The Hi-Life Company

Elica S.p.A.

Interim Report

as at December 31, 2009

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

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

Directors' Report

Financial and operating review

In Euro thousands	FY 09	revenue margin	FY 08	revenue margin	09 Vs 08 %
Revenues	335,135		385,435		(13.1%)
EBITDA	20,377	6.1%	22,717	5.9%	(10.3%)
EBIT	1,082	0.3%	2,594	0.7%	(58.3%)
Financial income/(costs)	(2,055)	(0.6%)	285	0.1%	(821.1%)
Income taxes	1,749	0.5%	1,292	0.3%	35.4%
Net profit from continuing operations	776	0.2%	4,171	1.1%	(81.4%)
Net profit from continuing operations and discontinuing operations	776	0.2%	4,234	1.1%	(81.7%)
Group net profit	**225**	**0.1%**	**3,579**	**0.9%**	**(93.7%)**
Basic earnings per share on continuing operations and discontinuing operations	0.39		6.28		(93.7%)
Diluted earnings per share on continuing operations and discontinuing operations	0.39		6.28		(93.7%)

The earnings per share for 2009 and 2008 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 09	revenue margin	Q4 08	revenue margin	09 Vs 08 %
Revenues	88,026		85,797		2.6%
EBITDA	5,166	5.9%	3,206	3.7%	61.1%
EBIT	(1,810)	(2.1%)	(4,427)	(5.2%)	(59.1%)
Financial income/(costs)	(309)	(0.4%)	(1,105)	(1.3%)	(72.0%)
Income taxes	1,333	1.5%	2,065	2.4%	(35.4%)
Net loss from continuing operations	(786)	(0.9%)	(3,467)	(4.0%)	(77.3%)
Net loss from continuing operations and discontinuing operations	(786)	(0.9%)	(3,467)	(4.0%)	(77.3%)
Group net loss	**(906)**	**(1.0%)**	**(3,754)**	**(4.4%)**	**(75.9%)**
Basic earnings per share on continuing operations and discontinuing operations	(1.59)		(6.59)		(75.9%)
Diluted earnings per share on continuing operations and discontinuing operations	(1.59)		(6.59)		(75.9%)

The earnings per share for Q4 2009 and 2008 were calculated by dividing the Group net loss 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 write-downs of goodwill for losses in value. EBIT is the operating profit as reported in the consolidated income statement.

In Euro thousands	Dec 30, 09	Sept 30, 09	Dec 31, 08
Trade receivables	85,600	87,800	91,335
Inventories	41,451	41,539	51,868
Trade payables	(86,856)	(84,971)	(86,968)
Managerial Working Capital	**40,195**	**44,368**	**56,235**
as a % of annualised revenues	12.0%	13.5%	14.6%
Other net receivables/payables	(6,579)	(8,701)	(7,919)
Net Working Capital	**33,616**	**35,667**	**48,316**
as a % of annualised revenues	10.0%	10.8%	12.5%

In Euro thousands	Dec 30, 09	Sept 30, 09	Dec 31, 08
Cash and cash equivalents	**19,235**	**22,459**	**14,968**
Finance leases and other lenders	(2,430)	(2,588)	(3,914)
Bank loans and mortgages	(9,118)	(9,247)	(4,677)
Long-term debt	**(11,548)**	**(11,835)**	**(8,591)**
Finance leases and other lenders	(1,903)	(1,423)	(1,000)
Bank loans and mortgages	(28,719)	(32,944)	(40,324)
Short-term debt	**(30,622)**	**(34,367)**	**(41,324)**
Net Debt	**(22,935)**	**(23,743)**	**(34,947)**

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 2009

During the fourth quarter of 2009 Group consolidated revenue grew by 2.6% on the same period of the previous year - a performance ahead of the general market. Revenue growth was largely driven by the Range Hoods business unit, with the Motors business unit also showing positive signs, recording stable revenues in comparison to the fourth quarter 2008. The Range Hoods business unit performed particularly well in the Americas, with slight growth in Europe and contracting in the rest of the world.

