INDESIT company

Annual Report

at 31 December 2010

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Contents

INDESIT COMPANY S.P.A.

Registered Offices: Viale A. Merloni 47 - 60044 Fabriano
Secondary Offices: Via della Scrofa 64 – 00186 Rome
Share Capital: Euro 102,759,269.40 fully paid
Tax Code/VAT No. 00693740425
Ancona Companies Register
No. 9677

Report on operations during the year ended 31 December 2010

2010 was marked by a two-speed world economic recovery: in the advanced economies, a moderate rise in private consumption expenditure was accompanied by ongoing high levels of unemployment and strong pressure on the euro, while in most emerging economies a significant upturn in the demand for goods and services fuelled a strong recovery in productive activities.
Conditions in the household appliances sector essentially reflected the global situation.
In Eastern Europe, the strong recovery was founded on the excellent performance of the Group's two key markets in the area: Russia and Ukraine. Demand for household appliances in the other countries of Eastern Europe remained variable, with growth over the year in Poland and Turkey, and contractions in all other countries despite signs of a recovery during the fourth quarter in Hungary and the Slovak Republic.
In Western Europe, the moderate rise in the demand for household appliances was also a reflection of variable dynamics. Performance in the first half of the year was noticeably better than in the second while, in terms of geographical distribution, the growth seen in Northern Europe, the UK, Germany and Italy was offset by declines in the Iberian Peninsula and in France.
Retail prices eased slightly in both Western and Eastern Europe, with a generalised deterioration during the second half of the year.

Unlike in the past two years, the currency situation in 2010 was marked by the weakness of the euro[1], which depreciated by 3.7% against the British pound, 8.8% against the Russian rouble, 7.6% against the Turkish lira and 7.7% against the Polish zloty.

[1] Determined with reference to the average monthly rates reported by the European Central Bank

Accounting policies

The consolidated and separate financial statements of Indesit Company have been prepared in accordance with the International Financial Reporting Standards – IFRS (hereafter referred to as IFRS or IAS) issued by the International Accounting Standards Board (IASB), as interpreted by the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union.

The consolidated and separate financial statements at 31 December 2010 have been prepared in accordance with Consob's instructions regarding the format of financial statements, in application of art. 9 of Legislative Decree 38/2005 and the other regulations and Consob instructions concerning financial statements. They have been prepared on an historical cost basis (except for derivative financial instruments, financial assets held for sale and financial instruments classified as available for sale, which are stated at their fair value), as applicable to going concerns.

Approach taken

The Group headed by Indesit Company S.p.A. is hereafter referred to as Indesit Company or Indesit or simply the Group. When the commentary relates to the parent company or individual subsidiaries, their registered names are stated in full. This report on operations contains information about both the Indesit Group as a whole and the Parent Company, Indesit Company S.p.A.
All the amounts presented in this report on operations and in the consolidated and separate financial statements and explanatory notes are stated in millions of euro; the comparisons made (in brackets) relate to information for the prior year. Percentages (margins and changes) are determined with reference to amounts stated in thousands of euro.

The intermediate indicators of profitability, EBIT[2] and EBITDA[3] , utilised in this report are not identified as accounting measures in the IFRS endorsed by the European Union and their quantitative determination might not be unequivocal. These indicators represent a measure used by management to monitor and assess operating performance. Management believes that these indicators are important parameters for the measurement of operating performance, since they are not influenced by the effects of differing criteria for the determination of taxable income, or the amount and characteristics of capital invested. The criteria applied by the Group and the parent company for determining these indicators might not be consistent with those adopted, for example, in the contractual definitions of the financial covenants for borrowing, or with those adopted by other groups or companies and, accordingly, their values might not be comparable with those determined by such other groups or companies.

[2] EBIT: operating profit reported in the consolidated income statement.
[3] EBITDA: operating profit reported in the consolidated income statement, stated gross of depreciation, amortization and impairment.

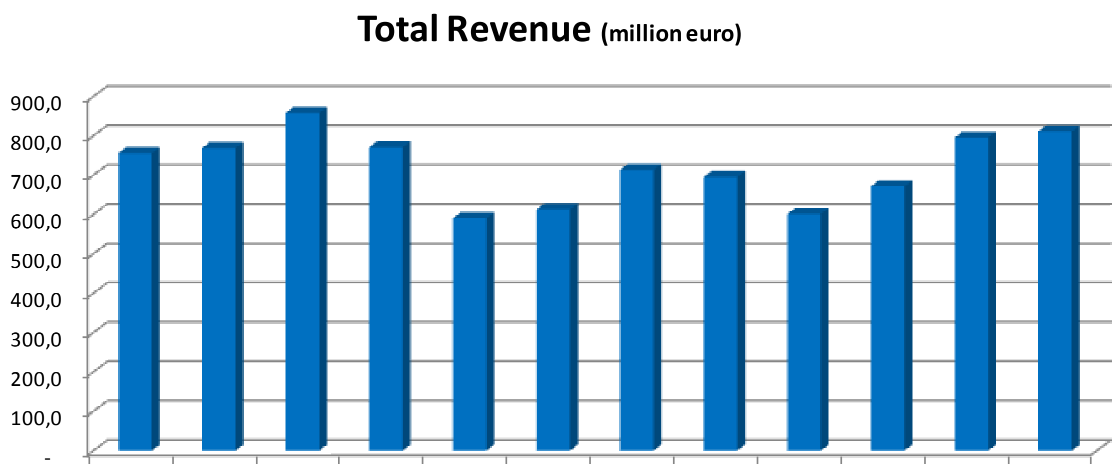
Summary of consolidated results

Highlights

euro/million	Year 2010	Year 2009	Change €m	Change %
Revenue	2.879,2	2.613,0	266,2	10,2%
Gross operating profit (EBITDA)	309,8	259,5	50,3	19,4%
Gross operating margin %	10,8%	9,9%		0,9 p.p.
Operating profit (EBIT)	183,8	118,6	65,3	55,0%
Operating margin %	6,4%	4,5%		1,9 p.p.
Profit before tax	149,4	66,8	82,6	123,5%
Profit for the year	89,7	33,5	56,2	167,9%
Profit attributable to the Group	89,7	34,5	55,2	159,9%
Gross of non recurring items				
Non recurring items	(44,0)	(50,4)	6,5	
Gross operating profit before non recurring items (EBITDA)	344,4	295,5	48,8	16,5%
Gross operating margin before non recurring items %	12,0%	11,3%		0,7 p.p.
Operating profit before non recurring items (EBIT)	227,8	169,0	58,8	34,8%
Operating margin before non recurring items %	7,9%	6,5%		1,4 p.p.

Revenue

Group **revenue** was 2,879.2 million euro (2,613.0 million euro), up 10.2%.
This increase was due to the higher volume of finished products and services, up 7.1%, and favourable exchange rate movements, 3.1%. There was no change in the price/mix effect with respect to 2009.



	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Revenue	756,2	769,1	858,3	771,2	590,7	613,0	713,8	695,6	601,3	671,6	795,3	810,9

Total revenue rose in each quarter of 2010 and the change with respect to 2009 also increased steadily: from +1.8% in the first quarter to +16.6% in the fourth.

Growth in Eastern Europe was faster than in the International Area or in Western Europe. Revenue was higher from all product lines, although cooling and washing appliances performed better than cooking products. Free-standing products also did better than built-in appliances, due to the greater penetration of free-standing products in the countries where recovery was strong, such as Russia, the Ukraine and Turkey. The sales of both of the Group's principal brands were higher, accounting together for more than 90% of total revenue (including services) in 2010. Indesit, stronger in relation to free-standing products, grew more than Hotpoint.

Revenue from the sale of household appliances increased overall by 10.2%.
Revenue from services rose by 10.3%.

Product cost

At constant exchange rates, product cost was 3.8% lower than in 2009 despite a generalised increase in raw material prices. The Group achieved cost savings as a consequence of agreements signed with suppliers at the end of 2009, which envisaged holding prices essentially steady throughout 2010. Further savings stemmed from the greater efficiency of industrial processes (68% of hours in 2010 were worked in factories with lower payroll costs), and the improved absorption of industrial fixed costs due to the higher volume of production (+12.8%).
The adverse effect of exchange rate movements, especially the depreciation of the euro against the rouble, was not sufficient to offset the cost reductions mentioned above.

Other operating costs

Among the most important cost savings achieved in 2010, ongoing improvements to product quality and the efficiency of the support network have further strengthened the results generated by services.
Again at constant exchange rates, unit distribution costs were essentially stable during the year. The increase was therefore largely due to the higher volumes transported and, especially in the fourth quarter, to the additional customs duties incurred on imports into Russia.
Advertising and promotional expenses increased by 37 million euro to 49 million euro.

Operating profitability

Gross operating profit (EBITDA) amounted to 309.8 million euro (259.5 million euro), representing 10.8% (9.9%) of revenue.

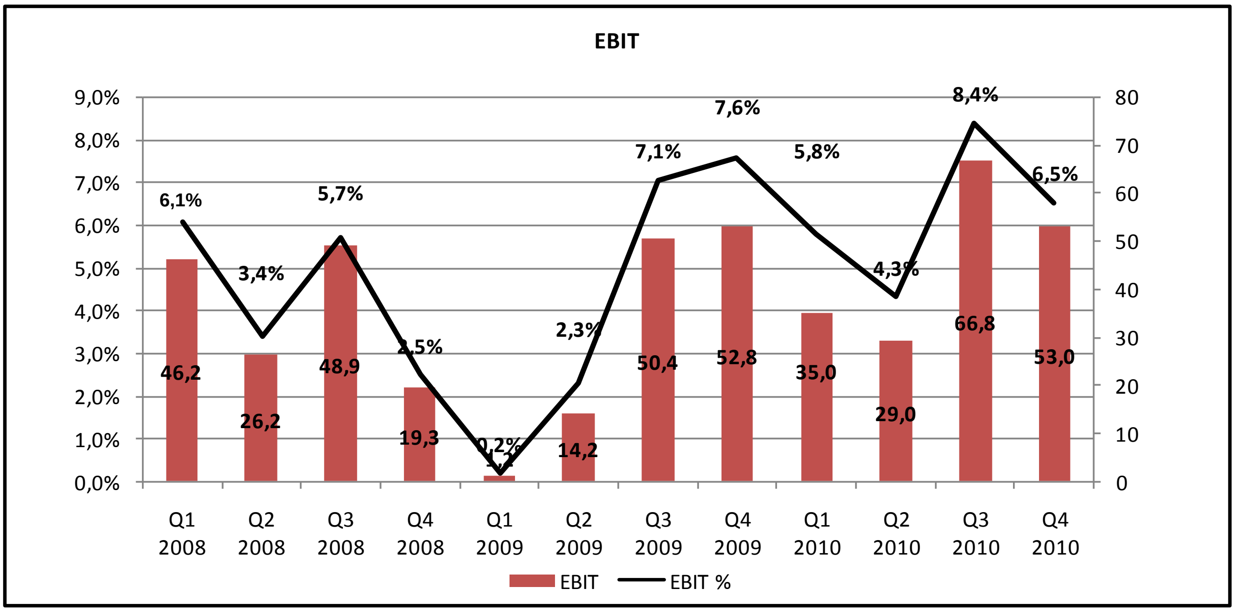
EBITDA before non-recurring items was 344.4 million euro (295.5 million euro), representing 12.0% (11.3%) of revenue.

