Elica S.p.A.

Interim Report

at December 31, 2010

Contents

Corporate boards

Members of the Board of Directors

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

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

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

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

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

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

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

Members of the Board of Statutory Auditors

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

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

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

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

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

Internal Control Committee
Stefano Romiti
Gennaro Pieralisi
Giovanni Frezzotti

Remuneration Committee
Stefano Romiti
Gennaro Pieralisi
Giovanni Frezzotti

Independent Auditors
Deloitte & Touche S.p.A.

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

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

Interim Directors' Report at December 31, 2010

Financial and operating review

In Euro thousands	**FY 10**	**revenue margin**	**FY 09**	**revenue margin**	**10 Vs 09 %**
Revenues	368,265		335,135		9.9%
EBITDA	26,700	7.3%	20,059	6.0%	33.1%
EBIT	11,059	3.0%	732	0.2%	1.410.8%
Financial income/(charges)	(1,573)	(0.4%)	(1,972)	(0.6%)	(20.2%)
Income taxes	(3,542)	(1.0%)	2,022	0.6%	(275.2%)
Net profit from continuing operations	5,944	1.6%	782	0.2%	660.1%
Net profit from continuing operations and discontinuing operations	5,944	1.6%	782	0.2%	660.1%
Group net profit	**4,580**	**1.2%**	**231**	**0.1%**	**1.882.7%**
Basic earnings per share on continuing operations and discontinuing operations	8.04		0.41		1,882.7%
Diluted earnings per share on continuing operations and discontinuing operations	8.04		0.41		1,882.7%

The earnings per share for FY 2010 and 2009 were calculated by dividing the Group net result from continuing and discontinued operations by the number of outstanding shares at the respective reporting dates.

In Euro thousands	**Q4 10**	**revenue margin**	**Q4 09**	**revenue margin**	**10 Vs 09 %**
Revenues	100,963		88,026		15%
EBITDA	6,496	6.4%	4,848	5.5%	34%
EBIT	3,018	3.0%	(2,160)	(2.5%)	n.s.
Financial income/(charges)	(574)	(0.6%)	(226)	(0.3%)	154%
Income taxes	(620)	(0.6%)	1,606	1.8%	(139%)
Net profit from continuing operations	1,824	1.8%	(780)	(0.9%)	n.s.
Net profit from continuing operations and discontinuing operations	1,824	1.8%	(780)	(0.9%)	n.s.
Group net profit/(loss)	**652**	**0.6%**	**(900)**	**(1.0%)**	**n.s.**
Basic earnings per share on continuing operations and discontinuing operations	1.14		(1.58)		n.s.
Diluted earnings per share on continuing operations and discontinuing operations	1.14		(1.58)		n.s.

The earnings per share for Q4 2010 and 2009 were calculated by dividing the Group Result from continuing and discontinued operations by the number of outstanding shares at the respective reporting dates.

EBITDA is the operating profit (EBIT) plus amortisation and depreciation and any write-downs of goodwill for losses in value. EBIT is the operating profit as reported in the consolidated income statement.

In Euro thousands	**Dec 31, 10**	**Sep 30, 10**	**Dec 31, 09**
Trade receivables	89,145	96,463	85,589
Inventories	42,671	48,374	41,451
Trade payables	(88,749)	(90,663)	(86,806)
Managerial Working Capital	**43,067**	**54,174**	**40,234**
as a % of annualised revenues	*11.7%*	*15.2%*	*12.0%*
Other net receivables/payables	(4,985)	(4,422)	(6,963)
Net Working Capital	**38,082**	**49,752**	**33,271**
as a % of annualised revenues	*10.3%*	*14.0%*	*9.9%*

In Euro thousands	**Dec 31, 10**	**Sep 30, 10**	**Dec 31, 09**
Cash and cash equivalents	**25,102**	**25,061**	**19,235**
Finance leases and other lenders	(76)	(82)	(2,430)
Bank loans and mortgages	(30,457)	(21,638)	(14,780)
Long-term debt	**(30,533)**	**(21,720)**	**(17,210)**
Finance leases and other lenders	(23)	(3,098)	(1,903)
Bank loans and mortgages	(29,426)	(39,344)	(23,058)
Short-term debt	**(29,449)**	**(42,442)**	**(24,961)**
Net Debt	**(34,880)**	**(39,101)**	**(22,936)**