The industrial and general costs reduction programme implemented in the first part of 2009 has improved profitability, with EBITDA before restructuring charges exceeding Euro 7 million (8% of revenues) compared to Euro 3.5 million (4% of revenues) in the fourth quarter of 2008.

During 2009, the Euro appreciated against the Mexican Peso, the Polish Zloty and UK Sterling, while depreciated against the US Dollar and the Japanese Yen.

	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%

Exchange rate movements did not have a significant impact on EBITDA.

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

The reduction in Net Working Capital and investments control enabled a significant reduction in the Net Financial Position from a net debt of Euro 34.9 million at December 31, 2008 to Euro 22.9 million at December 31, 2009. The Net Financial Position also improved on September 30, 2009.

Significant events in the fourth quarter of 2009 and subsequent events after December 31, 2009

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 also filed at the Ancona Company Registration Office on October 13, 2009.

On December 14, 2009, Elica S.p.A. announced the signing of the Merger by Incorporation of the wholly owned Fime S.p.A. into Elica S.p.A..The Merger Deed was filed at the Ancona Company Registration Office on December 16, 2009, and the Merger is expected to be effective as of 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..

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

- FIME S.p.A. – Castelfidardo, Ancona (Italy). This company operates in the production and sale 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. z o.o. – 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 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.

- Air Force 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%.

- Air Force Germany G.m.b.H. – Stuttgart (Germany). Air Force S.p.A. owns 95% of Air Force 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. S.r.l. – 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.

Changes in the consolidation scope

In the fourth quarter of 2009, Inox Market Mexico S.A. de C.V., which is 13.2885% owned by Elicamex S.A. de C.V. and processes stainless steel and steel for industrial purposes in general and markets its products primarily in Mexico and the United States, ceased to be an associated company as a significant influence was no longer exercised.
The effect of the consolidation scope changes on the income statement in the fourth quarter of 2009 compared to the same period of 2008, which include the purchase of Exklusiv Hauben Gutmann GmbH in October 2008, are highlighted where significant in the respective notes of the present interim report.

Elica Group Intercompany and other related-party transactions

During the fourth quarter of 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.

Subsequent events and business outlook

The ongoing demand analysis activity by Management continued. At the beginning of 2010, the principal markets in which the Group carries out its trading activities improved slightly; demand visibility remains limited however.

Compliance pursuant to Section VI of the regulation implementing legislative decree No. 58 of 24 February 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 on March 30, 2009.

Financial statements as at December 31, 2009

Consolidated income statement for Q4 and 2009 *(in Euro thousands)*

In Euro thousands	Q4 09	Q4 08 (*)	FY 09	FY 08
Revenues	88,026	85,797	335,135	385,435
Other operating revenues	1,547	1,844	2,838	6,213
Changes in inventories of finished and semi-finished goods	2,844	(1,470)	4,720	(402)
Increase in internal work capitalised	679	1,659	2,937	2,762
Raw materials and consumables	(48,740)	(45,293)	(180,198)	(206,024)
Services	(17,325)	(19,481)	(66,611)	(83,873)
Labour costs	(17,308)	(16,888)	(66,920)	(69,911)
Amortisation & depreciation	(4,205)	(4,365)	(16,524)	(16,855)
Other operating expenses and provisions	(2,666)	(2,723)	(9,584)	(9,030)
Restructuring charges	(1,891)	(239)	(1,940)	(2,453)
Write-down of Goodwill for loss of value	(2,771)	(3,268)	(2,771)	(3,268)
EBIT	**(1,810)**	**(4,427)**	**1,082**	**2,594**
Share of profit/(loss) from associates	81	162	107	149
Financial income	524	(102)	1,197	843
Financial charges	(1,007)	(1,012)	(3,153)	(3,393)
Exchange gains/(losses)	93	(153)	(206)	2,686
Net profit/loss before taxes	**(2,119)**	**(5,532)**	**(973)**	**2,879**
Income taxes	1,333	2,065	1,749	1,292
Net profit/loss from continuing operations	**(786)**	**(3,467)**	**776**	**4,171**
Net profit from discontinued operations	-	-	-	63
Net profit/loss for the period	**(786)**	**(3,467)**	**776**	**4,234**
of which:				
Minority interests share	120	287	551	655
Group net profit/loss	**(906)**	**(3,754)**	**225**	**3,579**
Basic earnings per share				
From continuing and discontinued operations (Euro/cents)	(1.59)	(6.59)	0.39	6.15
From continuing operations (Euro/cents)	(1.59)	(6.59)	0.39	6.04
Diluted earnings per share				
From continuing and discontinued operations (Euro/cents)	(1.59)	(6.59)	0.39	6.15
From continuing operations (Euro/cents)	(1.59)	(6.59)	0.39	6.04