Operating profit (EBIT) amounted to 183.8 million euro (118.6 million euro), representing 6.4% (4.5%) of revenue. EBIT excluding non-recurring items was 227.8 million euro (169.0 million euro), representing 7.9% (6.5%) of revenue.
The incidence of depreciation and amortization was 4.4% (5.4%).

The principal changes compared with the prior year in the components of operating profit (EBIT) are summarised below:

Operating income Keys drivers		
	Change vs 2009 (million euro)	
Positive	Manufactring cost	53
	Sales volume	48
	Service cost	22
	Sourcing cost	22
	Exchange rates	18
	Non recurring items	7
Negative	ADV & Promo	(37)
	Price/Mix	(33)
	Distribution costs	(15)
	SG&A	(15)

The performance of operating profit (EBIT) is analysed by quarter in the following table:



Results by operating segment

The principal organisational unit used by the top management for the performance evaluation and the strategic decision-making purposes is the Geographical Area.
In order to apply IFRS 8, the following Geographical Areas have been identified as representative of the Group's operating segments:

- **Western Europe.** This includes: Italy, the UK and Ireland, France, Spain, Portugal, Germany, Austria, Switzerland, Benelux, Scandinavia and the Baltic countries;
- **Eastern Europe.** This includes: Russia and the Asian Republics, Poland, Ukraine, Moldova, Czech Republic, Hungary, Romania, Greece, Turkey, Bulgaria and the Balkans;
- **International.** This includes all other non-European markets.

The composition and aggregation of the above geographical areas were modified during 2010. As a consequence, the comparative data for 2009 has been reclassified.

Year 2010 (million euro)	**Total Areas**	**Costs not allocated**	**Total Group**
Revenue	**2.879,2**		**2.879,2**
Operative costs	(2.539,2)	(156,1)	(2.695,4)
Operating Profit	**340,0**	**(156,1)**	**183,8**

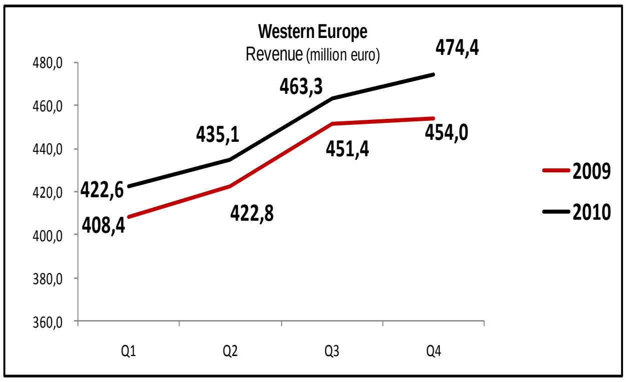
Year 2009 (million euro)	**Total Areas**	**Costs not allocated**	**Total Group**
Revenue	**2.613,0**		**2.613,0**
Operative costs	(2.354,6)	(139,9)	(2.494,4)
Operating Profit	**258,4**	**(139,9)**	**118,6**

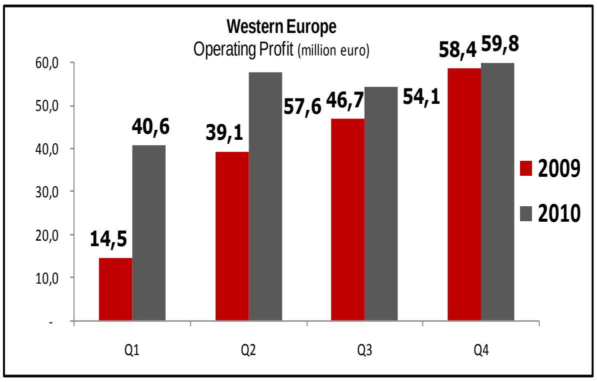
From 1 January 2010 certain costs previously allocated at corporate level, and therefore not allocated to the various areas, are now classified as the responsibility of the Group's geographical areas. As a consequence, the comparative data for 2009 has been reclassified.

The costs not allocated to the various areas principally comprise corporate costs and net restructuring charges, essentially of an industrial nature.

Western Europe Area

(million euro)	Year 2010	Year 2009	Change
Revenue	1.795,4	1.736,7	58,8
Operating profit	212,0	158,7	53,3
Operating Margin %	11,8%	9,1%	2,7p.p.





Industry shipment in this area expanded by 2.3%. Retail prices contracted slightly by 0.3%. Against this background, the Group's revenue from sales was 3.4% higher than in 2009. The operating margin was 2.7 percentage points higher.

Revenue

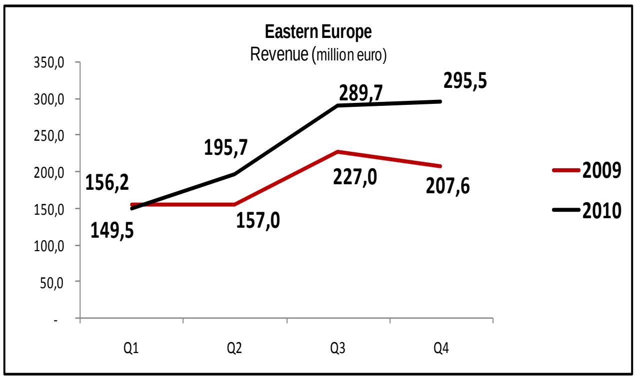
The rise in sales with respect to 2009 was mainly due to the higher volume of sales, the appreciation of the British pound and, to a lesser extent, the price-mix effect.
In particular, demand for household appliances in **Italy** slowed steadily from the second quarter, despite being higher in each quarter with respect to the same period in the prior year. Government incentives expired on 31 December, having had a somewhat limited impact during the last part of 2010, especially compared with earlier months.
After falling for nine months, market demand in the **UK** only returned to growth in the final quarter of 2010. Nevertheless, the Group more than offset this downturn in volume due to the effect of favourable exchange rates, excellent performance in terms of price/mix, and healthy growth in the revenue from services.
Revenue rose in **France**, where the fall in market prices has continued, and in the other principal **European countries** except for **Spain**, which essentially closed in the year in line with 2009.

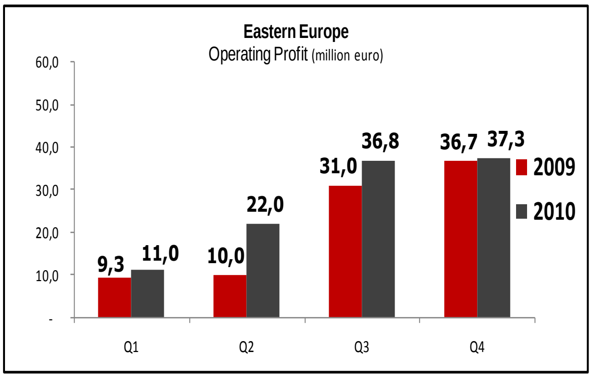
Profitability

The improvement in the profitability of the Area, both in percentage and absolute terms, was due to the effect of product cost efficiencies, the higher volume of sales, the results from services and the appreciation of the British pound.
These positive factors more than offset the impact of higher advertising costs and the adverse price-mix effect.

Eastern Europe Area

(million euro)	Year 2010	Year 2009	Change
Revenue	930,4	747,9	182,5
Operating profit	107,2	87,0	20,2
Operating Margin %	11,5%	11,6%	-0,1p.p.





Industry shipment in this segment expanded by 12.1%. Retail prices contracted slightly, by 0.3%. Against this background, the Group's revenue from sales jumped up by 24.4% with respect to the prior year. Operating margin in 2010 was essentially unchanged compared with 2009.

Revenue

The rise in volumes strengthened steadily throughout 2010. This, combined with favourable exchange-rate movements, easily offset the adverse price-mix effect.

In **Russia**, in particular, revenue was almost 60% higher in the fourth quarter than it was in the same period in 2009. This rise was fuelled not only by very healthy market demand, facilitated by consolidation of the renewed availability of consumer credit from chain retailers, but also by a significant recovery of market share. The appreciation of the rouble easily offset a deterioration in the price/mix.

There was also a considerable increase in the demand for household appliances in the **Ukraine**, mirroring the collapse experienced in 2009. Against this background, the revenue of Indesit increased significantly and market leadership was consolidated.

Market conditions in **Poland** remained difficult overall, with some improvement only towards year end. Average market prices fell sharply. In this context, the contraction of Group sales was concentrated in the first half of the year, while the second half of 2010 saw an inversion in the trend.

Partly due to the continuation of healthy demand and the increase in average market prices, the Group sales in **Turkey** were particularly good. These were fuelled by higher volume (excellent performance in terms of market share) and the appreciation of the local currency, which more than offset a slight deterioration in the price/mix effect.

Profitability

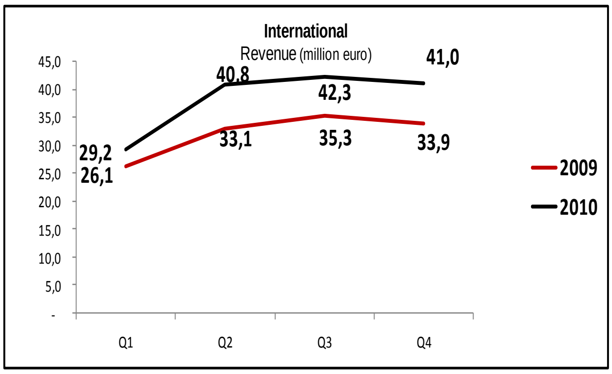
There was an excellent increase in the profitability of **Eastern Europe** during 2010, as a result of:

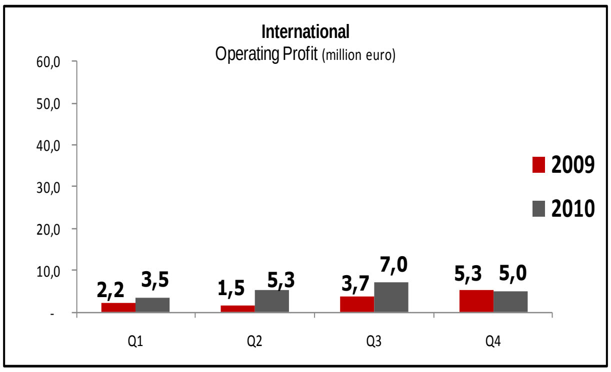
- positive factors, such as higher volume of sales, favourable exchange rate movements and the effect of product cost efficiencies;
- adverse factors, such as the deterioration of the price/mix effect, the marked rise in distribution costs (especially customs duties) and the increase in advertising investments and promotional expenses.

The essential stability of profitability in percentage terms was due to the offsetting effect on the margin of the positive and adverse factors, ignoring the above-mentioned volume effect which increased operating profit in absolute terms.

International Area

(million euro)	**Year 2010**	**Year 2009**	Change
Revenue	153,4	128,4	24,9
Operating profit	20,9	12,7	8,2
Operating Margin %	13,6%	9,9%	3,7p.p.





Sales in the **International** area rose strongly during 2010, up by 19.4% with respect to the prior year. Profitability was 3.7 percentage points higher in 2010.

Revenue

The rise in revenue during 2010 was due to the excellent performance achieved in **Asia** and the **Middle East**, essentially as a result of the significant rise in volume. Although less marked, sales performance was also good in **Argentina** and the **United States of America**.

