanical processing undertaken by I.S.M. S.r.l. of Euro 10,439 thousand (Euro 15,624 thousand in 2008).

4.7 Labour costs

Labour costs incurred in 2008 and 2009 were as follows:

(in Euro thousands)	FY 08	FY 09	Changes
Salaries and wages	32,752	30,959	(1,793)
Social security charges	11,494	9,880	(1,614)
Employee leaving indemnity	2,616	1,813	(803)
Other costs	1,373	1,169	(204)
Total	**48,235**	**43,821**	**(4,414)**

Other costs principally include leaving incentive costs of Euro 1,501 thousand net of the utilisation of the 2008 restructuring provision for Euro 581 thousand; the residual amount refers to other employee expenses.
During the year, the 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 average number of employees at December 31, 2008 and December 31, 2009:

Workforce	FY 08	FY 09	Changes
Executives	18	19	1
White-collar	262	258	(4)
Blue-collar	966	929	(37)
Other	35	39	4
Total	**1,281**	**1,245**	**(36)**

The company restructuring operation resulted in an average decrease in employee numbers of 36.

4.8 Amortisation and depreciation

Amortisation and depreciation amounted to Euro 8,514 thousand; for the movements in the respective accounts, reference should be made to the paragraph on fixed assets.

4.9 Other operating expenses and provisions

The details of the account are as follows:

(Data in Euro thousands)	FY 08	FY 09	Changes
Leasing and rental	1,179	403	(776)
Rental of vehicles and industrial equipment	1,336	1,323	(13)
Expenses for hardware, software and patents	826	953	127
Other taxes	402	280	(122)
Magazine and newspaper subscriptions	40	66	26
Prior year and other charges	1,558	925	(633)
Various equipment	50	31	(19)
Catalogues and brochures	485	170	(315)
Losses and Doubtful Debts	389	1,177	788
Provisions for risks and charges	199	1,667	1,468
Total	**6,464**	**6,995**	**531**

The principal changes in the year are related to the provisions for risks and charges. These provisions were recorded for Euro 700 thousand related to the risk of non return of assets following the sub-entry into of a leasing contract and Euro 570 thousand for risks of a commercial nature.
The increase in the doubtful debt provision was however due to commercial trading difficulties.
The reduction in the account "Leasing and rental" is related to the reduction in rentals following the optimisation of industrial structure uses.
The account prior year and other charges principally includes the expenses related to the development of sales for Euro 363 thousand and compensation for damages of Euro 148 thousand.

4.10 Restructuring charges

The account Restructuring Charges includes the charges relating to the restructuring operations described in note 5.

4.11 Share of profit/(loss) from associates

(in Euro thousands)	FY 08	FY 09	Changes
Share of profit/(loss) from associates	92	(872)	(964)
Total	**92**	**(872)**	**(964)**

The balance includes dividends distributed in the year by the subsidiaries Airforce S.p.A. for Euro 45 thousand, Ariafina for Euro 82 thousand and Elica International S.à.r.l. for Euro 900 thousand.

The account also includes the write-down of the investment in the subsidiary ELICAMEX S.A. de C.V. for Euro 1,843 thousand, to which reference should be made to paragraph 4.19 "Investments in subsidiaries".

4.12 Financial income

Details of financial income are shown below:

(in Euro thousands)	FY 08	FY 09	Changes
Interest income from subsidiary companies	1,042	252	(790)
Interest income from associated companies	3	-	(3)
Bank interest	107	9	(98)
Other financial income	534	1,002	468
Total	**1,686**	**1,263**	**(423)**

The reduction in financial income is due prevalently to interest from subsidiaries related to the repayment of group loans.

The decrease in bank interest is related to the reduction of interest rates.

The increase in "Other financial Income" principally includes income of Euro 633 thousand relating to the fee from Whirlpool of Euro 0.50 for every share purchased during the Derogation Period of the Modifying Agreement signed on December 3, 2008. Due to the above-mentioned agreement, Whirlpool, in derogation of the exclusivity obligation set out in the Share Options Agreement, purchased 1,266,456 ordinary shares of the Company, comprising 2% of the Share Capital, on the market in the period between the signing of the Modifying Agreement and March 31, 2009.

This account also includes interest for the discounting of payables for an amount of Euro 342 thousand.

4.13 Financial costs

(Data in Euro thousands)	FY 08	FY 09	Changes
Financial charges:			
on overdrafts and bank loans	1,812	1,920	108
on other borrowings	70	58	(12)
on employee leaving indemnity	474	429	(45)
Total	**2,356**	**2,407**	**51**

The increase in financial charges of Euro 51 thousand is due principally to the interest relating to the discounting of the 1997 earthquake payables.

4.14 Exchange gains/(losses)

(in Euro thousands)	FY 08	FY 09	Changes
Exchange losses	(4,540)	(1,393)	3,147
Charges on derivatives	(23)	(403)	(380)
Exchange gains	4,248	1,212	(3,036)
Gains on derivatives	837	53	(784)
Total	**522**	**(531)**	**(1,053)**

Net exchange losses in the year amounted to Euro 181 thousand compared to losses of Euro 292 thousand in the previous year.
The account includes the balance of the non-realised gains and losses deriving from the adjustment at the end of the year of debtor and creditor positions in foreign currencies of a gain in 2009 of Euro 425 thousand compared to a loss in 2008 of Euro 72 thousand.
For further information on exchange gains and losses in the year, reference is made to the Directors' Report.

The account "Gains/(charges) on derivatives" recorded a net charge of Euro 350 thousand compared to a net gain of Euro 814 in 2008, and relates principally to income on currency derivatives, which in accordance with the accounting standards may not be treated as hedging operations, although they were made for this purpose, and are recorded at fair value through the Profit and Loss account.

4.15 Income taxes

The tax charge in the year is broken down between current and deferred taxes:

(in Euro thousands)	FY 08	FY 09	Changes
Current income tax	(2,003)	(503)	1,500
Deferred taxes	2,645	1,213	(1,432)
Total	**642**	**710**	**68**

The positive tax effect is due for Euro 2,023 thousand to the exercise of the option in 2008 under law No.244 of 2007 to recognise with the payment of a substitute tax the misalignment between the result for the year and the assessable taxes for years before 2007, in addition to the provision for income from the tax consolidation for Euro 546 thousand and the reduction of IRAP taxes for Euro 248 thousand.

The reconciliation between the expected and effective tax rate is shown (IRES) in the table below.

Effective income taxes can be reconciled with the result for the year recorded in the financial statements as follows:

RECONCILIATION TAX RATE

	2008	2009
IRES rate	27.50%	27.50%
IRAP rate	4.13%	4.13%

	2008					2009				
	Assessable	**IRES income taxes**	**Regional taxes**	**Total**	**% of IRES on pre-tax result**	**Assessable**	**IRES income taxes**	**Regional taxes**	**Total**	**% of IRES on pre-tax result**
Income taxes										
- Current		(306)	1,297	991			(546)	1,049	503	
- Substitute tax		1,011		1,011			0		0	
- Deferred – cost (income)		(2,220)	(424)	(2,644)			(1,232)	19	(1,213)	
[A] TOTAL INCOME TAXES		**(1,515)**	**873**	**(642)**	**(207.25 %)**		**(1,778)**	**1,068**	**(710)**	**(24.49 %)**
PRE-TAX RESULT	731					(7,259)				
Tax calculated using local tax rate		201			27.50%		(1,996)			27.50%
Tax effect of exempt income	(2,310)	(635)			-86.87%	(1,411)	(388)			5.35%
Tax effect of expenses not deductible	1,097	302			41.31%	2,421	666			-9.17%
Decrease/increase in deferred tax assets/liabilities due to changes in tax rates	0	0			0.00%	0	0			0.00%
Other differences	(8,702)	(2,394)			-327.52%	(218)	(60)			0.83%
[B] Effective tax charge and tax rate net of substitute tax	**(9,184)**	**(2,526)**			**-345.57%**	**(6,467)**	**(1,778)**			**24.50%**
Substitute Tax effect		1,011			138.30%		0			0.00%
[C] Effective tax charge and tax rate		**(1,515)**			**-207.27%**		**(1,778)**			**24.50%**