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

Operating review Q4 2010

During the fourth quarter of 2010 Group consolidated revenue grew 14.7% on the same period of the previous year. The growth in revenues was driven by both the range hoods and motors divisions. In the range hood division, the growth was particularly strong in the own brands segment and the medium-high range segment in general posted above-average growth figures. Revenues grew in all geographic areas but particularly in Asia.

The improvements in operating efficiency continued at the pace established in the preceding quarters.

In 2010 the Euro weakened against all the currencies in which the Group carries out its commercial transactions. The movement in exchange rates had a modest positive impact on results and the translation reserve decreased by Euro 3,918 thousand.

	average 2010		average 2009	%	Dec 31, 10	Dec 31, 09	%
USD	1.33		1.39	-4.62%	1.34	1.44	-7.21%
JPY	116.2		130.3	-10.84%	108.65	133.16	-18.41%
PLN	3.99		4.33	-7.74%	3.98	4.1	-3.05%
MXN	16.74		18.8	-10.97%	16.55	18.92	-12.54%
INR	60.45	(*)	n/a	n/a	59.76	n/a	n/a
RMB	9.04	(*)	n/a	n/a	8.82	n/a	n/a

(*) the average exchange rate of the Indian Rupee and the Chinese Remimbi was calculated for the period in which the Indian and Chinese subsidiaries were consolidated.

The percentage of Managerial Working Capital on net annualised revenues decreased from 12.0% in December 2009 to 11.7% in December 2010.

The Net Debt at December 31, 2010 increased on December 31, 2009 due to the payment of the earn-out relating to the acquisition of the German company Gutmann and the payment of the first tranche relating to the acquisition of the Chinese company Zhejiang Putian Electric Co. Ltd..

Significant events in Q4 2010

On October 4, 2010 Elica S.p.A. sold the residual 10% holding in the company Acem S.r.l. to Nikel, a stake which was previously held by Fime S.p.A..

On October 26, 2010 the company exercised the purchase option on the leased property on which the Mergo factory is located.

On November 11, 2010, the Board of Directors of the Company, in accordance with the powers attributed by article 19 of the by-laws, approved modifications to the by-laws necessary to comply with Legs. Decree 27/2010 and Legs. Decree 39/2010.

At the same time the Board also adopted, with prior approval of the independent directors, the new Procedure for Transactions with Related Parties as per article 2391 bis of the civil code and article 4 of the Consob Regulation concerning related parties approved through resolution No. 17221 of March 12, 2010 and subsequent amendments. The amended by-law and the procedure are available on the Company's internet site in the Investor Relations section.

In January 2011, following the issue of "radiation" certificates at the end of 2010, the companies Elica Finance and Elica International were liquidated.

Elica Group structure and consolidation scope

The Elica Group is currently the world's largest manufacturer of kitchen range hoods for domestic use and is leader in Europe in the sector of motors for boilers used in home heating systems.