Profitability

The significant rise in profitability throughout the segment during 2010, both in absolute and percentage terms, was due to the higher volume of sales, the effect of product cost efficiencies, a satisfactory price/mix, and the particularly slim overhead structure.

Non-recurring items

Net non-recurring charges amounted to 44.0 million euro in 2010 (50.4 million euro). These principally consisted of restructuring costs (including an impairment loss of 9.0 million euro on property, plant and equipment) incurred on implementing the business plan, as described further in the paragraph entitled "Reorganisation of activities".

Financial expenses and taxation

Net financial expenses amounted to 34.5 million euro (51.8 million euro). The reduction in interest expense principally reflects lower average net financial indebtedness over the year and the reduction in exchange losses.
Profit before taxation rate (PBT) was 149.4 million euro (66.8 million euro), representing 5.2% (2.6%) of revenue.

Profit for the year attributable to owners of the company was 89.7 million euro (34.5 million euro). The tax charge was 59.7 million euro (33.3 million euro), with an effective tax rate of 39.9% (49.9%). The tax rate for the year has been significantly affected by the write off of certain deferred tax assets recorded in relation to carried-forward tax losses, given that such losses are no longer deemed to be recoverable in the foreseeable future.

Reorganisation of activities

In June 2010, Indesit Company informed the parties concerned of its intention to relaunch the competitiveness of the Italian factories, via various initiatives designed to make the industrial model sustainable. These include a plan for the investment of 120 million euro over three years, new approaches to the organisation of the workforce that will ensure greater flexibility and competitiveness, and the transfer of production from the Brembate and Refrontolo factories to the plants in central and southern Italy. An understanding was signed on 7 December 2010 with the social partners concerning the factories at Brembate and Refrontolo, which are due to close on 31 March 2011. This action is part of a broader plan to reorganize the Group's industrial presence in Italy, discussed above, and the above-mentioned three-year investment plan. The agreement was put to a referendum of the workers at the two factories and was ratified by a majority of about 90% of voters. This confirmed the complete acceptance of the terms of the operation by the parties involved, which are entirely consistent with the Group's established policy of implementing the principles of corporate social responsibility.

Cash flows[4]

(million euro)	Dec. 31, 2010	Dec. 31, 2009
EBITDA	309,8	259,5
Change in NWC	18,1	52,1
Other Operating Flow	(92,6)	(67,6)
Operating cash flow	**235,3**	**244,0**
Net CapEx	(108,4)	(60,5)
Cash Flow before financial activities	**126,8**	**183,5**
Dividends paid and financial operations	(15,5)	(0,0)
Free cash flow	**111,4**	**183,5**

Cash Flows from generated by operating activities totalled 235.3 million euro (244.0 million euro).
The **Free Cash Flow**[5] generated during 2010 was therefore 111.4 million euro (183.5 million euro), resulting in a decrease in net financial indebtedness by the same amount since 31 December 2009.

[4] The change in net working capital reported in the above cash flow statement includes the increase in trade payables incurred for investment purposes, 33.7 million euro (decrease of 14.6 million euro), which is classified as part of the Cash flows from investing activities in the Consolidated cash flow statement. This latter statement therefore reports different amounts for the cash flows from operating activities and from investing activities.
[5] Free Cash Flow: the cash flow from/absorbed by operating and investing activities, net of dividend payments and share capital increases.

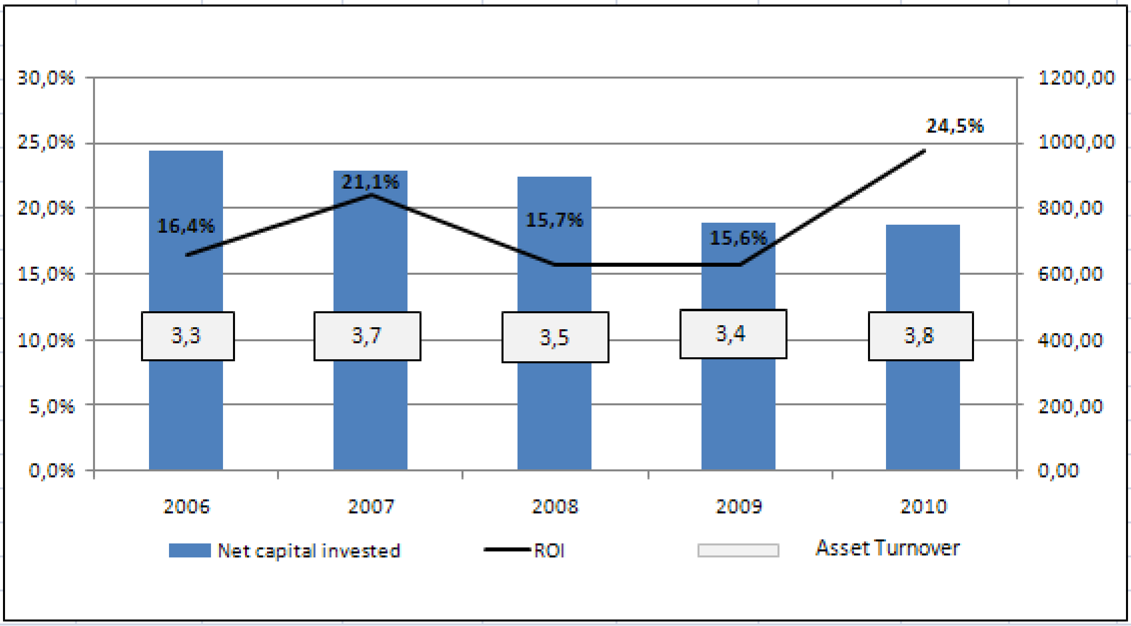
Summary of the consolidated financial position[6]

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Trade receivables	498,1	391,5
Inventories	326,0	281,4
Trade payables	(829,2)	(659,9)
Net working capital	**(5,1)**	**13,0**
Non-current operating assets	1.079,1	1.072,3
Other current assets and liabilities and non-current liabilities	(322,3)	(327,0)
Net invested capital	**751,7**	**758,3**
Net financial indebtedness	178,9	290,2
Equity attributable to owners of the company	572,9	466,6
Non-controlling interests	(0,2)	1,5
Equity and financial liabilities	**751,7**	**758,3**

Net working capital has decreased due to the marked rise in trade payables linked to the higher volume of production and capital investment, as well as to both the appreciation against the euro of the principal currencies used by the Group and the further extension of payment terms.
The increase in trade receivables reflects the higher volume of sales, exchange rate movements and the extension of collection periods in certain countries; in addition, there were no sales of trade receivables without recourse at 31 December 2010 (17.2 million euro at 31 December 2009).
The rise in inventories was principally due to the increase in the volume of production and in the sales forecast for 2011.

Net capital invested at 31 December 2010 amounts to 751.7 million euro (758.3 million euro), down slightly due to the containment of net working capital and non-current assets, which are essentially unchanged despite the rise in capital investment.
Given the 10.2% rise in revenue, this dynamic has further enhanced the efficiency of capital investment and the return on investment (ROI), reaching levels of excellence for the Group and among the best in the sector in which it operates.

[6] The trade receivables and payables, inventories and equity reported in the above reclassified statement of financial position are the same as the amounts reported in the consolidated statement of financial position. Net financial indebtedness is analysed in note 9.21. "Non-current assets" and "Other current assets and liabilities and non-current liabilities" comprise the captions of the consolidated statement of financial position that are not mentioned above or included as part of net financial indebtedness.



The rise in **equity** since 31 December 2009 reflects both the profit for the year and the increase in the translation reserve due, in the main, to the appreciation of the principal currencies used by the Group since the end of 2009. Dividends totalling 15.5 million euro were paid during the year.

Net borrowing is analysed in the following table. See the explanatory notes to the consolidated financial statements for further information.

(million euro)	**Dec. 31, 2010**	**Dec. 31, 2009**
Current financial assets	17,2	24,7
Cash and cash equivalents	222,7	191,0
Banks and other financial payables	(246,2)	(170,1)
Net financial indebtedness position - short term	**(6,3)**	**45,5**
Medium/long-term financial payables	(174,6)	(337,2)
Net financial position (*)	**(180,9)**	**(291,7)**
Other non-current financial assets	2,0	1,4
Net financial indebtedness	**(178,9)**	**(290,2)**

(*) As defined in CONSOB Communication DEM /6064293 dated 28 July 2006, applying the CESR recommendations dated 10 February 2005

Investment

Net investment during the year amounted to 108 million euro, or 3.8% of revenue (61 million euro, 2.3% of revenue), of which 83 million euro (39 million euro) for property, plant and equipment and 25 million euro (22 million euro) for intangible assets.

Out of total net investment, 47% (51 million euro) was allocated to the development of new products. This represents a marked increase with respect to the prior year. In particular:

- 53% related to the washing sector (27 million euro). The principal projects involved the development of the new Hotpoint “Margherita 2.0” washing machine and the new Hotpoint look;
- 29% related to the cooking sector (15 million euro). The principal projects involved the development of Hotpoint's new “Luce” line and Hotpoint's new "Direct Flam" hob;
- 18% related to the cooling sector (9 million euro). The principal projects involved the new Hotpoint look, the new Essentia platform and the new "No Frost Essentia" refrigerator.

Production of the new products will commence during 2011.

28% (30 million euro) of total net investment was allocated to industrial activities, involving work on the expansion, rationalisation, maintenance and efficiency of all plants within the Group. This action included:

- redistributing production among all the factories dedicated to cooking products, 7 million euro;
- vertically integrating the production of semi-finished products (principally plastic moulding) in Russia, 2 million euro;
- increasing the productive capacity of the washing products factory at Radomsko, 3 million euro;
- completing the platform for the Aqualtis Tumble Dryer range in the UK;
- expanding the Manisa warehouse in Turkey.

Significantly, 8% of the total (9 million euro) was allocated to Health and Safety activities. This work included:

- completion of ISO 14001 certification for the Lodz factories and the EN 16001 certification for the Albacina factory (see the note on the environmental risk and compliance with environment legislation for further details);
- development of the Dynamic Demand Control project (in partnership with NPower and RLTec), a technology that allows household appliances to interact with the electricity grid for the management of peak loads and the balancing of energy supply and demand (see the note on the environmental risk and compliance with environment legislation for further details);
- implementation of a project to reduce noise in working environments;
- elimination of asbestos from most locations;
- improvements to fire-prevention installations.

The residual 17% (18 million euro) was allocated to strengthen the Information Technology infrastructure and general services.
The investment in intangible assets (25 million euro) related to:

- enhancement of the Information Technology used, 8.8 million euro (including licences and software, 6.6 million euro);
- research and development, prototyping and the production of samples of new products, 16.2 million euro.

Research and development activities

The Group employs 650 persons in the area of research and development. Numerous prizes and recognition have been won for their work on technological innovation and design:

- the Big Capacity oven and the Hob from Scholtès' S^3 collection took the 2010 Good Design Award, the world's longest-established award dedicated solely to design.
- Hotpoint's innovative, 70 litre Openspace oven was elected "Prodotto dell'Anno®", obtaining an 88% rating from the 8,014 consumers contacted;
- Indesit Company was recognised in the context of Confindustria's prestigious Awards for Excellence, in the Champion of Innovation category. The Company was awarded second prize for distinction in the development and application of innovation, as evidenced by the extraordinary number of patents granted and its considerable investment in R&D;
- Indesit Company won the "Premio Innovazione ICT nella progettazione" prize, awarded by the SMAU – School of Management Observatory within Milan's Politecnico University, for the outstanding development of innovative projects based on digital technologies. Indesit Company was given this recognition during the SMAU Fair due to its use of virtual prototyping technologies as part of the product innovation process. In particular, the SMAU Observatory recognised the Company's creation of a virtual reality lab that helps to respond rapidly to market needs. This lab is used for the assessment, in real time, of the ergonomics and useability of household appliances, as well as their shape and aesthetic look.