Other information on income statement items

The research and development costs capitalised and expensed in 2009 are summarised in the table below:

(in Euro thousands)	**FY 08**	**FY 09**	**Changes**
R&D costs expensed	4,295	3,816	(479)
Amortisation of capitalised R&D costs	410	478	68
Total R&D costs	**4,705**	**4,294**	**(411)**
R&D costs capitalised during the year	**774**	**450**	**(324)**

BALANCE SHEET

4.16 Property, plant and equipment

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

Property, plant & equipment *(in Euro thousands)*	31.12.2007	Increases	Disposals	31.12.2008
Historical cost				
Buildings	26,629	87	(10)	26,706
Plant and machinery	39,243	449	(2,150)	37,542
Industrial and commercial equipment	53,052	1,186	(692)	53,546
Other assets	7,137	337	(818)	6,656
Assets in progress and advances	229	348	(171)	406
Total	**126,290**	**2,407**	**(3,841)**	**124,856**

(in Euro thousands)	31.12.2007	Depreciation	Disposals	31.12.2008
Accumulated depreciation				
Land and buildings	7,035	862		7,897
Plant and machinery	27,734	2,682	(1,340)	29,076
Industrial and commercial equipment	46,400	3,686	(478)	49,608
Other assets	5,895	337	(405)	5,827
Total	**87,064**	**7,567**	**(2,223)**	**92,408**

(in Euro thousands)	31.12.2007	Increases	Disposals	Depreciation	31.12.2008
Net value					
Land and buildings	19,594	87	(10)	(862)	18,809
Plant and machinery	11,509	449	(810)	(2,682)	8,466
Industrial and commercial equipment	6,652	1,186	(214)	(3,686)	3,938
Other assets	1,242	337	(413)	(337)	829
Assets in progress and advances	229	348	(171)		406
Total	**39,226**	**2,407**	**(1,618)**	**(7,567)**	**32,448**

The changes relating to 2009 are the following:

Property, plant & equipment *(Data in Euro thousands)*	31.12.2008	Increases	Disposals & Reclass.	31.12.2009
Historical cost				
Buildings	26,706	243	-	26,949
Plant and machinery	37,542	550	(764)	37,328
Industrial and commercial equipment	53,546	2,171	(429)	55,288
Other assets	6,656	345	(709)	6,292
Assets in progress and advances	406	958	(250)	1,114
Total	**124,856**	**4,267**	**(2,152)**	**126,971**

(in Euro thousands)	31.12.2008	Depreciation	Disposals & Reclass.	31.12.2009
Accumulated depreciation				
Land and buildings	7,897	866	-	8,763
Plant and machinery	29,076	2,367	(703)	30,740
Industrial and commercial equipment	49,608	2,778	(408)	51,978
Other assets	5,827	259	(594)	5,492
Total	**92,408**	**6,270**	**(1,705)**	**96,973**

(in Euro thousands)	31.12.2008	Increases	Disposals & Reclass.	Depreciation	31.12.2009
Net value					
Land and buildings	18,809	243	-	(866)	18,186
Plant and machinery	8,466	550	(61)	(2,367)	6,588
Industrial and commercial equipment	3,938	2,171	(21)	(2,778)	3,310
Other assets	829	345	(115)	(259)	800
Assets in progress and advances	406	958	(250)	-	1,114
Total	**32,448**	**4,267**	**(447)**	**(6,270)**	**29,998**

The investments made in the year mainly regarded the upgrading 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.
Assets in progress and payments on account of Euro 1,114 thousand refer principally to advances relating to the study undertaken regarding the expansion of the industrial area of Serra San Quirco, for new equipment and for additions to the productive facilities.

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

They include assets obtained under finance lease agreements.

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

Leased assets

Table of leased assets *(in Euro thousands)*	Land and buildings	Plant and machinery	Industrial and commercial equipment	Total
Dec. 31, 08				
Gross value	6,308	3,868	5,768	15,944
Accumulated Depreciation	(1,779)	(2,948)	(5,358)	(10,463)
Total leased assets	**4,529**	**920**	**410**	**5,859**
Depreciation at December 31, 2008	186	390	832	1,415
Dec. 31, 09				
Gross value	6,385	3,914	5,601	15,900
Accumulated depreciation	(1,966)	(3,297)	(5,560)	(10,823)
Total leased assets	**4,419**	**617**	**41**	**5,077**
Depreciation at December 31,2009	188	350	368	906

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 the revaluations permitted under previous legislation which at December 31, 2009 amounted to Euro 243,698.

4.17 Goodwill and other intangible assets

Goodwill

The movements in the account in the year were as follows:

(in Euro thousands)	31.12.2008	Acquisitions/(write -downs)	31.12.2009
Goodwill	**3,446**	**-**	**3,446**
Total book value of goodwill	**3,446**	**-**	**3,446**

The account "Goodwill" amounts to Euro 3,446 thousand, in line with 2008.
The goodwill was allocated to the Range Hoods CGU.
The recoverable value of the CGU 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 CGU at the valuation date. Such calculations discount the cash flows projected over a time horizon of five years, of which the first (2010) based on the updated budget and the subsequent years (2011-2014) estimated as follows.
The years 2011-2014 were extrapolated from the 2010 budget, utilising an annual average growth rate of revenues of 5.7% in line with the best estimates available. Relating to raw material costs, a reduction on revenues of 0.2% is forecast.
These changes reflect the values in the 2010 budget for the various materials utilised, of which the principle component increased by 1% on the previous year. The variable operational cost components (direct labour, outsourcing, commercial costs) are expected to remain constant in terms of revenues while the fixed operating cost components are projected to increase by 1.7% in the 2010 budget, in line with inflation.
The working capital absorbed is expected to remain constant in terms of revenues at around 11% for the Range Hoods, in line with the historical data.
The terminal value was determined through the discounting of the perpetual return of cash flow freely available estimated for 2014 and at a growth rate of 1.7%.
The discount rate (WACC) was estimated net of taxes (in line with the cash flows to be discounted) at 8.35% (9.41% in 2008).

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

The valuations made did not result in the recognition of a loss in value at December 31, 2009.

Coverage of the book value against the value in use is 1.6 times. The changes in the base assumptions necessary to neutralise this difference are significant enough as not to be considered a reasonable likelihood.

Other intangible assets

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

Intangible assets ***(in Euro thousands)***	31.12.2007	Increases	Disposals & Reclass.	Amort.	31.12.2008
Net value					
Development Costs	1,062	774	-	(410)	1,426
Industrial patents and intellectual property rights	1,424	2,131	-	(1,304)	2,251
Concessions, licenses, trade marks & similar	155	23	-	(31)	147
Other intangible assets	387	28	(26)	(141)	248
Intangible assets in progress and advances	1,858	3,712	(1,559)		4,011
Total	**4,886**	**6,668**	**(1,585)**	**(1,886)**	**8,083**

Intangible assets	31.12.2008	Increases	Disposals & reclass.	Amort.	31.12.2009
(in Euro thousands)					
Net value					
Development Costs	1,426	450	-	(478)	1,398
Industrial patents and intellectual property rights	2,251	4,337	2,199	(1,616)	7,171
Concessions, licenses, trade marks & similar	147	1	-	(34)	114
Other intangible assets	248	11	-	(117)	142
Intangible assets in progress and advances	4,011	342	(3,774)	-	580
Total	**8,083**	**5,141**	**(1,575)**	**(2,245)**	**9,405**

"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 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 the company.