Parent Company

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

Subsidiaries at the publication date of the Interim Report

- Elica Group Polska Sp.zoo – Wroclaw – (Poland). This company has been operational since September 2005 in the production and sale of electric motors and from December 2006 in the production and sale of exhaust range hoods for domestic use;
- ELICAMEX S.A. de C.V. – Queretaro (Mexico). 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 special segment of the production and sale of hoods sector. The holding of Elica S.p.A. is 60%;
- Airforce Germany GmbH – Stuttgart (Germany). Airforce S.p.A. owns 95% of Airforce Germany G.m.b.h., a company that sells hoods in Germany through so -called "kitchen studios";
- Elica Inc. – Chicago, Illinois (United States). The company aims to develop the Group's brands in the US market by carrying out marketing and trade marketing with resident staff. The company is a wholly owned subsidiary of ELICAMEX S.A. de C.V.;
- Exklusiv Hauben Gutmann GmbH – Mulacker (Germany) - a German company entirely held by Elica and the German leader in the high-end kitchen range hood market, specialised in "tailor made" and high performance hoods.
- Elica PB India Private Ltd. - Pune (India); in June 2010 Elica S.p.A. signed a joint venture agreement subscribing 51% of the share capital of the newly-incorporated Indian company. Elica PB India Private Ltd. is involved in the sale of Group products.
- Zhejiang Putian Electric Co. Ltd – Shengzhou (China), a Chinese company held 55% and operating under the "Puti" brand, a leader in the Chinese home appliances sector, producing and marketing range hoods, gas hobs and kitchenware sterilisers. Putian is one of the leading players in the Chinese range hood market and the principal company developing western style range hoods. The production site is located in Shengzhou, a major Chinese industrial district for the production of kitchen home appliances.

Associated companies

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

Changes in the consolidation scope

At the end of 2010, the Irish company Elica Finance and the Luxembourg company Elica International were liquidated, while respectively in June and September 2010 the companies Elica India and Putian entered the consolidation scope. The Indian company Elica PB India Private Ltd joined the Elica Group following a joint venture agreement between Elica S.p.A. and Mr. Bhutada and a number of the principal managers of the company. The Elica Group acquired control of the company Putian through purchasing a majority 55% holding.

Elica Group Inter-company and other related-party transactions

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

Subsequent events and business outlook

On January 31, 2011 the period for the share capital increase as per article 2439, paragraph 2 of the civil code approved by the Board of Directors on June 27, 2007, based on the delegation of power by the Shareholders' Meeting of April 12, 2006, elapsed without any subscriptions. The subscribed and paid-in share capital therefore remains unchanged at Euro 12,664,560

The ongoing demand analysis activity by Management continues. In the current year, the principal markets in which the Group operates reports encouraging developments; demand visibility however remains limited.

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

Elica S.p.A. confirms compliance with the conditions for listing pursuant to articles 36 and 37 of Consob's Market Regulations. In particular, 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 enacted from March 30, 2009.

Consolidated Financial Statements at December 31, 2010

Consolidated Income Statement at December 31, 2010 *(in thousands of Euro)*

In Euro thousands	***Note***	**Q4 10**	**Q4 09 (*)**	**FY 10**	**FY 09**
Revenues	**1**	100,963	88,026	368,265	335,135
Other operating revenues		215	1,540	2,371	2,831
Changes in inventories of finished and semi-finished goods		(2,308)	2,844	3,838	4,720
Increase in internal work capitalised		1,068	679	2,633	2,937
Raw materials and consumables	**2**	(52,737)	(48,740)	(193,689)	(180,198)
Services	**3**	(19,192)	(17,390)	(73,864)	(66,676)
Labour costs	**4**	(18,028)	(17,242)	(72,397)	(66,854)
Amortisation and Depreciation		(3,478)	(4,237)	(15,641)	(16,556)
Other operating expenses and provisions		(2,749)	(2,978)	(9,721)	(9,896)
Restructuring charges		(736)	(1,891)	(736)	(1,940)
Write-down of Goodwill for loss of value		-	(2,771)	-	(2,771)
EBIT		**3,018**	**(2,160)**	**11,059**	**732**
Share of profit/(loss) from associates		(6)	81	(592)	107
Impairment of available-for-sale financial assets		40	-	-	-
Financial income	**5**	55	524	1,383	1,197
Financial charges	**5**	(738)	(923)	(2,677)	(3,069)
Exchange gains/(losses)	**5**	75	92	313	(207)
Other non-operating income		-	-	-	-
Profit/(loss) before taxes		**2,444**	**(2,386)**	**9,486**	**(1,240)**
Income taxes		(620)	1,606	(3,542)	2,022
Net profit/(loss) from continuing operations		**1,824**	**(780)**	**5,944**	**782**
Net profit from discontinued operations		-	-	-	-
Net profit/(loss) for the period		**1,824**	**(780)**	**5,944**	**782**
of which:					0
Minority interests share		1,172	120	1,364	551