In addition, the Group consistently promotes agreements with prestigious universities and research centres, including Turin's Politecnico University, Milan's Politecnico University, the Marches Politecnica University, the University of Perugia, ENEA, CNR, the Fraunhofer Institute for Chemical Technology ICT in Germany and EMPA in Switzerland.

Financial position and results of Indesit Company S.p.A.

The schedules presented and discussed below are based on the Parent Company's separate financial statements at 31 December 2010, to which reference is made, prepared under the IFRS issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and in accordance with the enabling regulations implementing art. 9 of Decree no. 38/2005.

Summary of results of the Parent Company

Indesit Company S.p.A. acts as an investment holding company and as an operating company in Italy, while also supplying goods and services to other Group companies.

The Parent Company's income statement for 2010 reports a profit for the year of 55.9 million euro (37.4 million euro), up 18.5 million euro.

The principal economic indicators are summarised below:

euro/million	Dec. 31, 2010	Dec. 31, 2009	Change €m	Change %
Revenue	1.238,2	1.306,1	(67,9)	-5,2%
Gross operating profit (EBITDA)	34,8	72,8	(38,0)	-52,2%
Gross operating margin %	2,8%	5,6%		-2,8 p.p.
Operating profit/loss (EBIT)	(34,8)	5,4	(40,2)	-741,1%
Operating margin %	-2,8%	0,4%		-3,2 p.p.
Dividends	119,6	56,4	63,2	111,9%
Profit before taxation	58,1	44,1	14,0	31,7%
Profit for the year	55,9	37,4	18,5	49,5%
Gross of non recurring items				
Non recurring items	(36,5)	(23,0)	(13,5)	58,7%
Gross operating profit before non recurring items (EBITDA)	71,3	95,8	(24,5)	-25,5%
Gross operating margin before non recurring items %	5,8%	7,3%		-1,5 p.p.
Operating profit before non recurring items (EBIT)	1,7	28,4	(26,7)	-94,0%
Operating margin before non recurring items %	0,1%	2,2%		-2,1 p.p.

- **Revenue** for 2010 was 5.2% lower following a 1.8% increase in revenue from third parties and a 10.1% decrease in intercompany revenue, caused by changes in logistical flows and invoicing.

- **Gross operating profit** (EBITDA[7]) amounted to 34.8 million euro (72.8 million euro) in 2010, representing 2.8% (5.6%) of revenue. Net non-recurring charges amounted to 36.5 million euro (23.0 million euro). These principally included costs associated with the reorganisation of production at the Brembate and

[7] EBITDA: operating profit/loss reported in the separate income statement, stated gross of depreciation, amortization and impairment losses.

Refrontolo factories in Italy, provisions for the replacement of asbestos roofing at Italian factories and non-recurring payroll charges. EBITDA before non-recurring items was 71.3 million euro (95.8 million euro), representing 5.8% (7.3%) of revenue.
In addition to the higher non-recurring charges, the reduction in EBITDA was due to the recognition of additional provisions for environmental and fiscal risks, as well as to the rise in payroll costs following the withdrawal in 2010 of certain relief obtained in 2009 under Italian legislation (e.g. the relief introduced by Law 103/2008 for areas affected by the 1997 earthquake, 7.0 million euro).

- The **operating loss** (EBIT[8]) was 34.8 million euro (profit of 5.4 million euro), representing -2.8% of revenue (0.4% positive).

- **Net financial income** was 92.9 million euro (38.7 million euro). The change mainly reflects an increase in dividends received to 119.6 million euro (56.4 million euro). This caption also includes net exchange rate losses of 0.2 million euro (net exchange rate gains of 15.0 million euro). Writedowns of investments in subsidiaries amounted to 1.5 million euro (2.0 million euro).

- **Profit before taxation** (PBT) was 58.1 million euro (44.1 million euro), representing 4.7% (3.4%) of revenue. The tax charge was 2.2 million euro (6.7 million euro) and, accordingly, **profit** for the year amounted to 55.9 million euro (37.4 million euro).

[8] EBIT: operating margin reported in the separate income statement

Cash flows[9]

euro/million	Dec. 31, 2010	Dec. 31, 2009
EBITDA	34,8	72,8
Change in NWC	126,8	140,0
Other Operating Flow	72,4	10,0
Operating cash flow	**234,1**	**222,8**
Investment net of proceeds from the disposal of property, plant and equipment and intangible assets	(66,1)	(34,5)
Cash flow before financial activities	**168,0**	**188,3**
Investment net of proceeds from the disposal of financial assets	(51,3)	90,5
Dividend received/paid and share capital increases	22,2	59,4
Free Cash Flow	**138,8**	**338,1**

The cash flow from operating activities was slightly better than in 2009, generating 234.1 million euro (absorption of 222.8 million euro).
The improvement in cash flow from operating activities was principally due to the increase in the non-monetary portion of operating costs relating to the restructuring plan, lower tax payments and the additional provisions recorded for risks and charges and doubtful accounts. This increase more than offset the reduction in EBITDA and the smaller change in net working capital.
Net working capital was however significantly lower, due to the reduction in trade receivables from subsidiaries and associates, following an improvement in the average collection period.
Investment net of proceeds from the disposal of financial assets mainly reflected the payment on capital account made to Indesit Company Polska Sp. z o.o. .
The dividend received/paid and share capital increases caption reflects the dividends collected during the year, net of dividends paid.
Free Cash Flow[10] was positive by 138.8 million euro (338.1 million euro), resulting in a decrease in net financial indebteness by the same amount.

[9] The change in net working capital reported in the above cash flow statement includes the decrease in trade payables incurred for investment purposes, 30.9 million euro (14.1 million euro), which is classified as part of the Cash flows from investing activities in the Separate cash flow statement. This latter statement therefore reports different amounts for the cash flows from operating activities and from investing activities.
[10] *Free Cash Flow:* cash flow from operating activities and investing activities, net of dividends received/paid, the cash flow reserve and capital increases.

Summary of the financial position of the Parent Company

The Financial position of the Parent Company is summarised in the following table:

euro/million	Dec. 31, 2010	Dec. 31, 2009
Trade receivables	465,5	542,7
Inventories	106,7	112,7
Trade payables	(477,0)	(433,3)
Net working capital	**95,2**	**222,1**
Non-current operating assets	736,5	688,2
Other current assets and liabilities and non-current liabilities	(169,9)	(153,0)
Net invested capital	**661,9**	**757,3**
Net financial indebtedness	149,4	288,3
Equity	512,5	469,0
Equity and financial liabilities	**661,9**	**757,3**
NNC / Revenue (12 months)	**7,7%**	**17,0%**
Net financial indebtedness/Equity	**0,3**	**0,6**

Net financial indebtednees amounts to 149.4 million euro (288.3 million euro), down 138.8 million euro.

Equity amounts to 512.5 million euro (469.0 million euro), up 43.5 million euro. This increase, stated net of dividend payments totalling 15.5 million euro, principally reflects the allocation of profit for the year of 55.9 million euro and the positive change in the cash flow reserve of 2.9 million euro.

Reconciliation with the shareholders' equity and profit for the year of the Parent Company

In accordance with Consob regulations[11] the Parent Company's equity and profit for the year are reconciled below with the related consolidated amounts.

(million euro)	Dec 31, 2010		Dec 31, 2009	
	Profit (Loss)	Equity	Profit (Loss)	Equity
Financial statements of the parent company	**55,9**	**512,5**	**37,4**	**469,0**
Consolidation adjustments				
Difference between carrying amount and equity of group companies	248,0	72,7	54,4	4,1
Dividends received from subsidiaries	(207,5)	-	(56,5)	-
Effect of aligning separate financial statements with group	0,9	2,7	(0,3)	1,8
Elimination of intercompany profits	(5,4)	(15,2)	0,8	(12,7)
Tax effect	(3,6)	0,0	(0,8)	5,4
Other minor effects	1,4	0,2	(0,4)	(1,0)
Total consolidation adjustments	**33,9**	**60,4**	**(2,9)**	**(2,5)**
Consolidated financial statements	**89,7**	**572,9**	**34,5**	**466,6**

Corporate governance and ownership structure

The system of Corporate Governance adopted by Indesit Company S.p.A. is essentially consistent with the principles established in the Code of Conduct for Listed Companies and with international best practice. On 22 March 2011, the Board of Directors approved the 2010 Annual report on corporate governance and the ownership structure, prepared pursuant to art. 123-bis of the consolidated law on financial intermediation (TUIF).
This report is published on the Company's website in the "Company" section, sub-section "Governance"[12]. Reference is made to this report for the disclosures required by law.

Indesit Company S.p.A. has adopted the ordinary model of administration and control (envisaged under Italian law), with the presence of a Shareholders' Meeting, a Board of Directors, a Board of Statutory Auditors and Independent Auditors. The directors and company bodies are appointed at the Shareholders' Meeting and remain in office for a period of three years. The significant presence of Independent Directors, as defined in the Code, and the important role they play on both the Board and Board Committees (Human Resources Committee, Internal Audit Committee, Strategic Development Committee and Related-party transactions Committee), ensures that the interests of all shareholders are appropriately balanced and guarantees a high level of discussion at Board meetings.

[11] Consob Communication DEM/6064293 dated 28 July 2006
[12] At the address http://www.indesitcompany.com/inst/en/vision/corporate_governance/cGHome.action

Intercompany and related-party transactions, and significant, non-business or unusual transactions

Transactions between Group companies are settled on arms' length terms, having regard for the quality of the goods and services provided on Note 11 to the consolidated financial statements describes the nature of the principal transactions arranged by the parent and other group companies with related parties. This note also contains the detailed information required by Consob regulations and IAS 24. In accordance with Consob regulations[13] Attachments 3 and 4 to the consolidated financial statements and Attachments 2 and 3 to the separate financial statements present the income statement with separate indication of non-recurring items and transactions with related parties, together with the related percentage incidence, and the statement of financial position with separate indication of transactions with related parties and the related percentage incidence.

The Group's intercompany transfer prices are determined using the cost-plus method, which envisages the application of an uplift with respect to production cost. The fairness of such transfer prices is checked by applying the Transactional Net Margin Method (TNMM), as required by the regulations, normal practice in Italy and the OECD Guidelines (or Directives).

Transactions with related parties are not significant to the financial position and results of the Group. There were no atypical or unusual transactions during 2010.

Further information on the procedures adopted by the Group with regard to significant and related-party transactions can be found in the 2010 Annual report on corporate governance and the ownership structure, prepared pursuant to art. 123-bis of the TUIF and approved on 22 March 2011.

Information on the investments held by directors, statutory auditors, general managers and executives with strategic responsibilities, and on the remuneration paid to directors, statutory auditors, general managers and executives with strategic responsibilities, is presented in Attachments 5 and 6 to the consolidated financial statements.