"Other intangible assets" mainly consists of shared costs regarding the development of mouldings. The method applied to amortise intangibles is considered appropriate to reflect the remaining useful life of the assets.

The intangible assets in progress and advances for Euro 580 thousand refers principally to the advances and the development of projects for the implementation of new IT platforms (Cognos Planning) and the design and development of new software applications.

4.18 Investments in subsidiary companies

(in Euro thousands)	**Dec. 31, 08**	**Acquisi. & Sub.**	**Other changes**	**Dec. 31, 09**
Investments in subsidiary companies	70,229	14,037	(1,843)	82,423
Total	**70,229**	**14,037**	**(1,843)**	**82,423**

The details of investments in subsidiary companies are shown below:

(in Euro thousands)	**Dec. 31, 08**	**Acquisi. & Sub.**	**Other changes**	**Dec. 31, 09**
Fime S.p.A.	23,907	-	-	23,907
Elica Group Polska S.p.zoo	13,796	-	-	13,796
Elicamex S.a. de C.V.	30,483	-	(1,843)	28,640
Leonardo Services S.a. de C.V.	4	-	-	4
Ariafina Co.Ltd	49	-	-	49
Airforce S.p.A.	1,212	-	-	1,212
Elica International S.à.r.l.	778	14,037	-	14,815
Total	**70,229**	**14,037**	**(1,843)**	**82,423**

Investments in subsidiary companies increased by a net amount of Euro 12,194 thousand. This increase was due to the following operations:

- in the year Elica S.p.A. converted the financial receivables for a total amount of Euro 14,037 thousand in favour of the subsidiary Elica International S.à.r.l. into "Share capital " for an amount of Euro 1 and in the "Share premium reserve" for the remaining part;
- a write-down of the investment in the subsidiary Elicamex S.a.d. C.V. was made for Euro 1,843 thousand.

The recoverable value of the investment 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 investment at the valuation date. Such calculations discount the cash flows projected by the business plans of the investments over a time horizon of five years, of which the first (2010) based on the updated budget and the subsequent years (2011-2014) pro-forma.
In particular, for Elicamex, for the period 2011-2014 an extrapolation was carried out using a growth rate of revenues of 15.2% annually. The terminal value was determined based on a growth rate of 3.4%. The discount rate (WACC) was estimated at 10.31%.

The table below summarises the key figures derived from the subsidiary companies 2009 financial statements:

(in Euro thousands)	**Registered office**	**% direct**	**% indirect**	**Share capital**	**Net equity**	**Profit (loss)**
Fime S.p.A.	Castelfidardo (AN)	100	-	2,990	14,583	(926)
Elicamex S.a.d. C.V.	Queretaro (Mexico)	98	2	31,003	18,774	(546)
Elica Group Polska Sp.z o.o	Wroklaw (Poland)	62	38	6,588	26,815	5,945
Airforce S.p.A.	Fabriano (AN)	60	-	103	1,813	374
Ariafina	Sagamihara-Shi (Japan)	51	-	85	2,520	799
Leonardo	Queretaro (Mexico)	98	2	4	(25)	(33)
Elica International S.à.r.l.	Luxembourg	100	-	100	14,157	902
Elica Finance Limited	Dublin (Ireland)	-	100	12,050	12,024	(19)
Exklusiv Hauben Gutmann GmbH	Muhlacker (Germany)	-	100	25	802	(789)

(in Euro thousands)	% held	Value at Dec. 31, 09	Net result	Net Equity at Dec. 31, 09	Share of Net Equity at Dec. 31, 09
FIME S.p.A.	100	23,907	(926)	14,583	14,583
Air Force.S.p.A.	60	1,212	374	1,813	1,088
ARIAFINA CO. LTD	51	49	799	2,520	1,285
Elica Group Polska S.p.zo.o	62	13,796	5,945	26,815	16,625
ELICAMEX S.A. de C.V.	98	28,640	(546)	18,774	18,399
Leonardo Services S.A.de C.V.	98	4	(33)	(25)	(25)
Elica International S.à.r.l.	100	14,815	902	14,157	14,157

In 2009, the merger by incorporation of FIME S.p.A. into the parent company Elica S.p.A. was approved with accounting effect as of January 1, 2010.

4.19 Investments in associated companies

The table below shows changes in investments in associated companies:

(in Euro thousands)	Dec. 31, 08	Acquisi. & Sub.	Other changes	Dec. 31, 09
Investments in associated companies	1,899	-	-	1,899
Total	**1,899**	**-**	**-**	**1,899**

These investments relate to:

(in Euro thousands) *Local GAAP*	Registered office	% direct	% indirect	Share capital	Net equity	Profit
I.S.M. Srl	Cerreto d'Esi (AN)	49.385		10	2,328	177

(in Euro thousands) *Local GAAP*	% held	Value at Dec. 31, 09	Profit	Net equity at Dec. 31, 09	Share of Net Equity at Dec. 31, 09
I.S.M. Srl	49.385	1,899	177	2,328	1,150

The Company does not consider it necessary to write-down the investment given the positive results in the year and the results of the impairment test carried out and given the positive effects on Net Equity of the IAS adjustments.

4.20 Other financial assets

The amount of Euro 30 thousand refers to a policy signed with Carifac.

4.21 Other receivables (non-current)

The breakdown of the other receivables is as follows:

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Employees	163	158	(5)
Other receivables	9	9	-
Total	**172**	**167**	**(5)**

4.22 Tax receivables (non-current)

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

(Data in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Other tax receivables	1	1	-
Total	**1**	**1**	**-**

4.23 Deferred tax assets and liabilities

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Deferred tax assets	3,540	4,062	522
Deferred tax liabilities	(2,416)	(1,727)	689
Total	**1,124**	**2,335**	**1,211**

The account Deferred tax assets principally include the non deductible provisions, goodwill and tax losses. The account Deferred tax liabilities principally includes the latent taxes due on deferred gains, valuation exchange gains and employee leaving indemnity.

The following table details deferred tax assets and liabilities:

(in Euro thousands)	31/12/2008		income statement effect		31/12/2009	
	Assets	**Liabilities**	**Costs**	**Revenues**	**Assets**	**Liabilities**
Depreciation	11	-	94	-	105	-
Provisions	697	-	697	-	1,394	-
Costs ded. in future years	126	-	(30)	-	96	-
Inventory write-down	219	-	179	-	398	-
Exchange differences	584	(527)	(494)	380	90	(147)
Gains, grants	-	(367)	-	174	-	(193)
Restructuring charges	165	-	202	-	367	-
Merger adjustments	-	(610)	-	25	-	(585)
Set up and expansion costs	740	-	(370)	-	370	-
R&D costs	5	-	(5)	-	-	-
Other deferred charges	139	-	(63)	(1)	76	(1)
Goodwill	847	-	(113)	-	732	-
Others	-	(123)	-	111	-	(12)
IRS Valuation	7	-	(1)	-	6	-
Employee leaving indemnity	-	(789)	-	-	-	(789)
Losses carried forward	-	-	428	-	428	-
Total	3,540	(2,416)	524	689	4,062	(1,727)

The increase in deferred tax assets related mainly to non-deductable provisions and tax losses; the decrease in deferred tax liabilities refers principally to exchange gains and deferred gains.