(*) in line with the 2008 Consolidated Financial Statements

Comprehensive consolidated income statement at December 31, 2009

In Euro thousands	**Q4 09**	**Q4 08 (*)**	**FY 09**	**FY 08**
Net profit/loss	**(786)**	**(3,467)**	**776**	**4,234**
Other comprehensive income statement items:				
Exchange differences on the conversion of foreign financial statements	1,539	(7,737)	468	(8,061)
Net change in cash flow hedge and Stock Option reserves	14	(74)	4	(69)
Income taxes on other comprehensive income statement items	(3)	16	(1)	15
Total other comprehensive income statement items, net of tax effects:	**1,550**	**(7,795)**	**471**	**(8,115)**
Total comprehensive result	**764**	**(11,262)**	**1,247**	**(3,881)**
of which:				
Minority interests share	114	475	448	859
Group comprehensive net profit/loss	650	(11,737)	799	(4,740)

(*) in line with the 2008 Consolidated Financial Statements

Consolidated balance sheet at December 31, 2009 ***(in thousands of Euro)***

In Euro thousands	**Dec 31, 09**	**Dec 31, 08**
Property, plant & equipment	69,153	70,010
Goodwill	33,127	35,862
Other intangible assets	21,081	20,199
Investments in associated companies	2,309	2,627
Other financial assets	30	30
Other receivables	200	344
Tax receivables	6	6
Deferred tax assets	9,058	6,372
Financial assets available-for-sale	680	191
Total non-current assets	**135,644**	**135,641**
Trade and financial receivables	85,600	91,335
Inventories	41,451	51,868
Other receivables	3,841	5,722
Tax receivables	9,308	9,131
Derivative financial instruments	725	2,554
Cash and cash equivalents	19,235	14,968
Current assets	**160,160**	**175,578**
Total assets	**295,804**	**311,219**
Liabilities for post-employment benefits	9,560	11,023
Provisions for risks and charges	5,165	3,127
Deferred tax liabilities	5,422	7,739
Finance leases and other lenders	2,430	3,914
Bank loans and mortgages	9,118	4,677
Other payables	1,381	1,225
Tax payables	1,058	1,400
Derivative financial instruments	-	-
Non-current liabilities	**34,134**	**33,105**
Provisions for risks and charges	1,082	1,307
Finance leases and other lenders	1,903	1,000
Bank loans and mortgages	28,719	40,324
Trade payables	86,856	86,968
Other payables	14,271	17,122
Tax payables	4,375	4,343
Derivative financial instruments	311	2,556
Current liabilities	**137,517**	**153,620**
Share Capital	12,665	12,665
Capital reserves	71,123	71,123
Hedging, translation and stock option reserve	(8,429)	(9,081)
Treasury shares	(17,629)	(17,629)
Retained earnings	64,086	61,871
Group profit for the period	225	3,579
Group shareholders' equity	**122,041**	**122,528**
Capital and reserves of minority interests	1,561	1,311
Minority interest profit	551	655
Minority interest equity	**2,112**	**1,966**
Consolidated shareholders' equity	**124,153**	**124,494**
Total liabilities and shareholders' equity	**295,804**	**311,219**