Information on directors and officers

The members of company bodies are listed below:

[13] Consob Resoultion no. 15519 dated 27 July 2006 and Consob Communication DEM/6064293 dated 28 July 2006

Company bodies

Board of Directors	
Chairman	Andrea Merloni
Chief Executive Officer	Marco Milani
Directors	Valerio Battista
	Francesco Caio
	Innocenzo Cipolletta
	Paolo De Cesare
	Mario Greco
	Antonella Merloni
	Aristide Merloni
	Maria Paola Merloni
	Paolo Monferino
Honorary Chairman	Vittorio Merloni
Board of Statutory Auditors	
Chairman	Angelo Casò
Auditors	Andrea Amaduzzi
	Luigi Biscozzi
Alternate Auditors	Francesco Nobili
	Serenella Rossano
Human Resources and Compensation Committee	
	Mario Greco (Chairman)
	Maria Paola Merloni
	Paolo Monferino
Internal Audit Committee	
	Innocenzo Cipolletta (Chairman)
	Francesco Caio
	Antonella Merloni
Related-party transactions Committee	
	Paolo Monferino (Chairman)
	Valerio Battista
	Paolo De Cesare
Strategic Development Committee	
	Andrea Merloni (Chairman)
	Francesco Caio
	Marco Milani
	Paolo Monferino
Representative of savings shareholders	
	Adriano Gandola
Indipendent Auditors	
	KPMG S.p.A.
Manager charged with preparing the company's financial reports	
	Andrea Crenna

The Shareholders' Meeting held on 29 April 2010 authorised total remuneration of 920,000 euro for the Board of Directors of Indesit Company S.p.A. (plus the reimbursement of documented expenses and insurance cover). Pursuant to a Board resolution adopted on 29 April 2010, each Director receives an attendance fee for participating at each Board meeting (10,000 euro). Directors on the Human Resources and Compensation Committee and on the Internal Audit Committee receive additional annual remuneration of 20,000 euro, while the chairmen of these committees receive additional annual remuneration of 25,000 euro. Directors on the Related-party transactions Committee receive additional annual remuneration of 10,000 euro, while its chairman receives additional annual remuneration of 15,000 euro. The non-executive directors on the Strategic Development Committee receive additional annual remuneration of 15,000 euro.
The Chairman and the Chief Executive Officer also benefit from remuneration for the duties performed pursuant to art. 2389.3 of the Italian Civil Code.
The remuneration of the Board of Statutory Auditors totals 140 thousand euro (plus the reimbursement of expenses), of which 60 thousand euro for the Chairman and 40 thousand euro for each of the standing auditors.
Further information is available in the Attachments to the Consolidated Financial Statements and in the Report on corporate governance and the ownership structure for 2010.

Stock option plans

No new plans were authorised during 2010 and no stock options were granted. The stock option plans are described in the explanatory notes to the consolidated financial statements, which discuss the plans and provide the information required by law and the relevant Consob communications.

Treasury shares and shares of the Parent Company

Indesit Company S.p.A. did not purchase or sell any treasury shares or shares of the Parent Company during the year, whether directly or via third parties. Information on the treasury shares held by the Parent Company is provided in the explanatory notes to the separate financial statements.

Information about significant non-EU companies

Indesit Company S.p.A. controls, directly or indirectly, 5 companies formed under and governed by the laws of countries that are not members of the European Union ("Significant non-EU Companies", as defined by Consob regulations[14]).

With regard to these companies:
- all significant non-EU companies prepare accounts for the purpose of preparing the consolidated financial statements; the statement of financial position and the income statement of such companies are made available to the shareholders of Indesit

[14] Resolution no. 16191 dated 29 October 2007 and subsequent amendments, in relation to the listing of parent companies with non-EU subsidiaries. These companies are Closed Joint Stock Company Indesit International, Indesit Company International Business Sa, Indesit Rus Llc, Indesit Company Beyaz Esya Pazarlama A.S. and Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.

Company S.p.A. on the basis and with the timing envisaged in the related regulations;
- Indesit has obtained the articles of association and information about the membership and powers of the governing bodies of the significant non-EU companies;
- the significant non-EU companies:
  - provide to the Parent Company's the information needed in order to audit the annual and interim financial statements of the Parent Company;
  - apply an administrative-accounting system capable of providing the regular independent financial information needed by Indesit's management and auditors in order to prepare the consolidated financial statements.

In order to comply with its obligations under current regulations, the control body of Indesit Company S.p.A. has checked that these administrative-accounting systems are capable of providing the regular financial information needed by management and the independent auditors of Indesit Company S.p.A. for preparation of the consolidated financial statements, and that such information flows do actually occur, by meetings both with that company's independent auditors and with the management and local auditors of the significant non-EU companies.

Information about employees

Composition of the work force
The number of employees at 31 December 2010, 16,060, is essentially unchanged compared with last year. Employment is analysed as follows: 67% manual workers, 32% clerical staff and 1% managers and foreign equivalents. In geographical terms, 30% of employees are based in Italy, 27% in the Russian Federation, 19% in Poland, 14% in the United Kingdom and Ireland, 6% in Turkey and the remaining 4% in other Group locations. In organisational terms, 24% are employed in Marketing and Sales; 4% in Support Functions and 72% in the Industrial area.
35% of employees are women.

Training, organisation and remuneration policies
Ignoring on-the-job training, about 212,000 hours of training were delivered to more than 10,000 employees during 2010.
The principal areas addressed were: induction, development of young persons with potential and performance enhancement (PMS), including language training.
In addition, special attention was dedicated to the subject of leadership as a tool for improving the performance of the Group. 112 managers received training in this context.
Remuneration policies in 2010 focused on supporting the organisational development of the Group, following the crisis experienced in 2009 and the consequent containment of costs.
In all areas, pay rises were granted in line with conditions in the reference job markets, inflation trends and any specific local agreements. In addition, during 2010 medium-term retention and/or incentive plans were devised for the commercial areas and for certain industrial areas where the job market is particularly volatile. The personnel selected to participate in these retention and/or incentive plans were identified with a

view to maintaining and developing the managerial and strategic skills of the teams concerned.
A number of major organisational changes were implemented during 2010, with the creation of a Group Commercial Department responsible for the Area Commercial Departments and reporting directly to the Chief Executive Officer.

Safety
Indesit Company safeguards the health and safety of its employees in compliance with the regulations in force in each country and the ILO (International Labour Organization) guidelines on health and safety at work.
In this context, during 2010 OHSAS 18001 certification was extended to the storage locations at: Radomsko (Poland), Manisa (Turkey), Lipetsk (Russia) and various warehouses in the UK, raising the total number of certified locations to 35.
The improvements implemented during the year including, in particular, the projects to reduce noise in the workplace and eliminate asbestos from most locations, have significantly reduced the risk of specific work-related illnesses.
In addition, further fire-prevention measures have been taken, via targeted action on electrical installations and on specific processes, especially at those factories that manufacture refrigerators.

Privacy
The "Data protection Document" required by Legislative Decree no. 196 dated 30 June 2003 (Privacy Code) has been updated at the date of this report.

Performance of subsidiaries

All subsidiaries of Indesit Company S.p.A. operate in the production and sale of household appliances or, in any case, carry out related activities. Indesit Company manages its companies (listed in Attachments 1 and 2 of the explanatory notes to the consolidated financial statements) with reference to the geographical area of their activities. Consequently, reference is made to the information on operating segments contained in the explanatory notes to the consolidated financial statements for further details about the geographical areas and, in general, to the information provided in the consolidated financial statements about the principal events involving subsidiaries.

Management and coordination activities

Indesit Company S.p.A. is not subject to management or coordination by other companies or bodies, and determines its general and operational strategic guidelines on a fully autonomous basis. Pursuant to art. 2497 bis of the Italian Civil Code, the Italian subsidiaries under direct or indirect control have, with specific exceptions, identified Indesit Company S.p.A. as the party that manages and coordinates their activities. This activity consists in communicating the Group's general and operational strategic guidelines and involves determining and improving the system of internal control, the model of corporate governance and the corporate structure, issuing a Code of Conduct adopted at Group level, and preparing general policies for the management of human and financial resources, the procurement of factors of production, and marketing and communications. Although subsidiaries maintain their operational and managerial autonomy, the above contribution enables them to achieve economies of scale via recourse to professional skills and specialist services of everincreasing quality, so that they can concentrate their resources on the management of their core businesses.

Principal risks and uncertainties faced by the Group and the Parent Company

The Indesit Group is exposed to a series of risks, which can be grouped in the following three macro-categories:

- strategic and operational;
- financial;
- legal and compliance.

Indesit Company S.p.A., as the Parent Company, is essentially exposed - directly or indirectly - to the same risks and uncertainties as those described below in relation to the Group. The risk factors most directly affecting activities in 2011 are discussed in the section entitled Forecast for operations.

Strategic and operational risks

1. **Demand trends:** the household appliances sector is part of the broader category of Consumer Durables and business is cyclical. Contractions in the property market, in consumer confidence, in the availability of consumer credit and, more generally, in the GDP growth rate have a rapid effect on the level of market demand and may result in lower sales and, consequently, in lower profits. Depending on the availability of data, Indesit monitors the trends in industry shipment, retail sales (sell out), retail prices, market share in volume/value terms, and other relevant parameters on a monthly or quarterly basis,, making reference to data for the Group's largest markets supplied by the principal independent research institutions. Analysis of this information allows the Group to react to current or expected changes within the shortest possible period of time. In addition to the lower sales and profits already mentioned, significant unexpected contractions in demand often lower the level of plant saturation which, at least in the short term, may have further adverse effects on profitability, the level of finished product inventories and borrowing.

2. **Predictability of demand**: Indesit mainly distributes its products via chain retailers, wholesalers and the manufacturers of fitted kitchens. The order backlog is typically one month. The visibility of demand beyond a one/three month planning horizon is therefore somewhat limited, and is largely based on statistical analysis. Conversely, industrial planning requires the adoption of a medium-term time horizon, especially when significant changes in production are required. In addition to the actions described in the previous point, Indesit minimises this risk by managing the level of finished product inventories in order to maintain a predetermined safety margin, compatible with the requirements of prudent financial management. Work has also commenced on a number of projects designed to further refine the mathematical models used to generate sales forecasts and the related production plans.

3. **Price competition:** the household appliances sector, still highly fragmented in Europe, may be affected at particular moments in the economic cycle by strong

price competition designed to capture market share or, in the short term, to boost the volume of sales and therefore production. Price pressures result in lower profit margins. At the same time, excessive fragmentation, structural excess capacity and the high elasticity of volume in response to changes in price, make it both difficult and risky to fully pass on sudden and/or significant increases in the cost of raw materials in the form of higher selling prices. Indesit mitigates this risk by ensuring a constant flow of new products that help to offset the deflationary pressures, while also guaranteeing a cost base that is among the most competitive in the sector.