4.24 Available-for-sale financial assets

This account regards investments held by Elica 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)	Dec. 31, 08	Dec. 31, 09	Changes
Meccano S.p.A.	16	16	-
UnifabrianoSoc. S.r.l.	2	2	-
Consorzio Energia	4	4	-
Other minor investments	2	2	-
Total	**24**	**24**	**-**

The above investments are recorded at cost in accordance with article 10 of Law 72/83 and no revalutions have been made pursuant to specific laws.

4.25 Trade receivables – third parties

The account consists of:

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
- receivables within one year	51,884	42,482	(9,402)
- receivables over one year	561	1,901	1,340
Total	**52,445**	**44,383**	**(8,062)**

Trade receivables decreased by Euro 8,062 thousand; this relates to two effects: the improvement in the management of receivables and lower sales in 2009 on the previous year.

Doubtful receivables are covered by the doubtful debt provision based on 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 primary international insurance companies.
The realignment of receivables to fair value was made through the doubtful debt provision - on the one hand for fiscal requirements and on the other as the financial statements of subsidiary companies were prepared based on local accounting principles. Management believes that the value approximates the fair value of the receivables.

The movements in the Doubtful Debt Provision are set out below:

(Data in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Opening balance	965	1,140	175
Provisions	389	1,177	788
Utilisations	(214)	(507)	(293)
Total	**1,140**	**1,810**	**670**

The doubtful debt provision was utilised in the year for Euro 507 thousand for credit positions that the Company believes, after prolonged attempts at recovery, will not be repaid.

4.26 Trade and financial receivables and loans – related parties

Receivables from related companies include both receivables of a commercial and financial nature from subsidiary and associated companies.
This account does not include any receivables due after more than five years at the year-end.
The details of the subdivision are shown in the table below:

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Receivables from subsidiaries	42,471	31,243	(11,228)
Receivables from related parties	31	35	4
Receivables from holding companies	1,069	1,017	(52)
Receivables from associated companies	533	7	(526)
Total	**44,104**	**32,302**	

(11,802)

The account receivables from related parties refers to the receivable from Roal Electronics S.p.A. (associated company of the parent company Fintrack); in the previous year, the amount was Euro 31 thousand.

Receivables from subsidiary companies are composed of:

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Fime S.p.A.	14,491	17,917	3,426
Air Force S.p.A.	187	203	16
Elica Group Polska S.p.z.oo	4,955	6,037	1,082
Elicamex S.A. de C.V.	8,662	6,118	(2,544)
Ariafina Co Ltd	136	68	(68)
Elica International S.à.r.l.	14,000	900	(13,100)
Elica Germany Gmbh	40	-	(40)
Total	**42,471**	**31,243**	**(11,228)**

In relation to receivables from the companies Fime S.p.A. and Elicamex S.A. de C.V the financial receivables are included for the following amounts: Euro 17,386 thousand and Euro 793 thousand.
Financial receivables from the subsidiaries Fime S.p.A. and Elicamex S.A. de C.V are regulated by their respective contracts and are revocable; the interest rate applied is the Euribor 1M and the Libor 3M average preceding month increased by a spread.
For comments on the reduction of the financial receivable from the subsidiary Elica International S.a.r.l., reference is made to paragraph 4.18 "Investments in subsidiaries".
The changes show the synergies created in order to optimise cash management.

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

Associated companies

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
I.S.M. S.r.l.	533	7	(526)
Total	**533**	**7**	**(526)**

The balance of Euro 7 thousand refers to trade receivables.
This account does not include any receivables due after more than five years at the year-end.

The receivables from holding companies amount to Euro 1,017 thousand and refer to the receivable from the sale of the investment held in Roal Electronics to the Parent Company Fintrack S.p.A.
The amount includes interest calculated at 31.12.09.

4.27 Inventories

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Raw material, ancillary and consumables	12,844	7,927	(4,917)
Raw materials obsolescence provision	(326)	(473)	(147)
Total	***12,518***	***7,454***	***(5,064)***
Products in work-in-progress and semi-finished	7,753	5,636	(2,117)
Work-in–progress obsolescence provision	(257)	(453)	(196)
Total	***7,496***	***5,183***	***(2,313)***
Finished products and goods for resale	9,457	8,793	(664)
Finished products obsolescence provision	(108)	(503)	(395)
Total	***9,349***	***8,290***	***(1,059)***
Total	**29,363**	**20,927**	**(8,436)**

The value of inventories decreased by approx. Euro 8,436 thousand.

Inventories are recorded net of the obsolescence provision which amounts to Euro 1,429 thousand (Euro 691 thousand at December 31, 2008), in order to provide for the effect of waste, obsolete and slow moving items.
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.

The quantification of the stock obsolescence provision of raw materials, semi finished and finished products is based on assumptions made by Management.

4.28 Other receivables (current)

The breakdown is as follows:

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Customs reimbursements	128	125	(3)
Deposits	171	173	2
Supplier advances	1,894	546	(1,348)
Other receivables	421	909	488
Insurance prepayments	128	103	(25)
Maintenance prepayments	51	30	(21)
Advertising prepayments	4	9	5
Other prepayments and accrued income	206	457	251
Total	**3,003**	**2,352**	**(651)**

The account decreased principally due to the reduction of supplier advances.
The account Other receivables includes advance payments for hardware and auto vehicles.
The account prepayments and accrued income principally refers to maintenance of hardware, consultancy and other services.
This account does not include other receivables due after more than five years at the year-end.

4.29 Tax receivables (current)

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

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
IRAP	364	252	(112)
IRES	3,807	3,801	(6)
VAT	1,418	2,063	645
Other tax receivables	450	625	175
Total	**6,039**	**6,741**	**702**

The most significant change was the increase in the VAT receivable relating to domestic purchases and sales.

4.30 Derivative financial instruments

(in Euro thousands)	31.12.2008		31.12.2009	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange derivatives	1,748	1,885	464	288
Irs/CAP	-	26	45	23
Total	**1,748**	**1,911**	**509**	**311**
of which				
Non-current	-	11	45	-
Current	1,748	1,900	464	311
Total	**1,748**	**1,911**	**509**	**311**

For further information, refer to paragraph 7 "Information on risk management".

4.31 Cash and cash equivalents

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Bank and postal deposits	3,125	2,992	(133)
Cash in hand and similar	3	-	(3)
Total	**3,128**	**2,992**	**(136)**

This account reflects positive balances held in bank current accounts and cash on hand.
For further information, reference should be made to the section on net funds/(debt) in the Directors' Report and to the Cash Flow Statement.

4.32 Liabilities for post-retirement benefits

The amount provisioned in the accounts of Euro 6,938 thousand is the current value of pension liabilities matured by employees at the year-end.

The most recent calculation of the present value of the provision was performed at 31.12.09 by actuaries from Mercer Human Resource Consulting S.r.l.

The amounts recognised in the income statement may be summarised as follows:

(in Euro thousands)	**Dec. 31, 08**	**Dec. 31, 09**	**Changes**
Costs relating to current employee services	2,616	1,813	(803)
Financial charges	474	429	(45)
Total	**3,090**	**2,242**	**(848)**

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

(in Euro thousands)	**Dec. 31, 08**	**Dec. 31, 09**	**Changes**
Opening balance	9,319	8,063	(1,256)
Costs relating to current employee services	2,529	1,739	(790)
Curtailment effect	87	74	(13)
	2,616	1,813	(803)
Financial charges	474	429	(45)
Pension fund	(1,891)	(1,745)	(19)
Benefits provided	(2,455)	(1,622)	998
Total	**8,063**	**6,938**	**(1,125)**

The corridor method was utilised which permits the non recording of the component of the cost calculated in accordance with the above-mentioned method represented by actuarial gains or losses when these do not exceed 10% of the current value of the defined benefit obligation. Following the application of this method, actuarial losses at December 31, 2009 amounting to Euro 909 thousand have not been recorded (losses of Euro 62 thousand at December 31, 2008).
Lastly, the interest component of the charge relating to employee defined-benefit schemes is shown under financial charges, with a resulting increase of Euro 429 thousand in this item for the year. The cost of current retirement benefits and net actuarial losses were recorded under labour costs.