Condensed consolidated cash flow statement at December 31, 2009 (in Euro thousands)

In Euro thousands		**Dec 31, 09**	**Dec 31, 08**
Opening cash and cash equivalents		**14,968**	**21,948**
EBIT- Operating profit		1,082	2,594
Amortisation, depreciation and write-downs		16,524	16,855
Write-down of Goodwill for loss of value		2,771	3,268
EBITDA		20,377	22,717
Changes in Working Capital		12,819	(2,971)
	trade working capital	16,040	1,014
	other working capital accounts	(3,221)	(3,985)
Exchange rate effect		85	(1,180)
Income taxes paid		(2,122)	(5,698)
Change in provisions		(226)	(2,381)
Other changes		9	23
Gain on earthquake write-offs		0	(4,084)
Cash flow from operating activity		**30,942**	**6,425**
Net increases		(16,289)	(17,071)
	Intangible assets	(4,748)	(6,905)
	Property, plant & equipment	(11,801)	(5,419)
	Equity investments and other financial assets	(100)	(736)
	Exchange rate effect	360	(4,011)
Divestment of Business Unit		0	1,190
Purchase of equity investments		0	(12,551)
Cash flow from investments		**(16,289)**	**(28,432)**
Acquisition of treasury shares		0	(10,958)
Dividends		(1,066)	(2,817)
Increase (decrease) financial payables		(7,745)	30,649
Net changes in other financial assets/liabilities		(136)	869
Interest paid		(1,377)	(2,337)
Cash flow from financing activity		**(10,324)**	**15,406**
Change in cash and cash equivalents		**4,329**	**(6,600)**
Effect of exchange rate change on liquidity		**(62)**	**(379)**
Closing cash and cash equivalents		**19,235**	**14,968**

Notes to the Interim Report at December 31, 2009

Group structure and brief description of its activities

The Group operates in the following operating segments:
- "Hoods": production and sale of range hoods and accessories;
- "Motors": production and sale of electric motors.

The "Range Hoods" segment previously was divided into "Range Hoods – own brands" and "Range Hoods – third party brands" CGU's. Group management noted the effects of the merger of the companies Turbo Air S.p.A., FOX DESIGN S.p.A. and Jet Air Srl into the Parent Company in 2007, the altered commercial and marketing policies and the rationalisation of the productive structure and current and future management information systems, which would not allow an adequate separate identification of cash flows generated from the "Range Hoods - own brand" Cash Generating Unit and from that concerning "Range Hoods - third party brands" as in the past. Consequently, it was decided to unify into one "Range Hoods" CGU, the two CGU's from December 31, 2008. From November 2008 the "Gutmann Range Hoods" CGU joined the Group which was included in the "Range Hoods" CGU.

The Group's activities are carried out in Italy, Poland, Mexico and Japan 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.z.o.o, ElicaMex S.A.d.C.V., Leonardo S.A.d.C.V. and Ariafina Co Ltd., which prepare their accounts in Polish Zloty, Mexican Pesos and Japanese Yen, 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 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%

Criteria for the preparation of the Interim Report

The Interim report on operations at December 31, 2009 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 11, 2010 and on the same date the board authorised its publication.

Accounting principles adopted

The accounting principles utilised for the preparation of the financial statements as at December 31, 2009 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, 2008.

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.