Group net profit/(loss)	652	(900)	4,580	231
Basic earnings per share				
From continuing and discontinued operations (Euro/cents)	1.14	(1.58)	8.04	0.41
From continuing operations (Euro/cents)	1.14	(1.58)	8.04	0.41
Diluted earnings per share				-
From continuing and discontinued operations (Euro/cents)	1.14	(1.58)	8.04	0.41
From continuing operations (Euro/cents)	1.14	(1.58)	8.04	0.41

(*) in line with the 2009 Consolidated Financial Statements

Comprehensive Consolidated Income Statement at December 31, 2010

In Euro thousands	**Q4 10**	**Q4 09(*)**	**FY 10**	**FY 09**
Net profit/(loss)	**1,824**	**(780)**	**5,944**	**782**
Other comprehensive income statement items:				
Exchange differences on the conversion of foreign financial statements	1,582	1,538	3,918	467
Net change in cash flow hedges	73	14	93	4
Income taxes on other comprehensive income statement items	(16)	(3)	(20)	(1)
Total other comprehensive income statement items, net of tax effects:	**1,639**	**1,549**	**3,991**	**470**
Total comprehensive profit	**3,463**	**769**	**9,935**	**1,252**
of which:				
Minority interests share	1,453	114	1,626	448
Group comprehensive net profit	2,010	655	8,309	804

(*) in line with the 2009 Consolidated Financial Statements

Consolidated Balance Sheet at December 31, 2010 *(in Euro thousands)*

In Euro thousands	***Note***	**Dec 31, 10**	**Dec 31, 09**
Property, plant & equipment	**6**	83,096	69,100
Goodwill	**7**	41,168	33,818
Other intangible assets	**8**	23,868	21,093
Investments in associated companies		1,717	2,309
Other financial assets		219	30
Other receivables		1,920	200
Tax receivables		6	6
Deferred tax assets	**10**	8,838	9,200
Financial assets available-for-sale		776	680
Total non-current assets		**161,608**	**136,436**
Trade and financial receivables	**9**	89,145	85,589
Inventories		42,671	41,451
Other receivables		4,865	3,841
Tax receivables		9,375	9,663
Derivative financial instruments		649	770
Cash and cash equivalents		25,102	19,235
Current assets		**171,807**	**160,549**
Total assets		**333,415**	**296,985**
Liabilities for post-employment benefits		9,182	9,554
Provisions for risks and charges		5,689	5,752
Deferred tax liabilities	**10**	7,897	5,328
Finance leases and other lenders		76	2,430
Bank loans and mortgages		30,457	14,780
Other payables		1,510	1,381
Tax payables		978	1,058
Derivative financial instruments		-	-
Non-current liabilities		**55,789**	**40,283**
Provisions for risks and charges		953	1,082
Finance leases and other lenders		23	1,903
Bank loans and mortgages		29,426	23,058
Trade payables		88,749	86,806
Other payables		11,104	14,686
Tax payables		7,168	4,699
Derivative financial instruments		310	311
Current liabilities		**137,733**	**132,545**
Share Capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging, translation and stock option reserve		(3,415)	(8,431)
Treasury shares		(17,629)	(17,629)
Profit reserves		64,210	64,086
Group profit		4,580	231
Group shareholders' equity		**131,534**	**122,045**
Capital and reserves of minority interests		6,995	1,561
Minority interest profit		1,364	551
Minority interest equity		**8,359**	**2,112**
Consolidated shareholders' equity		**139,893**	**124,157**
Total liabilities and equity		**333,415**	**296,985**