Assumptions adopted for the calculation:

	31.12.2008	**31.12.2009**
Discount rate to determine the obligation	5.75%	5.00%
Rate of inflation	2.00%	2.00%
Discount rate to determine pension cost	5.50%	5.75%

Number of employees

The average number of employees in 2009 was 1,245 (1,281 in 2008) as detailed in note 4.7.

4.33 Provisions for risks and charges

The composition and movements of the provisions are as follows:

(Data in Euro thousands)	Dec. 31, 08	Provisions	Utilisations	Dec. 31, 09
Supplementary agent termination benefits	488	357	(286)	560
Directors' termination benefits	109	-	-	109
Product warranty provisions	295	160	(214)	241
Product disposal provision	596	22	(161)	456
Provisions for risks	936	1,500	(10)	2,426
Restructuring provision	600	1,335	(600)	1,335
Total	**3,024**	**3,374**	**(1,271)**	**5,127**
of which				
Non-current	2,729			4,886
Current	295			241

The supplementary agent termination benefits include possible charges upon termination of relations with agents and sales representatives. Part of the benefits provisioned in previous years for the resolution of agency relations with agents were liquidated (Euro 461 thousand); the Contractual indemnity provision was provisioned Euro 215 thousand.

The Directors' termination benefits regard the termination benefits for the 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. In the year, they decreased by Euro 54 thousand.

The "Provisions for risks" relates to likely costs and charges to be incurred as a result of ongoing legal disputes. The provisions have been determined based on the best possible estimates, considering the available information. For comments in relation to risk provisions, reference is made to paragraph "4.9 Other operational expenses and provisions".

The Restructuring Provision recorded against restructuring charges in the income statement relates to the company restructuring programme.

4.34 Bank borrowings and mortgages

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Bank loans and mortgages	37,288	37,485	197
Total	**37,288**	**37,485**	**197**
Bank loans and mortgages have the following repayment schedules			
On demand or within one year	33,306	22,868	(10,438)
Within two years	628	3,403	2,775
Within three years	634	3,442	2,808
Within four years	643	3,482	2,839
Within five years	651	3,523	2,872
Beyond 5 years	1,426	766	(660)
Total	**37,288**	**37,485**	**197**
Less amounts to be repaid within one year	33,306	22,868	(10,438)
Due beyond one year	**3,982**	**14,617**	**10,635**

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

4.35 Amounts due under finance leases and other borrowings

Amounts due under finance leases and other and other loans *(in Euro thousands)*	**Minimum payments due under finance lease agreements and other loans** Dec. 31, 08	Dec. 31, 09	**Present value of minimum payments due under finance leases and other loans** Dec. 31 08	Dec. 31, 09
Due within one year	351	1,370	309	1,302
Due within five years	839	-	810	-
Due over five years	-	-	-	-
	1,190	**1,370**	**1,119**	**1,302**
of which:				
- future financing costs	73	68	-	-
- present value of obligations under finance leases	1,117	1,302	1,119	1,302
of which:				
- within one year			309	1,302
- beyond one year			810	-

Lease payments refer principally to factories. The current value of the minimum payments due at December 31, 2009 is Euro 1,370 thousand (all 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.

4.36 Current and non-current tax liabilities

Tax payables (non-current)

(Data in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
ILOR (former local income tax) payable – earthquake suspension	200	218	18
ICI (local property tax) payable – earthquake suspension	10	-	(10)
Employee leaving indemnity payable – earthquake suspension	29	32	3
IRPEF (employees income tax) payable – earthquake suspension	183	198	15
Taxes on equity reserves – earthquake suspension	563	609	46
Flat tax	308	1	(307)
Total	**1,293**	**1,058**	**(235)**

The account decreased following the reclassification of the third instalment of the substitute tax as per article 1, paragraphs 33 and 34 of the 2008 Finance Act from non-current tax payable to current tax payable.

These payables were subject to discounting.

Tax payables (current)

(Data in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Other taxes	172	314	142
IRPEF withheld	2,021	1,825	(196)
Substitute tax	410	64	(346)
Total	**2,603**	**2,203**	**(400)**

The reduction in the account "Current tax payables" refers principally to the payment of the second substitute tax instalment as per article 1, paragraph 33 and 34 of the 2008 Finance Act relating to the redemption as well as the reduction of the IRPEF payable due to changes in personnel costs.

4.37 Sundry and Other Payables (non-current)

Other Payables (non-current)

(Data in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Other payables	2	1	(1)
INAIL contributions – earthquake suspension 1997	91	94	3
INPDAI contributions – earthquake suspension 1997	48	51	3
Employee INPS contributions – earthquake 1997	1,073	1,170	97
Freelance INPS contributions – earthquake 1997	5	-	(5)
Total	**1,219**	**1,316**	**97**

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

Other payables (current)

(Data in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Payments to social security institutions	2,407	1,934	(473)
Other payables	33	61	28
Payables to personnel for remuneration	3,326	2,495	(831)
Customers	316	64	(252)
Accruals and deferred income	249	122	(127)
Customer advances	599	207	(392)
Directors and Statutory Auditors	44	-	(44)

Total	**6,974**	**4,883**	**(2,091)**

The reduction in the account is due principally to the decrease in the employees payable and the social security payable related to labour cost movements.

4.38 Trade payables

(Data in Euro thousands)	Dec. 31, 09	Dec. 31, 09	Changes
Trade payables			
- payables within one year	55,924	51,554	(4,370)
- payables beyond one year	55	55	-
Total	55,979	51,609	(4,370)
Subsidiaries	4,121	2,879	(1,242)
Related companies	1,038	968	(70)
Associated companies	3,926	2,742	(1,184)
Total	9,085	6,589	(2,496)
Total	**65,064**	**58,198**	**(6,866)**

This mainly includes payables for trade purchases and other costs. The average payment days for the purchase of raw materials is approximately 105.

The receivables from related parties (Euro 968 thousand) includes the payables at 31.12.2009 to Roal Electronics S.p.A. (Euro 951 thousand) and Fastnet S.p.A. (Euro 16 thousand).

Management believes that the book value of trade payables and other payables reflects their fair value.

4.39 Trade payables and other payables to related parties

Payable to subsidiaries

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Fime S.p.A.	2,723	1,962	(761)
Elica Group Polska S.p.zoo	731	263	(468)
Airforce	200	437	237
Elicamex S.A.	466	216	(250)
Ariafina Co Ltd	1	1	-
Total	**4,121**	**2,879**	**(1,242)**

The amounts of a commercial nature refer principally to the purchases carried out by Elica Group Polska and Elicamex S.A. following the increased industrial and productive integration of the group companies.
The balances relating to Fime S.p.A. and Airforce S.p.A. include the tax payables deriving from the two subsidiary companies taking part in the fiscal consolidation respectively for Euro 91 thousand and Euro 85 thousand.