Change of accounting principles, change of estimates and reclassifications

The financial statements utilised are the same as those used for the preparation of the consolidated financial statements at 31 December 2008, with the exception of those amendments and interpretations applied from 1 January 2009. Specifically:

IFRS 8 – Operating segments
The accounting standard IFRS 8 - Operating Segments, is applicable from January 1, 2009 in place of IAS 14 - Segment Information. This standard requires the presentation of information on operating segments of the Group and replaces the requirements for the determination of the primary (business) and secondary (geographic) segments of the Group. The new accounting standard requires the company to base the segment information on the elements which management utilises to make its operating decisions, therefore requiring the identification of the operating segments on the basis of the internal reporting which is regularly reviewed by management for the allocation of resources to the different segments and for the purposes of performance analysis. The adoption of the new standard did not have any impacts on the Group in that the manner of presentation of the results of the segment utilised previously was substantially in line with that of the new standard. The additional disclosure in relation to each segment is reported at Note 11 "Segment information".

IAS 1 - 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 23 - Borrowing costs
On 29 March 2007, the revised version of IAS 23 – Borrowing Costs – was issued, with application from 1 January 2009. The revised version of the standard removed the option in which it is possible to immediately record in the Income Statement borrowing costs incurred against assets in which a determined period would normally pass before the asset is ready for use or for sale. The application of this standard did not have any accounting effects for the current period.

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.

Composition and main changes in the Income Statement and Balance Sheet

1 Revenues

In Euro thousands	FY 09	FY 08	Change
Revenues from product sales	335,091	385,346	(50,255)
Service revenues	44	89	(45)
Total revenues	**335,135**	**385,435**	**(50,300)**

The account decreased by Euro 50,300 thousand, inclusive of the change in the consolidation scope accounting for Euro 17,251 thousand.
For the comments relating to the changes in revenues, reference should be made to the paragraph "Operating review Q4 2009".

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 2009	26,266	283,852	25,017	**335,135**
Full Year 2008	38,465	312,324	34,646	**385,435**

2. Raw materials and consumables

In Euro thousands	FY 09	FY 08	Change
Purchase of raw materials	(147,813)	(179,240)	31,427
Shipping expenses on purchases	(1,852)	(2,162)	310
Purchases of consumable materials	(1,100)	(1,300)	200
Packaging	(9,031)	(13,563)	4,532
Purchases of supplies	(457)	(588)	131
Purchases of semi-finished materials	(1,370)	(19)	(1,351)
Purchase of finished products	(3,167)	(4,641)	1,474
Other purchases	(351)	(430)	79
Change in inventory of raw materials, consumables and goods for re-sale	(15,057)	(4,081)	(10,976)
Total	**(180,198)**	**(206,024)**	**25,826**

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

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

3. Services

In Euro thousands	FY 09	FY 08	Change
Outsourcing expenses	(26,364)	(39,819)	13,455
Transport	(7,457)	(9,529)	2,072
Finished goods inventories	(4,007)	(4,839)	832
Consulting	(6,157)	(5,236)	(921)
Other professional services	(6,951)	(6,693)	(258)
Maintenance	(3,144)	(2,928)	(216)
Utilities	(3,744)	(4,156)	412
Commissions	(2,214)	(2,230)	16
Travel expenses	(2,039)	(2,702)	663
Advertising	(1,173)	(1,689)	516
Insurance	(1,219)	(1,276)	57
Directors & Statutory Auditor fees	(908)	(904)	(4)
Trade fairs and promotional events	(311)	(990)	679
Industrial services	(563)	(624)	61
Banking commissions and charges	(360)	(258)	(102)
Total Services	**(66,611)**	**(83,873)**	**17,262**

"Service expenses" decreased significantly and including the effect of the change in the consolidation scope of Euro 3,522 thousand.

The decrease is principally related to the contraction in both outsourcing and transport costs.

4. Labour costs

Labour costs incurred by the Group were as follows:

In Euro thousands	FY 09	FY 08	Change
Salaries and wages	(46,700)	(47,993)	1,293
Social security expenses	(14,673)	(16,056)	1,383
Employee leaving indemnity	(2,214)	(3,433)	1,219
Other costs	(3,333)	(2,429)	(904)
Total labour costs	**(66,920)**	**(69,911)**	**2,991**

During the year, the Group has utilised the Temporary Lay-off and Mobility Schemes, coupled with social security benefits for the employees involved in order to rationalise labour costs within the production sites.
The reduction in the account was affected by the consolidation scope changes, which had a positive effect of Euro 3,641 thousand, and by the write-off of the 1997 earthquake suspension payables recorded in 2008 amounting to Euro 2,434 thousand.