4. **Exposure to the prices of raw materials and components:** the Group is directly or indirectly (via the purchase of components) exposed to the risk of increases in the prices of raw materials: principally steel, plastics, copper, nickel and aluminium. In 2010, the Group's costs for the consumption of raw materials, components and consumables totalled 1,571 million euro, including 208 million euro for steel, 205 million euro for plastics, 1,056 million euro for components and outsourced production, and 102 million euro for other materials.
   With regard to the purchase of steel, the Group's objective is to sign, usually before the end of the fourth quarter, annual contracts at fixed prices for the materials requirement estimated when preparing the budget for the following year. The generalised change in contracting procedures adopted during 2010 by the principal suppliers of raw materials has, however, partially limited this possibility (especially in Russia and Turkey). In the context of annual supply contracts, it has however been possible to fix steel prices at Group level for the first six months of 2011, but only for the first quarter in relation to steel supplies in Russia. With regard to the prices for purchases during that part of the year not covered, the contracts do however cap the level of possible price increases and decreases.
   Supply contracts for non-ferrous metals (nickel, copper and aluminium) have a duration of less than one year.
   Lastly with regard to plastics, the Group signs fixed price contracts for about 50% of its requirement, while the prices for the remaining 50% are indexed to sector parameters. These supply contracts have a duration of less than one year.

5. **Country risk:** a significant and increasing portion of the Group's manufacturing activities and sales takes place in non-OECD countries (respectively 21% of total fixed assets; 33% of the volume produced; 30% of sales). The Group is exposed to the risks associated with operating in countries that may not be as politically and economically stable as those in the OECD area. Such risks might include:
   a) restrictive policies on the import of components and/or the export of finished products;
   b) limitations on investment/divestments by non-resident parties;
   c) the convertibility and/or transferability of the local currency
   d) the introduction of restrictive laws and/or regulations, including the risks of nationalisation or expropriation.

6. **Other operational risks:** this category comprises the risks typically faced by the durable goods sector: risk of product obsolescence, risks associated with the warranties given on products sold, risks associated with the disposal of

waste electrical and electronic products. These risks are managed and measured by the Group and their coverage is reflected in the captions of the consolidated statement of financial position relating to inventories (provisions for obsolescence) and the provisions for risks and charges (provisions for product warranties and for the disposal of waste products). See the explanatory notes to the consolidated financial statements for further information about the provisions and impairment losses recorded in 2010. The deterioration of the general economic situation may heighten the impact of a number of these risks.

Financial risks

The principal financial risks faced by the Group are: liquidity risk; market risk (currency risk, interest rate risk, commodity price risk); credit risk. Financial risks are managed in accordance with the Treasury Policy approved by the Board of Directors, except for the credit risk in relation to commercial counterparts.

1. **Liquidity risk:** the Group defines liquidity risk as the risk that a Group company, or the Group as a whole, may be unable to meet its obligations on a timely basis. The containment of this risk is pursued via action to guarantee a balanced capital structure, diversification of the sources of finance, the spreading of debt maturities over a broad time horizon, the maintenance of undrawn committed lines of credit, and defined limits for maturities and counterpart credit in the management of liquidity. The Group believes that the lines of credit and investments available at 31 December 2010 are sufficient to cover the requirements arising from operations, capital expenditure and the repayment of borrowing upon maturity.

2. **Currency risk:** the Group's economic and financial results and equity are influenced by changes in the exchange rates for foreign currencies (especially the British pound, the Russian rouble, the Polish zloty and the Turkish lira). The Group identifies three types of risk: competitive risk, economic risk and translation risk. The currency risk is managed in accordance with the guidelines established in the Treasury policy which forbids, inter alia, the acceptance of risk positions that are not strictly correlated with the Group's operating activities.

3. **Interestrate risk:** the risk that adverse movements in the interest rate curve might have an adverse effect on the cost of borrowing. This risk is managed in accordance with the guidelines established in the Treasury policy. As a policy, the Group prefers to borrow at floating rates, limiting the conversion from floating rate to fixed rate within the notional, maturity and market limits defined in the policy.

4. **Credit risk:** this represents the Group's exposure to potential losses deriving from the failure of financial and commercial counterparts to meet their obligations. The guidelines for the management of financial counterpart risk are set out in the Treasury policy.

Further details about the management of financial risk are provided in note 10 to the consolidated financial statements.

Legal and compliance risks

The Group defines compliance risk as the possibility of incurring court and/or administrative penalties, financial losses or loss of reputation as a consequence of failure to comply with compulsory rules (laws or regulations), or self-imposed rules (articles of association, codes of conduct and codes of self regulation). The principal risks of this type may be grouped into the two categories described below.

1. **General risks relating to changes in the regulatory framework**
   The Group is subject to numerous national and international laws and regulations, including tax rules, in the various countries of operation. This represents a complex reference framework that is constantly evolving.
   The Group monitors changes in the applicable regulations and their proper application via its own legal and tax professionals, working within the principal Group companies, and by recourse to leading external consultants of international standing. The control bodies described in the report on corporate governance and the ownership structure also contribute to this process.
   Despite this, there is no certainty that the Group will not become involved in future disputes and face possibly significant liabilities, given the large number of jurisdictions involved, the range of topics addressed, the rapidity of change, and the often subjective nature of matters open to interpretation.

2. **Risks relating to compliance with environmental regulations**
   The products and activities of the Indesit Group are subject to many environmental rules and regulations. This regulatory framework is subject to restrictive revision in the countries where the Group operates, often as a consequence of new directives issued by supranational entities, including the European Union. The regulations may relate to products, with more severe rules for the disposal of waste and energy consumption, or to factories, with rules about atmospheric emissions, the disposal of waste materials and water, and the cleaning up of land.
   The principal regulations of this type, specific to the sector, include the WEEE (Waste Electrical and Electronic Equipment) Directive which makes manufacturers responsible at a European level for the recovery and disposal of waste products. In Italy, a decree approved during 2010 finally established how to implement individual responsibility in practice, by allowing manufacturers to comply with their WEEE obligations by registering with a collective system.
   Under a European regulation, new energy labelling was introduced on 21 December 2010 for cooling, laundry and dish-washing products. The labels for these categories of products must comply with the new regulations within one year. The new label rewards innovation in the area of energy efficiency via the introduction of three new classes above A (A+, A++, A+++). Future incentives provided by the European Union will make reference to the new classification.
   Lastly, the European Regulation limiting the energy consumed in stand-by mode has come into force. Every Indesit product already complies with this regulation.

   In terms of environmental policy, Indesit Company supports actions and projects that respect the environment and meet the requirements of stakeholders. Respect for and compliance with environmental regulations are monitored and assessed periodically, considering also the principles of the Group's own environmental policy based on sustainable development and respect for the

environment as strategic success factors in the competitive arena. In this context, work was completed in 2010 on certification of the environmental management systems at the Lodz factories under the ISO 14001 standard, and on certification of the energy management system at the Albacina factory under the EN 16001 standard. Furthermore, the process of certifying all the manufacturing and non-manufacturing locations within the Group under the ISO 14001 standard has commenced. This work will be completed over the three-year period 2011-2013.
There was an improvement in the environmental key performance indicators (KPI) during 2010: energy consumption is now 0.125 GJ[15] per unit, down 4% from 0.130 GJ per unit in 2009, while water consumption is 9% lower, down from 164 litres per unit in 2009 to 150 litres per unit in 2010.
Lastly, the Dynamic Demand Control project is being developed (in partnership with NPower and RLTec). This technology allows household appliances to interact with the electricity grid for the management of peak loads and the balancing of energy supply and demand.
Despite the multiple activities in progress and the results achieved by the Group in this context, compliance with the environmental regulations may give rise to significant future investment and/or to costs that cannot be foreseen at this time.

The two categories of risk described above, whether existing or probable likely at 31 December 2010, have been assessed appropriately and their impact has been reflected in the accounts. See the explanatory notes to the consolidated financial statements (9.23) and to the separate financial statements (6.31) for further information.

Significant events during the year and subsequent to year end

Commencing from May 2010, sales in the Russian market are made by Indesit Rus LLC. This company, set up at the end of 2009, distributes the products of Closed Joint Stock Company Indesit International (a Russian company that continues its manufacturing activities) and those of the Group's other manufacturing companies.

Creda Ltd was sold on 12 October 2010 together with the associated onerous contract relating to the Blythe Bridge (UK) site, which expires in 2059.

On 19 October 2010, the Marche Regional Tax Office notified Indesit Company S.p.A. of Inspection Minutes containing the matters identified during a tax assessment covering IRES, IRAP and VAT for 2007 (see the explanatory notes for further details).
In March 2011, the Group announced its intention to open a consultation period (lasting 90 days) with the trustees of the UK pension fund regarding future pension benefits and the related contributions. The accounting effects deriving from the above consultation cannot be determined at this time. They will be recognised in the year in which they become known and measurable.

There have not been any other significant events subsequent to year end.

[15] The Joule (J) is a unit of measure of energy, work and heat. One gigajoule (GJ) represents 1 billion joules.

Forecast for operations

The forecasts[16] of the International Monetary Fund for Gross Domestic Product (GDP) in 2011 suggest that growth will remain relatively weak throughout the Euro area (1.5%) and in the UK (2%). There is greater optimism for growth in the so-called emerging countries (+6.5%) and in Russia (+4.5%).

In the geographical areas served by the Group, demand for household appliances by distributors (Industry Shipment) is expected to grow at essentially the same rates as those forecast for the economies concerned. In view of its existing market share, the Group is particularly exposed to performance in Eastern Europe and, accordingly, believes that volume growth during the year may exceed the average for the market as a whole, even without a further increase in market share.

Retail prices are expected to contract slightly. Partly by introducing a large number of new products (especially under the Hotpoint brand), the Group will seek to offset deflationary price pressures via an improved mix of higher-end products.

Production costs will be adversely influenced by the marked rise in the prices of all raw materials during 2010: steel, non-ferrous raw materials, plastics. The higher cost of these materials, which did not affect the year just ended, will increase costs in 2011 by about 80 million euro.

The Group expects to offset a significant portion of the additional cost of purchasing raw materials (and components) via industrial efficiencies, the higher forecast volume of sales and production, and a further improvement in the contribution generated by after-sales activities (services).

Results in 2011 will also benefit from significant reductions in the restructuring costs incurred since, following the work at Brembate and Refrontolo, the principal industrial reorganisation projects have now been completed.

The Group believes it essential to strengthen further the product range and the Indesit and Hotpoint brands, as an indispensable cornerstone for future growth. In this regard, investment of about 150 million euro has already been confirmed, a significant and record amount of which will be allocated to the development of new products. In addition, advertising investment in support of the Group's brands is expected to exceed 2010 levels.

Naturally, risks and uncertainties exist that might significantly affect the Group's economic and financial results in 2011. These include, in particular:

1. the trend in raw material prices. As already stated, unlike in prior years, the Group has not been able to sign annual fixed-price purchasing contracts in a significant proportion of cases. A further rise in the prices of steel, plastics and other non-ferrous materials might therefore generate cost variances in excess of the 80 million euro currently foreseen;

[16] *World Economic Outlook Update* released on 25 January 2011

2. the expected growth in market demand, especially in Russia, the Ukraine, Turkey and, in general, Eastern Europe, on which reliance is placed to recover a significant portion of the higher purchasing costs;
3. the increase in competitive pressures that might cause price tensions and have an adverse effect on the price/mix;
4. the instability of exchange rates that, with respect to the averages for 2010, might result in the depreciation of the British pound and/or the Russian rouble, or the appreciation of the Polish zloty.

Proposed allocation of profit for the year

Dear Shareholders,
The Company's separate financial statements at 31 December 2010 report a profit for the year of Euro 55,875,482.44.