Associated companies

These payables of an exclusive trade nature are composed of:

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
I.S.M. S.r.l.	3,926	2,742	(1,184)
Total	**3,926**	**2,742**	**(1,184)**

The amount due to associated companies refers to the payable to the associated company I.S.M. S.r.l. which relates to mechanical works, carpentry and finished product assembly.

4.40 Shareholders' Equity

For the analysis on the movements in Shareholder's equity, reference should be made to the relative table. Comments are provided on each of the equity reserves.

Share capital

The share capital at December 31, 2009 amounts to Euro 12,664 thousand, consisting of 63,322,800 ordinary shares with a par value of Euro 0.20 each, fully subscribed and paid-in.

Capital reserves

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

Hedging and stock option reserves

The account amounts to Euro 16 thousand and refers to the change in cash flow hedges net of the tax effect; in the previous year, it amounted to Euro 19 thousand.

Treasury shares

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

At 31.12.09, the treasury shares in portfolio represent 10% of the Share Capital.
No share buyback operations were carried out during the year.

Retained earnings

(in Euro thousands)	Dec. 31, 08	Dec. 31, 09	Changes
Legal reserve	2,533	2,533	-
IAS transition reserve	1,675	1,675	-
Extraordinary reserve	53,130	53,437	307
Reserve restricted under Law 488/92	3,875	3,875	-
Total	**61,213**	**61,520**	**307**

The Legal Reserve amounts to Euro 2,533 thousand.
The IAS Transition Reserve amounts to Euro 1,675 thousand: it is unchanged on the previous year.
The change in the Extraordinary Reserve of Euro 307 thousand relates to the allocation of the 2008 net profit for Euro 1,373 thousand net of the distribution of dividends of Euro 1,066 thousand.

Information on distributable reserves

The following table shows net equity accounts divided by origin, the possibility of utilisation and distribution, as well as any utilisations in the previous three years. The amounts are in units of Euro.

Description:	Amount	Poss. of utilisation	Quota available	Util. in past 3 years to cover losses	Util. in past 3 years for other reasons
I Share capital	12,664,560	=		-	
II Share premium reserve	71,123,336	A,B,C	71,123,336	-	-
IV Legal reserve	2,532,912	B		-	
VII Other reserves					
Treasury shares	(17,629,065)				
Extra. reserve	53,420,362	A,B,C	53,420,362	-	-
Reserve Law 488/92	3,875,493	B	-		-
IAS transition reserve	1,675,096	A,B,C	1,675,096		
Total	**127,662,694**		**126,218,794**	**-**	**-**
Non-distributable quota	-		19,026,696		
Residual distributable	-		107,192,098		

A: for share capital increase

B - coverage of losses

C: for distribution to shareholders

The account Extraordinary Reserve is not distributable for an amount of Euro 19,026 thousand, corresponding to the value of the treasury shares held as set out in article 2357 of the civil code for Euro 17,629 thousand and for the residual part research and development expenses to be amortised of Euro 1,398 thousand.
This amount is included in the account non distributable share.

Net Financial Position

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

(in Euro thousands)	**Dec. 31, 08**	**Dec. 31, 09**	**Changes**
Cash and cash equivalents	3,128	2,992	(135)
Loans to related parties	30,542	19,197	(11,345)
Bank loans and mortgages - current	(33,306)	(22,868)	10,438
Finance leases and other lenders - current	(309)	(1,302)	(994)
Short-term net funds/(net debt)	**55**	**(1,982)**	**(2,037)**
Bank loans and mortgages – non-current	(3,981)	(14,617)	(10,636)
Finance leases and other lenders – non-current	(810)	-	810
Long-term net debt	**(4,791)**	**(14,617)**	**(9,826)**
Net Debt	**(4,736)**	**(16,599)**	**(11,863)**

At December 31, 2009, the net debt amounted to Euro 16,599 thousand, an increase of Euro 11,863 thousand from the previous year, principally due to the conversion into a shareholding of the loan to the subsidiary Elica International S.à.r.l. for Euro 14,000 thousand.

5. Significant non-recurring events and operations

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

	Net equity		Net Profit	
(in Euro thousands)	Amount	%	Amount	%
As per financial statements	121,113		(6,550)	
a) restructuring charges	913	0.8%	913	(13.9%)
b) Write-down of investment in subsidiary	1,843	1.5%	1,843	(28.1%)
C) Whirlpool options	(459)	(0.4%)	(459)	7.0%
Notional value of financial statements	**123,410**		**(4,253)**	

a) The amount refers to the industrial reorganisation charges.

b) The account refers to the write-down of the investment in the subsidiary ELICAMEX S.A. de C.V.. For further information on the impairment test carried out, reference is made to the paragraph "4.18 Investments in subsidiaries".

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

6. Guarantees, commitments and contingent liabilities

a) Contingent liabilities

Elica is 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.
Appropriate provisions on a prudent basis have been made on the contingent liabilities that could arise from pending judicial proceedings: the provision included in the financial statements at December 31, 2009 for contingent risks and charges relating to legal disputes amounts to Euro 1,269 thousand.
Management considers that the provision for risks in order to cover possible liabilities from pending or potential disputes is, on the whole, adequate.

b) Guarantees and commitments

On December 10, 2007, FAN SA (now "FAN s.r.l."), parent company of Elica S.p.A., and Whirlpool signed a shareholder agreement (the "Shareholder Agreement") which provides for (i) a purchase contract by Whirlpool of Elica shares, representing 5% of the share capital (the "5% Holding") and (ii) regulations concerning the governance of the Company.
At the same time, in accordance with the Shareholder Agreement, Whirlpool and the company signed an options agreement on Shares (the "Share Options Agreement") providing Whirlpool with the right to purchase Treasury Shares of the Company up to a further 10% of the Shares with voting rights of the Company, for a period of 18 months from the date of receiving from Elica the communication of the purchase of the 5% Share (the "Option Period").
This Agreement was modified through two additional agreements signed between Whirlpool Europe S.r.l. and Elica S.p.A. respectively on December 3, 2008 (the "Modifying Agreement") and June 15, 2009 ("the "Second Modifying Agreement").
On December 18, 2009, Whirlpool Europe s.r.l., Prop s.r.l. and Elica S.p.A., signed, thus confirming their respective obligations, the communication issued by FAN S.A. relating to the merger by incorporation of the same into Prop s.r.l., which at the same time changed its name to FAN s.r.l. Following the merger, FAN s.r.l. with registered offices in Rome, via Parigi, No.11, registered in the Rome Company Registration Office at No.10379911000, assumed the rights and obligations of FAN S.A. and continues all activities of FAN S.A., including the Shareholder Agreement.
For further information on the Agreement, the Modifying Agreements and the subsequent events to December 31, 2009 reference is made to the "Annual Corporate Governance and Shareholder Report" of Elica S.p.A., updated to March 30, 2010 and available on the website of the Company www.elicagroup.com in the Investor Relations/Corporate Governance section as well as the extracts of the Agreement published in accordance with law on the site www.consob.it.
The amendments to the Agreement described above had no impact on Elica S.p.A. which pursuant to article 93 of the Consolidated Finance Act, continues to be indirectly held by Ms. Gianna Pieralisi.

In 2008, the Parent Company Elica SpA issued the following guarantees:
- a surety in favour of Unicredit SpA for a value of Euro 5,500 thousand for the credit lines granted by Bayerische Hypo und Vereinsbank Ag to the company Elica Germany GmbH; this surety will expire in 2010;
- two sureties in favour of Bank DnB Nord for a value of Euro 3,000 thousand and PLN 15,000 for credit lines granted to the subsidiary Elica Group Polska S.p.zo.o; these sureties will expire in 2012.