5. Net Financial charges

In Euro thousands	FY 09	FY 08	Change
Financial income	1,197	843	354
Financial charges	(3,153)	(3,393)	240
Exchange gains/(losses)	(206)	2,686	(2,892)
Total net financial charges	**(2,162)**	**136**	**(2,298)**

The change in "net financial charges" is principally due to the exchange movements in the period and the significant reduction in the cost of debt, as described in the "Operating review Q4 2009".

"Financial Income" includes 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.

6. Property, plant & equipment

The breakdown of property, plant and equipment at December 31, 2009 and December 31, 2008 is detailed below.

In Euro thousands	Dec 31, 09	Dec 31, 08	Change
Land and buildings	38,790	38,677	113
Plant and machinery	16,866	18,330	(1,464)
Commercial and industrial equipment	8,597	10,002	(1,405)
Other assets	1,988	1,576	412
Assets in progress and advances	2,912	1,425	1,487
Total property, plant & equipment	**69,153**	**70,010**	**(857)**

Property, plant and equipment decreased from Euro 70,010 thousand at December 31, 2008 to Euro 69,153 thousand at December 31, 2009, a drop of Euro 857 thousand as a result of the sales, purchases and of depreciation recorded in the income statement of Euro 12,658 thousand. The change includes the exchange gains of Euro 283 thousand.

7. Goodwill

The breakdown of the "Goodwill" account at December 31, 2009 and December 31, 2008 is detailed below.

In Euro thousands	Dec 31, 09	Dec 31, 08	Change
Goodwill	33,127	35,862	(2,735)
Total goodwill	**33,127**	**35,862**	**(2,735)**

The change in the account relates to:

- for Euro 2,771 thousand to the write-down in value of Goodwill allocated to the Motors Business Unit following the valuation at 31.12.2009. This write-down was recorded in the Income Statement under the account "Write downs in goodwill for losses in value";
- for the remainder to the adjustment of the initial provisional recording of the purchase operations made in the fourth quarter 2008, as set out by IFRS 3 "Business Combinations".

8. Other intangible assets

The breakdown of the "Other intangible assets" at December 31, 2009 and December 31, 2008 is shown below.

In Euro thousands	Dec 31, 09	Dec 31, 08	Change
Development Costs	2,544	2,586	(42)
Industrial patents and intellectual property rights	8,035	2,505	5,530
Concessions, licenses, trade marks & similar rights	2,090	2,238	(148)
Assets in progress and advances	582	4,025	(3,443)
Other intangible assets	7,830	8,845	(1,015)
Total other intangible fixed assets	**21,081**	**20,199**	**882**

The other intangible assets increased from Euro 20,199 thousand at December 31, 2008 to Euro 21,081 thousand at December 31, 2009, an increase of Euro 882 thousand, as a result of purchases, sales and amortisation recorded to the income statement of Euro 3,866 thousand. The change includes the exchange gains of Euro 22 thousand.
The account "Assets in progress and advances" includes the advance relating to the implementation of software projects, principally referring to the design and development of a new and innovative electronic platform and the related IT project.

9. Inventories

In Euro thousands	**Dec 31, 09**	**Dec 31, 08**	**Change**
Raw material, ancillary and consumables	15,160	23,621	(8,461)
Raw materials obsolescence provision	(903)	(992)	89
Total	14,257	22,629	(8,372)
Products in work-in-progress and semi-finished	13,733	16,193	(2,460)
Work-in–progress obsolescence provision	(870)	(670)	(200)
Total	12,863	15,523	(2,660)
Finished products and goods for resale	14,769	13,418	1,351
Finished products obsolescence provision	(708)	(249)	(459)
Total	14,061	13,169	892
Payments on account	270	547	(277)
Total inventories	**41,451**	**51,868**	**(10,417)**

The account recorded a 20% reduction of Euro 10,417 thousand, principally due to the reorganisation of the productive facilities. The change includes exchange gains of Euro 94 thousand.