The Board of Directors therefore proposes the declaration of a dividend of 0.271 euro per ordinary share outstanding and 0.289 euro per savings share outstanding. At the date of this report, there are 113,665,684 ordinary shares outstanding. This number:

a) diverges from the number of shares at 31/12/2009 since, pursuant to the stock option plan in favour of the Group's managers and junior managers, 35,000 options were exercised in March 2010 with the resulting issue of the same number of ordinary shares;
b) might increase prior to the shareholders' meeting, pursuant to the same stock option plan, due to the possible exercise of 269,500 options granted to Group managers and junior managers, with the resulting issue of the same number of ordinary shares.

The Company holds 11,039,750 ordinary shares (representing 9.71% of the ordinary share capital), the voting rights of which are therefore suspended. Pursuant to para. 2 of art. 2357-ter of the Italian Civil Code, the right to dividends of these shares is attributed proportionally to the other shares as long as they remain held by the Company. Accordingly, we propose that the dividend attributable to these treasury shares be divided between the ordinary shares, the non-convertible savings shares outstanding and the maximum number of options that may be exercised and, consequently, increase the dividend per ordinary share and per non-convertible savings share outstanding at the dividend payment date by 0.029 euro.
Therefore the Board recommends that a total dividend of 0.30 per each ordinary share outstanding (excluding the treasury shares) and 0.318 euro per non-convertible savings share outstanding be declared.
The exact amount of the residual profit for proposed allocation to the extraordinary reserve will be specified during the shareholders' meeting.
The dividends will be payable from 26 May 2011 with detachment of the related coupons on 23 May 2011.
The Company is not longer required to allocate any profit for the year to the legal reserve since such reserve already exceeds 1/5th of share capital.
The full text of the proposed resolution is set out in "agenda point 1 for the ordinary session" in the Report prepared by the Board of Directors for the Shareholders' Meeting (first calling, on operations 2 May 2011 - second calling, 3 May 2011),
to which reference is made.

Milan, 22 March 2011

for the Board of Directors

The Chairman
Andrea Merloni

Consolidated Financial Statements

Consolidated income statement for the year ended 31 December 2010[1]

(million euro)

	Note	Dec. 31, 2010	Dec. 31, 2009
Revenue	9.1	2.879,2	2.613,0
Cost of sales	9.2	(2.084,4)	(1.974,3)
Selling and distribution expenses	9.3	(486,3)	(415,4)
General and administrative expenses	9.4	(124,6)	(104,7)
Operating profit	9.5	**183,8**	**118,6**
Interest expenses	9.6	(25,5)	(30,3)
Interest income	9.6	1,7	1,6
Exchange rate differences and other net financial expenses	9.6	(10,7)	(23,1)
Share of profit (losses) of associates		0,1	-
Profit before tax		**149,4**	**66,8**
Income taxes	9.7	(59,7)	(33,3)
Profit for the year		**89,7**	**33,5**
Attributable to non-controlling interests	9.8	0,0	1,0
Attributable to the owners of the company		89,7	34,5
Basic earnings per share (euro)	9.19	0,87	0,33
Diluted earnings per share (euro)	9.19	0,87	0,33

Consolidated statement of comprehensive income for the year ended 31 December 2010 *(million euro)*

		Dec. 31, 2010	Dec. 31, 2009
Profit (loss) for the year (A)		**89,7**	**33,5**
Gains/(Losses) on cash flow hedges	**9.19**	3,1	(2,1)
Gains/(Losses) on exchange rate differences on translating foreign operations	**9.19**	27,1	14,1
Total other comprehensive income/(loss), net of tax (B)		**30,2**	**12,0**
Total comprehensive income/(loss) (A+B)		**120,0**	**45,5**
Attributable to non-controlling interests	**9.20**	**1,7**	**1,1**
Attributable to owners of the company		**121,6**	**46,6**

[1] Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the effects of related-party and non-recurring transactions on the consolidated income statement are reported in Attachment 3 and in notes 11.3 and 9.5, respectively.

Consolidated statement of financial position at 31 December 2010[2]

(million euro)

	Note	Dec. 31, 2010	Dec. 31, 2009
Assets			
Property, plant and equipment	9.9	637,2	630,4
Goodwill and other intangible assets with an indefinite useful life	9.10	229,7	222,5
Other intangible assets with a finite life	9.11	101,9	109,0
Investments in associates	9.12	0,5	0,5
Other non-current assets	9.13	36,2	39,2
Deferred tax assets	9.14	73,5	70,8
Other non-current financial assets	9.21.4	2,0	1,4
Total non-current assets		**1.081,1**	**1.073,8**
Inventories	9.15	326,0	281,4
Trade receivables	9.16	498,1	391,5
Current financial assets	9.21.1	17,2	24,7
Tax receivables	9.17	20,6	22,8
Other receivables and current assets	9.18	66,4	64,4
Cash and cash equivalents	9.21.2	222,7	191,0
Assets held for sale		-	-
Total current assets		**1.151,0**	**975,9**
Total assets		**2.232,1**	**2.049,6**
Equity	**9.19**		
Share capital		92,8	92,8
Reserves		(20,5)	(52,6)
Retained earnings		410,9	391,9
Profit attributable to the owners of the company		89,7	34,5
Equity attributable to owners of the company		572,9	466,6
Non-controlling interests	9.20	(0,2)	1,5
Total equity		**572,8**	**468,1**
Liabilities			
Medium and long-term interest-bearing loans and borrowings	9.21.5	174,6	337,2
Employee benefits	9.22	58,8	62,2
Provisions for risks and charges	9.23	68,9	15,0
Deferred tax liabilities	9.24	38,6	39,8
Other non-current liabilities	9.25	46,2	37,9
Total non-current liabilities		**387,1**	**492,2**
Banks and other loans and borrowings	9.21.3	246,2	170,1
Provisions for risks and charges	9.23	54,1	112,8
Trade payables	9.26	829,2	659,9
Tax payables	9.27	28,3	36,5
Other payables	9.28	114,5	110,0
Total current liabilities		**1.272,2**	**1.089,4**
Total liabilities		**1.659,3**	**1.581,5**
Total equity and liabilities		**2.232,1**	**2.049,6**

[2] Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the effects of related-party transactions on the consolidated statement of financial position are reported in Attachment 4 and in note 11.3. In addition, the financial effects of non-recurring transactions are described in note 9.23.

Consolidated Cash Flow Statement for the year ended 31 December 2010[3]

(million euro)

	Note	Dec. 31, 2010	Dec. 31, 2009
Total profit for the year	9.30	89,7	33,5
Income taxes	9.30	59,7	33,3
Depreciation and amortisation	9.30	126,0	140,9
Other non-monetary income and expenses, net	9.31	45,6	64,7
Change in trade receivables	9.32	(106,6)	67,5
Change in inventories	9.32	(44,6)	92,6
Change in trade payables	9.32	135,6	(93,4)
Change in other assets and liabilities	9.33	(23,0)	(2,9)
Income taxes	9.30	(57,3)	(45,7)
Interest paid	9.31	(28,5)	(35,1)
Interest received	9.31	4,9	3,2
Cash flows from (used in) operating activities		**201,6**	**258,6**
Acquisition of property, plant and equipment	9.34	(51,5)	(60,1)
Proceeds from sale of property, plant and equipment	9.34	1,7	7,3
Acquisition of intangible assets	9.35	(25,1)	(22,4)
Proceeds from sale of non-current intangible assets	9.35	0,2	-
Cash flows from (used in) investing activities		**(74,7)**	**(75,1)**
Increase in share capital		-	-
Dividends paid	9.36	(15,5)	(0,0)
Other repayments of medium/long-term financial payables and bond issue	9.37	(8,1)	(58,5)
Change in current financial payables	9.38	(71,6)	(127,2)
Cash flows from (used in) financing activities		**(95,2)**	**(185,8)**
Net cash flows		**31,7**	**(2,2)**
Cash and cash equivalents, start of year	9.21.2	191,0	193,2
Cash and cash equivalents, end of year	9.21.2	222,7	191,0
Total change in cash and cash equivalents		**31,7**	**(2,2)**

[3] Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the financial effects of related-party transactions are reported in note 11.3. In addition, the financial effects of non-recurring transactions are described in note 9.23.

Note 9.19 *(million euro)*

Statement of changes in consolidated equity for the year ended 31 December 2010

	Opening Balances	Others profit/losses, net of taxation	Profit for the year	***Total comprehensive income***	Dividends paid	Excercise of stock options	Allocation of profit of the previous year	Changes in scope of consolidation	***Total effects of transactions with owner of the company***	**Closing Balances**
Share capital	**92,8**	-	-	-	-	0,0	-	-	**0,0**	**92,8**
Share premium reserve	**35,8**	-	-	-	-	0,1	-	-	**0,1**	**35,9**
Legal reserve	**22,7**	-	-	-	-	-	-	-	**-**	**22,7**
Translation reserve	**(125,6)**	28,8	-	**28,8**	-	-	-	-	**-**	**(96,8)**
Other reserves	**14,5**	3,1	-	**3,1**	-	-	-	-	**-**	**17,7**
Retained earnings	**391,9**	-	-	**-**	(15,5)	-	34,5	-	**19,0**	**410,9**
Profit attributable to owners of the company	**34,5**	-	89,7	**89,7**	-	-	(34,5)	-	**(34,5)**	**89,7**
Equity attributable to owners of the company	**466,6**	31,9	89,7	**121,6**	(15,5)	0,2	-	-	**(15,3)**	**572,9**
Non-controlling interests	**1,5**	(1,6)	(0,0)	**(1,7)**	-	-	-	-	**-**	**(0,2)**
Total equity	**468,1**	30,2	89,7	**120,0**	(15,5)	0,2	-	-	**(15,3)**	**572,8**

Statement of changes in consolidated equity for the year ended 31 December 2009

	Opening Balances	Others profit/losses, net of taxation	Profit for the year	***Total comprehensive income***	Dividends paid	Excercise of stock options	Allocation of profit of the previous year	Changes in scope of consolidation	***Total effects of transactions with owner of the company***	**Closing Balances**
Share capital	**92,8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**92,8**
Share premium reserve	**35,8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35,8**
Legal reserve	**22,7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22,7**
Translation reserve	**(139,8)**	14,1	-	**14,1**	-	-	-	-	**-**	**(125,6)**
Other reserves	**16,6**	(2,1)	-	**(2,1)**	-	-	-	-	**-**	**14,5**
Retained earnings	**336,4**	-	-	**-**	(0,0)	-	55,5	-	**55,5**	**391,9**
Profit attributable to owners of the company	**55,5**	-	34,5	**34,5**	-	-	(55,5)	-	**(55,5)**	**34,5**
Equity attributable to owners of the company	**420,0**	12,1	34,5	**46,6**	(0,0)	-	0,0	-	**(0,0)**	**466,6**
Non-controlling interests	**2,5**	(0,1)	(1,0)	**(1,1)**	-	-	-	-	**-**	**1,5**
Total equity	**422,6**	12,0	33,5	**45,5**	(0,0)	-	0,0	-	**(0,0)**	**468,1**

Notes to the Consolidated financial statements at 31 December 2010

1. Group structure and activities

Indesit Company is a Group led by Indesit Company S.p.A., an Italian company based in Fabriano (near Ancona), which is active in the production and sale of white goods, namely household appliances for the cooking sector (cookers, ovens and hobs), the cooling sector (refrigerators and freezers), the washing sector (washing machines, dryers, combined washer-dryers and dishwashers).
The Group operates mainly in Europe with 16 factories.
The Group's operating segments, as defined in IFRS 8, comprise the geographical areas which generate revenues and costs that are periodically reviewed by the top management decision makers in order to evaluate performance and decide on the allocation of resources, and for which separate financial information is available.
Segment information is provided in note 8.
The household appliances sector is highly seasonal, which affects all the main economic and financial parameters.