Consolidated Cash Flow Statement at December 31, 2010 *(in thousands of Euro)*

		Dec 31, 10	Dec 31, 09
In Euro thousands			
Opening cash and cash equivalents		**19,235**	**14,968**
EBIT- Operating profit		11,059	732
Amortisation, depreciation and write-downs		15,641	16,556
Write-down of Goodwill for loss of value		0	2,771
EBITDA		26,700	20,059
Trade working capital		5,811	16,001
Other working capital accounts		4,163	(3,633)
Exchange rate effect		0	99
Income taxes paid		(2,007)	(2,122)
Change in provisions		(1,128)	355
Other changes		626	(7)
Cash flow from operating activity		**34,166**	**30,752**
Net increases		(23,376)	(16,243)
	Intangible assets	(6,559)	(4,792)
	Property, plant & equipment	(10,442)	(11,748)
	Equity investments and other financial assets	(6,375)	(64)
	Exchange rate effect	0	361
Divestment of Business Unit		0	0
Purchase of equity investments		(10,127)	0
Cash flow from investments		**(33,503)**	**(16,243)**
Acquisition of treasury shares		0	0
Other movements in share capital		120	0
Dividends		0	(1,066)
Increase (decrease) financial payables		6,627	(7,744)
Net changes in other financial assets/liabilities		(2,715)	(181)
Interest paid		104	(1,188)
Cash flow from financing activity		**4,136**	**(10,179)**
Change in cash and cash equivalents		**4,799**	**4,330**
Effect of exchange rate change on liquidity		**1,068**	**(63)**
Closing cash and cash equivalents		**25,102**	**19,235**

Notes to the Interim Directors' Report at December 31, 2010

Group structure and brief description of its activities

The Group operates in the following operating segments:

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

"Motors": production and sale of electric motors.

The Group's activities are carried out in Italy, Poland, Mexico, Germany, Japan, India and China and the revenues are prevalently sourced from America, Europe and the Commonwealth of Independent States.

The Euro is the functional and reporting currency for Elica S.p.A and all consolidated companies, except for such foreign subsidiaries as Elica Group Polska Sp.zo.o, ELICAMEX S.A. de C.V., Leonardo S.A. de C.V., ARIAFINA CO., LTD, Elica PB India Private Ltd. and Zhejiang Putian Electric Co. Ltd, which prepare their accounts in Polish Zloty, Mexican Pesos, Japanese Yen, Indian Rupees and the Chinese Renminbi respectively.

The exchange rates used for the translation to Euro of the financial statements of companies consolidated in a currency other than the consolidation currency, compared with those used in the previous periods, are shown in the table below:

	average 2010		average 2009	%	Dec 31, 10	Dec 31, 09	%
USD	1.33		1.39	-4.62%	1.34	1.44	-7.21%
JPY	116.2		130.3	-10.84%	108.65	133.16	-18.41%
PLN	3.99		4.33	-7.74%	3.98	4.1	-3.05%
MXN	16.74		18.8	-10.97%	16.55	18.92	-12.54%
INR	60.45	(*)	n/a	n/a	59.76	n/a	n/a
RMB	9.04	(*)	n/a	n/a	8.82	n/a	n/a

(*) the average exchange rate of the Indian Rupee and the Chinese Remimbi was calculated for the period in which the Indian and Chinese subsidiaries were consolidated.

Criteria for the preparation of the Interim Report

The Interim Directors' Report at December 31, 2010 was prepared in accordance with article 154 ter, paragraph 5 of the Consolidated Finance Act ("CFA") introduced by Legislative Decree 195/2007 enacting EU Directive 109/2004 ("Transparency Directive").

The report was approved by the Board of Directors of Elica S.p.A. on February 14, 2011 and on the same date the board authorised its publication.

Accounting principles, consolidation criteria and estimate changes

The accounting principles utilised for the preparation of the financial statements as at December 31, 2010 are the IAS/IFRS issued by the IASB and approved by the European Union at the date of the Report. IAS/IFRS refers to the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and all the interpretive documents issued by the IFRIC (formally the Standing Interpretations Committee). In their preparation, the same accounting principles were adopted as in the preparation of the Consolidated Financial Statements as at December 31, 2009.

The interim report was prepared on the basis of the historical cost principle, 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.

The preparation of interim financial statements requires the use of estimates and assumptions based on the best evaluations of management. If in the future these estimates and assumptions should be different from the actual circumstances, they will obviously be modified appropriately in the period in which the circumstances change.