10. Deferred tax assets – Deferred tax liabilities

(in Euro thousands)	**Dec 31, 09**	**Dec 31, 08**	**Change**
Deferred tax assets	9,058	6,372	2,686
Deferred tax liabilities	(5,422)	(7,739)	2,317
Total	**3,636**	**(1,367)**	**5,003**

The increase in the "deferred tax assets" is due for Euro 1,327 thousand to the recording of a tax credit from the subsidiary Elica Polska Sp. zo.o.
Following admission to the Special Economic Zone by the Polish Tax Authorities in February 2007, the Group acquired tax credit rights related to an investment programme, equal to Zloty 41 million, to be realised by December 31, 2011, which require the maintenance of a workforce of 160 persons until December 31, 2016.

The drop in the account "deferred tax liabilities" includes Euro 877 thousand deriving from the exercise of the option contained in law No. 244 of 2007 (2008 finance act) to recognise, with the payment of a substitute tax of Euro 327 thousand, the misalignment between the result for the year and the assessable base for taxes prior to 2008.

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 by 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	
	FY 09	FY 09	FY 09	FY 09	FY 09	FY 09	FY 09	FY 09
Segment revenue:								
third parties	287,897	319,710	47,238	65,725			335,135	385,435
Inter-segment	272	599	19,963	24,457	(20,236)	(25,056)	0	0
Total revenues	**288,169**	**320,309**	**67,201**	**90,182**	**(20,236)**	**(25,056)**	**335,135**	**385,435**
Segment result:	**51,949**	**42,181**	**9,175**	**9,198**			**61,124**	**51,379**
Overheads not allocated							**(60,042)**	**(48,785)**
EBIT							**1,082**	**2,594**
Share of profit/(loss) from associates					107	149	26	(13)
Financial income					1,197	843	1,197	843
Financial charges					(3,153)	(3,393)	(3,153)	(3,393)
Exchange gains/(losses)					(206)	2,686	(206)	2,686
Profit/(loss) before taxes					**(973)**	**2,879**	**(973)**	**2,879**
Income taxes					1,749	1,292	1,749	1,292
Net profit from normal operations					**776**	**4,171**	**776**	**4,171**
Net profit from discontinued operations					0	63	0	63
Net profit for the year					**776**	**4,234**	**776**	**4,234**

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

BALANCE SHEET	Hoods		Electric motors		Eliminations		Consolidated	
	Dec 09	Dec 08	Dec 09	Dec 08	Dec 09	Dec 08	Dec 09	Dec 08
Assets:								
Segment assets	187,834	170,703	66,955	63,660	(4,377)	(3, 767)	250,412	230,596
Investments in ass. companies					2,309	2,627	2,309	2,627
Assets not allocated					43,083	77,996	43,083	77,996
Total operational assets							**295,804**	**311,219**
Total assets of discontinued operations							**0**	**0**
Total assets							**295,804**	**311,219**
Liabilities								
Segment liabilities	(78,285)	(84,087)	(22,508)	(17,671)	4,378	3, 767	(96,415)	(97,991)
Liabilities not allocated					(75,236)	(88,734)	(75,236)	(88,734)
Shareholders' equity					(124,153)	(124,494)	(124,153)	(124,494)
Total operational liabilities							**(295,804)**	**(311,219)**
Total liabilities of discontinued operations							**0**	**0**
Total liabilities							**(295,804)**	**(311,219)**

Fabriano, February 11, 2010

The Chairperson

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 11, 2010

The Chief Executive Officer
Andrea Sasso

Executive responsible for the preparation
of corporate accounting documents
Vincenzo Maragliano