Commitments with suppliers for fixed asset purchases at December 31, 2009 amount to approx. Euro 107 thousand, principally relating to investments in the productive capacity such as equipment, plant and buildings for the expansion of industrial activities.

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. Future payments due against lease contracts are summarised in the following table:

(in Euro thousands)	**31.12.2008**	**31.12.2009**
Property rentals	1,393	1,128
Car and fork lift rental	2,240	1,730
Hardware operating leases	875	1,693
Total	**4,508**	**4,551**

(Data in Euro thousands)	**31.12.2009**	**Within 1 year**	**1-5 years**	**Over 5 years**
Property rentals	1,128	435	693	-
Car and fork lift rental	1,730	1,450	280	-
Hardware operating leases	1,693	491	1,202	-
Total	**4,551**	**2,376**	**2,175**	**-**

7. Risk management policy

Introduction

Elica'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 Risks Policy" approved by the Board of Directors of the Company. Within this policy, the Company 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 Company risk policy management are as follows:

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

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

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

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

The paragraphs below report an analysis of the risks which Elica 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, Elica uses derivative instruments to hedge its risks and 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 Company's operating currency is the Euro. However, the Company trades also in Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Swiss Francs (CHF), Russian Roubles (RUB) and the Polish Zloty (PLN). In all of these currencies, except for the Swiss Franc, the Company has higher revenues than costs; therefore changes in the exchange rates between the Euro and these currencies impact the Company 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 Company 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 31.12.09 of the balance sheet accounts in foreign currencies for the most significant currencies:

In Euro thousands	**2009**		**2008**	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
CHF	-	(311)	-	(311)
GBP	257	(21)	51	(2)
JPY	190	(0)	332	(1)
PLN	385	(375)	-	-
Rub	39	(3)	22	(8)
USD	4,490	(3,968)	5,584	(296)
Total	**5,363**	**(1,160)**	**5,989**	**(618)**

For the purposes of the sensitivity analysis on the exchange rate, the potential movements on the Euro/CHF, Euro/GBP, Euro/YEN, Euro/PLN, Euro/RUB and Euro/USD 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	**2009**		**2008**	
Currency	**Depreciation of foreign currencies 5%**	**Appreciation of foreign currencies 5%**	**Depreciation of foreign currencies 10%**	**Appreciation of foreign currencies 10%**
CHF	15	(16)	28	(35)
GBP	(12)	13	(4)	5
JPY	(9)	10	(30)	37
PLN	(1)	1	-	-
Rub	(2)	2	(1)	2
USD	(192)	212	(481)	588
Total	**(200)**	**221**	**(488)**	**597**

The hedging operations of Elica as at December 31, 2009 with financial counterparties have a total positive Fair Value of Euro 175.6 thousand.
The table below shows the details of the notional and Fair Values:

FOREIGN EXCHANGE DERIVATIVES

Currency	**Notional Dec. 31, 08 (in foreign currency/000)**	**FV Dec. 31, 2008 (Euro/000)**	**Notional Dec. 31, 2009 (in foreign currency/000)**	**FV Dec. 31, 2009 (Euro/000)**
USD				
Forward	7,000	36	4,100	(19)
Options	2,500	41	9,200	196
GBP				
Forward	450	48	500	(1)
Options	350	4	-	-
JPY				
Forward	1,100,000	(342)	-	-
Options	1,250,000	77	-	-
Total		**137**		**176**

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

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

2009		
in Euro	**USD**	**GBP**
	Notional 13,300 USD/000	**Notional 500 GBP/000**
Depreciation of foreign currencies 5%	298,419	27,007
Curr. depreciation EURO 25%	6,389	1,211
Currency depreciation 25 %	(2,510)	(816)
Sensitivity to Depreciation	**302,298**	**27,401**
Appreciation of foreign currencies 5%	(247,173)	(29,429)
Curr. appreciation EURO 25%	(2,694)	(816)
Currency appreciation 25 %	6,198	1,211
Sensitivity to Appreciation	**(243,669)**	**(29,035)**

2008			
in Euro	**USD**	**GBP**	**JPY**
	Notional 9,500 USD/000	**Notional 800 GBP/000**	**Notional 2,350,000 JPY/000**
Depreciation of foreign currencies 10%	(534,026)	(36,182)	(67,299)
Curr. depreciation EURO 25%	14,572	790	3,523
Currency depreciation 30 %	(8,820)	(744)	(1,529)
Sensitivity to Depreciation	**(528,274)**	**(36,136)**	**(65,305)**
Appreciation of foreign currencies 10%	487,258	39,288	209,944
Curr. appreciation EURO 25%	(8,622)	(258)	(2,107)
Currency appreciation 30 %	3,051	245	118
Sensitivity to Appreciation	**481,687**	**39,275**	**207,955**

Commodity risk

Elica is subject to market risk deriving from fluctuations in commodity prices used in the production process. The raw materials purchased by the Company are affected by the trends of the principal markets. The Company 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, Elica 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 Company 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 Company Elica is in line with the consolidated practices over time to reduce the volatility risk on the interest rates, while at the same time minimising the borrowing charges within the established budget limits.

The Company's debt mainly carries a floating rate of interest. The Company hedges the interest rate risk through the utilisation of an Interest Rate Swap and through the purchase of a CAP option against specific medium-long term loans at variable rate.
The table below shows the details of the notional and Fair Values:

DERIVATIVES ON INTEREST RATES

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

Also the interest rate risk is measured through sensitivity analysis, in accordance with IFRS 7. The changes in the interest rate curve utilised for the sensitivity analysis were based on the volatility of the market rates.
The analysis showed that a change of the interest rate curve in the short-term of -25 bps and of the long-term curve of -50 bps converts into a decrease in the Fair Value of the Interest Rate Swap at December 31, 2009 of Euro 1,000.
A change of the interest rate curve in the short-term of +25 bps and of the long-term curve of +50 bps converts into an increase in the Fair Value of the Interest Rate Swap of Euro 1,000.

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

Relating to the Company 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 42,100, while a change of +25 bps in the same interest rate curve converts into higher financial charges of Euro 42,100.

Credit risk

The credit risks represent the exposure of Elica 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 Company only deals with well known and reliable clients. It is Company 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 Company at December 31, 2009 is the carrying value of the financial assets recorded in the accounts, and the nominal value of the guarantees given on debts and commitments to third parties as indicated in paragraph 6 "Commitments, guarantees and contingent liabilities".

At December 31, 2009, trade receivables with non-group clients, amounted to Euro 44.7 million, including approx. Euro 3.4 million relating to overdue receivables. 0.2% of receivables were overdue by 60 days.

The amount of trade receivables reported in the balance sheet is net of the allowance for doubtful accounts. The allowance is made on the basis of past experience and on the basis of specific considerations on the individual customers.
The doubtful debt provision was created based on the guidelines contained in the attachment to the Financial Risks Policy specifically relating to the management of credit risk.

For the management of credit risk, the Company utilises insurance coverage to guarantee against non payment by 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 Company and its own financial needs.

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

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

Data at December 31, 2009

(in Euro thousands)	within 12 months	1-5 years	Over 5 years
Finance leases and other lenders	1,302	-	-
Bank loans and mortgages	22,868	13,851	766
Trade and other payables	65,283	2,374	-
Total	**89,453**	**16,225**	**766**

Data at December 31, 2008

(in Euro thousands)	within 12 months	1-5 years	Over 5 years
Finance leases and other lenders	309	810	-
Bank loans and mortgages	33,306	2,222	1,426
Trade and other payables	74,642	2,512	-
Total	**108,257**	**5,544**	**1,426**

During the year, the Company signed with major financial counterparties three Medium-Long term loan contracts which include an obligation to respect financial covenants based on the Consolidated Financial Statements.
In particular, the covenants on some of the loans do not immediately determine default of the line through non respecting of the limits, but in the first instance impose an increase in the cost of the loan.
At December 31, 2009 the level of the covenants in question were significantly better than the terms of the first threshold to increase the cost of the loan or of the default of the credit line.