In particular, with reference to the determination of any loss in value of non-current assets, tests are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available, except where there are specific indications of impairment which require an immediate valuation of any loss in value or when facts arise requiring an impairment test.

The present consolidated financial statements are presented in thousands of Euro and all the amounts are rounded to the nearest thousandth, unless otherwise specified.

Changes in accounting standards

The financial statements utilised are the same as those used for the preparation of the consolidated financial statements at December 31, 2009, with the exception of those amendments and interpretations applied from January 1, 2010. These latter specifically concern:

IFRS 3 -Business combinations

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.

IAS 27 - Consolidated and separate financial statements

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.

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.

Composition and main changes in the Income Statement and Balance Sheet

1 Revenues

In Euro thousands	FY 2010	FY 2009	Changes
Revenues from product sales	367,854	335,091	32,763
Service revenues	411	44	367
Total revenues	**368,265**	**335,135**	**33,130**

For the comments relating to the changes in revenues, reference should be made to the paragraph "Operating review Q4 2010". The effect of the change in the consolidation scope on the account was positive for Euro 12,503 thousand.

The table below provides an analysis of sales by geographic area, regardless of the origin of the goods and services. Sales information by sector is reported in note 11.

In Euro thousands	The Americas	Europe + CIS	Other countries	Consolidated
Full Year 2010	31,601	293,492	43,172	**368,265**
Full Year 2009	26,266	283,852	25,017	**335,135**

2. Raw materials and consumables

In Euro thousands	FY 2010	FY 2009	Changes
Purchase of raw materials	(163,489)	(147,813)	(15,676)
Shipping expenses on purchases	(2,737)	(1,852)	(885)
Purchases of consumable materials	(1,774)	(1,100)	(674)
Packaging	(8,322)	(9,031)	709
Purchases of supplies	(872)	(457)	(415)
Purchases of semi-finished materials	(5,607)	(1,370)	(4,237)
Purchase of finished products	(3,970)	(3,167)	(803)
Other purchases	(552)	(351)	(201)
Change in inventory of raw materials, consumables and goods for re-sale	(6,366)	(15,057)	8,691
Total	**(193,689)**	**(180,198)**	**(13,491)**

Raw materials and consumables increased by Euro 13,491 thousand due to the increase in production volumes. The impact of the consolidation of the new Asian subsidiaries was Euro 6,936 thousand.

These costs as a percentage of the sum of revenues in the period and of inventories of finished and semi-finished products improved from 53% in 2009 to 52% in 2010. This positive effect was due to the changes introduced to the purchases and logistical policy.

3. Services

In Euro thousands	FY 2010	FY 2009	Changes
Outsourcing expenses	(30,262)	(26,429)	(3,833)
Transport	(7,503)	(7,457)	(46)
Finished goods inventories	(3,951)	(4,007)	56
Consulting	(6,644)	(6,157)	(487)
Other professional services	(7,361)	(6,951)	(410)
Maintenance	(2,280)	(3,144)	864
Utilities	(3,983)	(3,744)	(239)
Commissions	(2,513)	(2,214)	(299)
Travel expenses	(2,748)	(2,039)	(709)
Advertising	(2,113)	(1,173)	(940)
General insurance	(1,349)	(1,219)	(130)
Directors & Statutory Auditor fees	(1,112)	(908)	(204)
Trade fairs and promotional events	(1,006)	(311)	(695)
Industrial services	(599)	(563)	(36)
Banking commissions and charges	(440)	(360)	(80)
Total Services	**(73,864)**	**(66,676)**	**(7,188)**

The increase in the account principally relates to "outsourcing expenses" following the higher production volumes in the period. "Advertising" increased by Euro 940 thousand and mainly relates to the new company Elica India. The effect of the change in the consolidation scope on total service costs was Euro 3,852 thousand.

Labour costs

Labour costs incurred by the Group were as follows:

In Euro thousands	FY 2010	FY 2009	Changes
Salaries and wages	(49,455)	(46,700)	(2,755)
Social security expenses	(15,348)	(14,673)	(675)
Employee leaving indemnity	(2,998)	(2,214)	(784)
Other costs	(4,596)	(3,267)	(1,329)
Total labour costs	**(72,397)**	**(66,854)**	**(5,543)**

The increase in the account is principally related to the effects of the new collective work contract (national and supplementary) and the performance-based remuneration policy which the company is implementing.

The account "other costs" includes Euro 1,884 thousand relating to the recording of the "2010 Stock Grant Plan".

The impact on labour costs from the change in the consolidation scope was Euro 807 thousand.

5. Net Financial income/(charges)

In Euro thousands	FY 2010	FY 2009	Changes
Financial income	1,383	1,197	186
Financial charges	(2,677)	(3,069)	392
Exchange gains/(losses)	313	(207)	520
Total net financial income/(charges)	**(981)**	**(2,079)**	**1,098**

The account improved significantly and due for Euro 520 thousand to the improvement in exchange gains (losses).

"Financial income" includes Euro 949 thousand related to the fee from Whirlpool for the acquisition of 1,899,684 shares of the Company in accordance with the Second Modifying Agreement of the Share Option Agreement of June 15, 2009 and the Supplementary Agreement of March 8, 2010. These agreements concern, among other issues, the purchase of shares of the Company by Whirlpool until February 23, 2010 and subject to the payment of Euro 0.50 on each share purchased. Further information on the modifying agreement is contained in the Annual Corporate Governance and Shareholder Report available on the website www.elicagroup.com.

6. Property, plant & equipment

The breakdown of property, plant and equipment at December 31, 2010 and December 31, 2009 is detailed below.

In Euro thousands	Dec 31, 10	Dec 31, 09	Changes
Land, land usage rights and buildings	50,989	38,789	12,200
Plant and machinery	19,087	16,866	2,221
Commercial and industrial equipment	8,878	8,596	282
Other assets	3,282	1,989	1,293
Assets in progress and advances	860	2,860	(2,000)
Total	**83,096**	**69,100**	**13,996**

Property, plant and equipment increased from Euro 69,100 thousand at December 31, 2009 to Euro 83,096 thousand at December 31, 2010. .

Euro 13,802 thousand relates to the consolidation of the new Asian subsidiaries.

7. Goodwill

In Euro thousands	Dec 31, 10	Dec 31, 09	Changes
Goodwill recorded by subsidiaries	41,168	33,818	7,350
Total	**41,168**	**33,818**	**7,350**

The account increased by Euro 7,350 thousand on December 31, 2009. This increase is due to the acquisition of 55% of the Chinese company Putian.

Based on the information currently available, no impairment is evident at December 31, 2010. The Management of the Group will continue to constantly monitor the circumstances and the events which form the basis of the future development of the business and will carry out a more extensive analysis in relation to an impairment test on the preparation of the annual accounts.

8. Other intangible assets

In Euro thousands	**Dec 31, 10**	**Dec 31, 09**	**Changes**
Development Costs	2,575	2,544	31
Industrial patents and intellectual property rights	9,794	8,047	1,747
Concessions, licenses, trade marks & similar rights	1,990	2,090	(100)
Assets in progress and advances	2,491	582	1,909
Other intangible assets	7,018	7,830	(812)
Total	**23,868**	**21,093**	**2,775**

The account increased significantly following the introduction of new IT systems at companies of the previously existing consolidation scope. The effect of the change in the consolidation scope on this account was in fact only Euro 78 thousand.

9. Trade and financial receivables

The account trade and financial receivables consists of:

In Euro thousands	**Dec 31, 10**	**Dec 31, 09**	**Changes**
Trade receivables	88,125	84,564	3,561
Receivables from associated companies	7	8	(1)
Receiv. from holding comp.	1,013	1,017	(4)
Total	**89,145**	**85,589**	**3,556**

This account does not include any receivables due after more than five years at the period-end. Receivables are recorded net of 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. Management considers that the value approximates the fair value of the receivables.

The effect on this account of the consolidation of the new Asian subsidiaries was Euro 3 million.