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

For details on the net financial position, reference should be made to note 4 of the notes.

Classification of the Financial instruments

(in Euro thousands)	Dec. 31, 09	Dec. 31, 08
Other financial assets	30	30
Financial assets available-for-sale	24	24
Non-current assets	**54**	**54**
Derivative financial instruments	509	1,748
Cash and cash equivalents	2,992	3,128
Current assets	**3,501**	**4,876**
Finance leases and other lenders	-	810
Bank loans and mortgages	14,617	3,981
Non-current liabilities	**14,617**	**4,791**
Finance leases and other lenders	1,302	309
Bank loans and mortgages	22,868	33,306
Derivative financial instruments	311	1,900
Current liabilities	**24,481**	**35,515**

Hierarchy of Fair Value according to IFRS 7

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

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

The classification of the financial instruments may have a discretional element, although not significant, where in accordance with IFRS, the Company utilises, where available, prices listed on active markets as the best estimate of the fair value of derivative instruments.
All the derivative instruments in place at December 31, 2009 belong to level 2 of the fair value hierarchy.

Instruments in place at December 31, 2009

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

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

in Euro	**Notional Value**				**Book Value**
Interest rate risk					
	Maturity within 1 year		Maturity over 1 year		
Cash Flow hedge as per IAS 39	915		6,550		22
Fair Value hedge as per IAS 39					
Not considered hedges under IAS 39					
Total derivatives on interest rates	**915**		**6,550**		**22**
Foreign currency risks	Maturity within 1 year		Maturity over 1 year		
	sales	purchases	sales	purchases	
Considered hedges under IAS 39					
- On commercial operations					
- On financial operations					
Not considered hedges under IAS 39					
- On commercial operations	9,698		112		176
- On financial operations					
Total derivatives on foreign exchange	**9,698**		**112**		**435**

8. Disclosure on management compensation and related-party transactions

As required by law, the total remuneration of Directors, Statutory Auditors and Managers with strategic roles also in other companies are reported below.

8.1 Directors and Statutory Auditors' fees

Senior managers with responsibilities for strategic, planning and control are identified as executive directors, non executive directors and statutory auditors.
The remuneration paid was as follows:

Name	Office	Duration	Emoluments	Non-monetary benefits	Bonus and other incentives	Others
Francesco Casoli	Chairman of the Board of Directors	Acc. app 2011	341	5		154
Andrea Sasso	Chief Executive Officer		111	4		509
Gianna Pieralisi	Executive Director	Acc. app 2011	161			
Gennaro Pieralisi	Director	Acc. app	23			

		2011				
Giovanni Frezzotti	Director	Acc. app 2011	23			
Stefano Romiti	Director	Acc. app 2011	23			
Fiorenzo Busso	Director	Acc. app 2011	11			
Total			**693**	**9**	**-**	**663**

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

(*) Appointed on 27/04/2009
(**) In office until 27.04.09

8.2 Management and direction activity

Elica S.p.A. is indirectly controlled by the Casoli Family through Fintrack S.p.A. of Fabriano (AN).

Francesco Casoli, Chairman of Elica S.p.A., is the majority shareholder and Sole Director of Fintrack S.p.A., a holding company that does not carry out management and coordination activities.
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.

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

The tables below show key data for subsidiaries and the amount of transactions entered into with them at and for the year ended 31.12.09.

Subsidiaries - highlights:

The above data refers to the financial statements as at 31.12.09.

Subsidiaries - highlights:

(in Euro thousands)	Assets	Liabilities	Net equity	Revenues	Net result
Subsidiary companies					
FIME S.p.A.	54,889	40,306	14,583	57,367	(926)

Air Force.S.p.A.	8,465	6,652	1,813	17,495	374
ARIAFINA CO. LTD	4,959	2,439	2,520	12,396	799
Elica Group Polska S.p.zo.o	46,858	20,043	26,815	53,001	5,945
ELICAMEX S.A. de C.V.	30,089	11,315	18,774	24,137	(546)
Elica International S.à.r.l.	27,102	12,945	14,157	-	902

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. The details are shown below:

(Data in Euro thousands)	**Dec. 31, 09**	**Dec. 31, 09**	**Changes**
Financial receivables from holding companies:			
Fintrack Spa	1,069	1,017	(52)
Loans to subsidiaries			
Fime SpA	14,102	17,386	3,284
Elicamex S.A. de C.V.	1,366	793	(573)
Elica International Sarl	14,000	-	(14,000)
Elica Group Polska S.p.zoo	5	-	(5)
Total	29,473	18,180	(11,293)
Total	**30,542**	**19,197**	**(11,345)**

The table below summarises the transactions and balances with related parties in 2009:

Related parties	**Payables**	**Fin/Trade receivables**	**Costs**	**Revenues**
Subsidiary Companies				
Fime S.p.A.	(1,962)	17,917	(15,381)	358
Elicamex S.a.d. C.V.	(216)	6,118	(219)	6,152
Ariafina Co.Ltd	(1)	68	(2)	159
Elica Polska S.p.zoo	(263)	6,037	(2,812)	14,255
Air Force S.p.A.	(437)	203	(779)	726
Elica International S.à.r.l.	-	900	-	-
Exklusiv Hauben Gutmann GmbH	-	-	(1)	2
Associated company				
I.S.M. S.r.L.	(2,742)	7	(10,499)	117
other related parties				
Fintrack Spa	-	1,017	-	-
Fastnet SpA	(16)	-	(17)	-
Roal Electronics Srl	(951)	35	(2,674)	31

Transactions with other related parties

Transactions with other related parties (Fastnet S.p.A. and Fintrack S.p.A.) are exclusively of a trading and financial nature.

Transactions of a commercial and financial nature

The table above shows the main operating and financial amounts arising from trading transactions with Fastnet S.p.A. (30% interest held by the parent company of Elica) and financial transactions with Fintrack S.p.A. (company that indirectly controls Elica S.p.A.).
The operating and financial balances arise from trading transactions conducted to purchase goods and services on an arm's length basis.
The transactions 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. relates to the receivable from the sale of the investments held in Roal Electronics S.p.A. in June 2007.

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

The following table, prepared pursuant to article 149 of the Consob Issuer's Regulations, reports the payments made in 2008 for audit and other services carried out by the audit firm and entities associated with the audit firm.

Type of service	Party providing the service	Company	Remuneration (in Euro thousand)
Audit	Deloitte & Touche S.p.A.	Elica S.p.A.	237
Other services	Deloitte & Touche S.p.A.	Elica S.p.A.	5
Total			242

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

In 2008, no operations classifiable in this category were recorded.

11. Events after the year-end

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

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

The undersigned Andrea Sasso, as Chief Executive Officer, and Vincenzo Maragliano, Executive responsible for the preparation of the corporate accounting documents of Elica S.p.A., affirm, and also in consideration of article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February, 1998:
the adequacy of the information on company operations and the effective application of the administrative and accounting procedures for the compilation of the Financial Statements for 2009.

In addition, we certify that the 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 and provide a true and fair representation of the balance sheet, financial position and results of the issuer.

March 30, 2010

The Chief Executive Officer
Andrea Sasso

Executive responsible for the preparation
of corporate accounting documents
Vincenzo Maragliano