10. Deferred tax assets – Deferred tax liabilities

In Euro thousands	**Dec 31, 10**	**Dec 31, 09**	**Changes**
Deferred tax assets	8,838	9,200	(362)
Deferred tax liabilities	(7,897)	(5,328)	(2,569)
Total	**941**	**3,872**	**(2,931)**

The significant increase of deferred tax liabilities was principally due to the tax effect of the allocation of goodwill paid for Putian to fixed assets.

11. Segment information

The Group operates in the following sectors:

- "Range Hoods": production and sale of range hoods and accessories;
- "Motors": production and sale of electric motors.

Segment revenues are determined in accordance with the classification of the products sold in a business sector. Segment results are determined by taking into account all the costs that can be allocated directly to sales in a specific segment. Costs not allocated to the segments include all costs not directly attributable to the area, including manufacturing, sales, general, administrative costs, as well as financial income and charges and taxes. Inter-segment revenues include revenues between Group segments that are consolidated on a line-by-line basis in relation to sales made to other segments.

Assets, liabilities and investments are allocated directly on the basis of their classification in a specific sector.

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

Income statement data by segment *(in thousands of Euro)*

INCOME STATEMENT	Hoods		Electric motors		Not allocated and eliminations		Consolidated	
	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09
Segment revenue:								
customers	313,074	287,897	55,190	47,238			368,265	335,135
Inter-segment	917	272	20,429	19,963	(21,346)	(20,235)	0	0
Total revenues	**313,991**	**288,169**	**75,619**	**67,201**	**(21,346)**	**(20,235)**	**368,265**	**335,135**
Segment result:	**34,296**	**22,884(*)**	**6,958**	**2,186(*)**			**41,254**	**25,069(*)**
Overheads not allocated							**(30,194)**	**(24,337)(*)**
Operating result							**11,059**	**732**
Share of profit/(loss) from associates					(592)	107	(592)	107
Financial income					1,383	1,197	1,383	1,197
Financial charges					(2,677)	(3,069)	(2,677)	(3,069)
Exchange gains/(losses)					313	(207)	313	(207)
Profit before taxes					**9,486**	**(1,240)**	**9,486**	**(1,240)**
Income taxes					(3,542)	2,022	(3,542)	2,022
Net profit from normal operations					**5,944**	**782**	**5,944**	**782**
Net profit from discontinued operations					0	0	0	0
Net profit for the period					**5,944**	**782**	**5,944**	**782**

Balance sheet data by segment *(in thousands of Euro)*

BALANCE SHEET	Hoods		Electric motors		Not allocated and eliminations		Consolidated	
	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09
Assets:								
Segment assets	210,481	188,474	74,512	66,946	(5,046)	(4,369)	279,948	251,051
Investments in ass. companies					1,717	2,309	1,717	2,309
Unallocated assets					51,750	43,625	51,750	43,625
Total operational assets							**333,415**	**296,985**
Total assets of discontinued operations							**0**	**0**
Total assets							**333,415**	**296,985**
Liabilities								
Segment liabilities	(79,972)	(78,241)	(23,005)	(22,490)	5,046	4,371	(97,931)	(96,360)
Liabilities not allocated					(95,591)	(76,468)	(95,591)	(76,468)
Shareholders' Equity					(139,893)	(124,157)	(139,893)	(124,157)
Total operational liabilities							**(333,415)**	**(296,985)**
Total liabilities of discontinued operations							**0**	**0**
Total liabilities							**(333,415)**	**(296,985)**

(*) The data relating to the previous period was reclassified for comparability with December 31, 2010.

Fabriano, February 14, 2011

The Chairman

Francesco Casoli

Declaration of the executive responsible for the preparation of the corporate accounting documents in accordance with article 154 bis, paragraph 2 of Legislative Decree 58/1998

The undersigned Andrea Sasso as Chief Executive Officer and Vincenzo Maragliano as Executive responsible for the preparation of the corporate accounting documents of Elica S.p.A., declares in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting and corporate information corresponds to the underlying accounting documents, records and accounting entries.

Fabriano, February 14, 2011

The Chief Executive Officer
Andrea Sasso

Executive responsible for the preparation
of corporate accounting documents
Vincenzo Maragliano