2. Approval of the consolidated financial statements at 31 December 2010

The consolidated financial statements at 31 December 2010 were approved by the Board of Directors on 22 March 2011.They have been audited and will be presented to the Annual Shareholders' Meeting.

3.Significant subsequent events

On March 2011 the Group open a consultation (for 90 days) with the trustees of UK pension fund for deferred pension benefits and relative contributions. There have not been any elements in order to estimate the accounting effects. The effects will be recognized in the accounting period when they became known and misurable.

There have not been any significant subsequent events .

4. Statement of compliance and basis of presentation

The consolidated financial statements of Indesit Company have been prepared in accordance with the International Financial Reporting Standards – IFRS (IFRS or IAS) issued by the International Accounting Standards Board (IASB), as interpreted by the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union.
The consolidated financial statements at 31 December 2010 have also been prepared in accordance with Consob's instructions regarding the format of financial statements, in application of art. 9 of Legislative Decree no.38/2005 and other Consob regulations and instructions concerning financial statements.
The consolidated financial statements at 31 December 2010 are presented on a comparative basis and comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the statement of changes in consolidated equity and these explanatory notes.

The income statement format adopted by the Group classifies costs basedby function. This is deemed to be more meaningful than a classification by nature, since it reflects the format of internal reporting and is consistent with international practice in the household appliances sector.
The consolidated statement of comprehensive income comprises the various components forming the results for the year, together with the income and expenses not deriving from transactions with owners of the company that were recognised directly in equity. The transactions carried out with owners of the company are presented in the statement of changes in equity, together with the comprehensive income.
The presentation of the statement of financial position distinguishes between current and non-current assets and liabilities
The cash flow statement is presented using the indirect method.
In compliance with Consob regulations[17], the separate income statement prepared by Indesit Company S.p.A. reports expenditure by nature. This format is deemed to be appropriate given the dual role of the Parent Company, both as an operating company that supplies goods and services to other Group companies, and as the holding company for the equity investments held in them. In order to ensure consistency for the users of the financial statements, an attachment to the separate financial statements of the parent company classifies its income statement by function, in the format and using the criteria adopted for the preparation of the consolidated income statement.

5. Accounting policies

5.1 Basis of preparation and accounting policies adopted

Basis of preparation

The currency of presentation of the consolidated financial statements is the euro, and financial statement balances are stated in millions of euro (except where stated otherwise). The consolidated financial statements are prepared on an historical cost basis, except for derivative financial instruments, financial assets held for sale and financial instruments classified as available for sale, which are stated at their fair value, as applicable to going concerns.
The accounting policies are applied on a consistent basis by all Group companies. There are no financial assets held to maturity. Financial transactions are recorded with reference to the trade date.
The accounting policies adopted for the preparation of the consolidated financial statements at 31 December 2010 have also been applied on a consistent basis to all the comparative financial information.

Accounting estimates

The preparation of consolidated financial statements involves making assumptions and estimates that affect the value of assets and liabilities and the related disclosure , as well as the value of contingent assets and liabilities at the reference date. These estimates are used to measure the property, plant and equipment and intangible assets subject to impairment, as well as to recognise allowances for doubtful accounts,

[17] Consob Resolution 15519 dated 27 July 2006

and provisions for inventory obsolescence, depreciation and amortization and the impairment losses assets, employee benefits, taxation, and risks and charges. The estimates and underlying assumptions are based on historical experience and various other factors believed reasonable at the time of making them.
Estimates and assumptions are reviewed regularly and, if later estimates differ from those made initially, the effects - which obviously cannot be estimated or forecast at this time - are immediately reflected in the income statement. If the changes in estimate relate to both the current and future periods, their effects are reflected in the income statements for the periods concerned.
The principal measurement processes and the key assumptions used by management in applying the accounting policies in relation to the future are summarised below. These processes and assumptions may have a significant effect on the amounts reported in the consolidated financial statements, or may give rise to the risk of significant adjustments in the next accounting period to the carrying amount of assets and liabilities.

Allowance for doubtful accounts
The allowance for doubtful accounts reflects management's estimate of the losses that may be incurred on trade receivables. Accruals to the allowance for doubtful accounts are determined with reference to the ageing of receivables, taking account of specific circumstances if this is more prudent, and available guarantees.

Provision for inventory obsolescence
The provision for inventory obsolescence reflects management's estimate of the losses to be incurred by the Group, determined with reference to the life-cycle of each product and stock rotation statistics that take account of both past and forecast consumption.

Recoverable amount of non-current assets
Non-current assets comprise property, plant and equipment, intangible assets and other financial assets. Management reviews the carrying amounts of non-current assets held and used, and of any assets due to be retired. This work is performed whenever events and circumstances require such review, and each year for intangible assets with an indefinite life. The review makes reference to the results of independent appraisals and/or to the cash flows expected from the use or sale of the assets concerned, applying suitable discount rates for the determination of their present value. When the carrying amount of a non-current asset is impaired, the Group recognises an impairment lossfor the difference between its carrying amount and the lower amount recoverable from its use or sale, as determined by reference to the most recent business plans.

Defined benefit plans
The Group maintains defined benefit plans for certain employees of some Group companies. Management, assisted by actuaries and technical experts, uses various statistical and other assumptions to calculate the charges and the present value of the liabilities and assets relating to such plans. The assumptions made relate to the discount rate, the expected yield on plan assets, the rate of future pay increases, demographic trends, the inflation rate and the forecast cost of medical care. In addition, the Group's consulting actuaries consider such subjective factors as mortality and termination rates.

Realisability of deferred tax assets
The Group recognises deferred tax assets and the theoretical tax benefit of carried-forward tax losses. Management records deferred tax assets to the extent that their recoverability is considered probable. Their measurement takes account of current budgets and forecasts for future years.

Contingent liabilities
The Group is exposed to the risk of having to meet obligations deriving from legal and other disputes, without being able to predict with certainty the extent of the related outflows. This inability is often associated with the variety, proliferation and complexity of the jurisdictions and laws concerned, that may be subject to uncertain interpretations, as well as with the varying levels of predictability surrounding the facts and circumstances relating to each dispute. The Group makes reference to economists, consultants and legal experts in order to monitor appropriately the related risks, and tackle and assess the contingencies concerned. If, as a consequence, a financial outflow is deemed probable and the amount can reasonably be estimated, the Group records a related provision for risks and charges. If a financial outflow is considered possible or, in extremely rare circumstances, probable without being able to determine the amount, the situation is reported in the explanatory notes.

Basic of consolidation

Subsidiaries
Subsidiary companies are those over which Indesit Company S.p.A. exercises control by virtue of the power to determine, directly or indirectly, their financial and operating policies and to obtain benefits from their activities. In general, companies in which Indesit Company S.p.A. holds more than 50% of the voting rights, considering any potential voting rights that may be exercised at the time, are deemed to be subsidiaries. The financial statements of subsidiaries are consolidated on a line-by-line basis from the time that control commences until the date on which control ceases. Significant transactions between Group companies are eliminated in full. Unrealised gains and losses on transactions with subsidiaries are eliminated in full. The equity and results attributable to non-controlling interests are determined with reference to their actual voting rights, without considering any potential voting rights. Any surplus arising on the elimination of investments against the carrying amount of the related equity at the time of initial consolidation is allocated as an increase in the carrying amount of the assets, liabilities and contingent liabilities concerned; any residual amounts are classified as goodwill. The reporting date of all Group companies is 31 December.
Dormant subsidiaries and those with an insignificant volume of business are not consolidated on a line-by-line basis, since they do not have a material effect on the financial position, cash flows or the results of operations of the Group.
This list of companies consolidated on a line-by-line basis is presented in Attachment 1 to the explanatory notes to the consolidated financial statements.

Associates
Associates are those entities over which Indesit Company S.p.A. exercises significant influence, but does not control their operations or have the power to determine their financial and operating policies or obtain benefits from their activities. In general, companies in which Indesit Company S.p.A. holds directly or indirectly between 20% and 50% of the share capital or voting rights, considering any potential voting rights that may be exercised or converted, are deemed to be associates.

Associates are measured using the equity method from the time that significant influence commences over their operations until the date on which such influence ceases. If the Group's interest in the losses of an associate exceeds the carrying amountof the related investment, such carrying amount is impaired and the additional losses are covered by a specific provision to the extent that Indesit Company S.p.A. is obliged to cover the losses of such company or, in any case, to fulfill obligations on its behalf. Unrealised gains and losses on transactions with associates are eliminated in proportion to the equity interest held.

Investments in other companies
Investments in other companies in which, in general, the Group holds less than 20% of the share capital or voting rights are initially measured at cost and subsequently adjusted to fair value through theprofit or loss. Where fair value cannot be reliably determined, these investments are measured at cost as adjusted to reflect any impairment losses. Dividends are recognised as financial income when the right to collect them is established, which generally coincides with the shareholders' resolution.

Treatment of foreign currency transactions

Foreign currency transactions
All transactions are recorded in the functional currency of the primary economic environment in which each Group company operates. Transactions not carried out in the functional currency of Group companies are translated using the exchange rates applying at the time they take place. Monetary assets and liabilities (defined as assets and liabilities held for collection or payment, whose amount is fixed or determinable - IAS 21) are translated using the exchange rates applying at the reporting date and any exchange rate differences are recognised in the income statement. Non-monetary assets and liabilities recorded at historical cost in foreign currencies are translated using the historical rates applying at the time of the related transactions. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated using the exchange rates applying at the time that their fair value was determined.

Translation of financial statements
The financial statements of companies whose functional currency differs from that used to prepare the consolidated financial statements (euro) and which do not operated in hyper-inflationary economies, are translated as follows:
a) assets and liabilities, including the goodwill and fair-value adjustments deriving from the consolidation process, are translated using the reporting date exchange rates;
b) revenues and costs are translated using the average exchange rate for the period (weighted with reference to sales), which is deemed to approximate the rates applying on the dates when the individual transactions took place;
c) translation differences are recognised in a specific equity reserve.
On the disposal of an economic entity giving rise to translation differences , the related cumulative translation adjustment (if any) is reclassified from the specific equity reserve to the income statement. The cumulative translation adjustment was reclassified to other reserves on the first-time adoption of IFRS, accordingly the gains and losses deriving from future disposals will only include the translation adjustments arising from 1 January 2004 onwards.

Net investments in foreign operations

The exchange differences arising from the translation of net investments in functional currencies other than the euro, generally comprising intercompany loans, are taken to the translation reserve. Such differences are released to the income statement upon liquidation (repayment/disposal) of the net investment.

Derivative financial instruments

If the conditions established in IAS 39 regarding the formal designation of derivative financial instruments as hedges are met and these instruments are shown to be highly effective, both ex ante when the transaction is arranged and ex post during subsequent accounting periods, then they are recorded on a hedge accounting basis, as described below.

Fair Value Hedges (hedges of assets and liabilities)
If a derivative financial instrument is designated to hedge the risk of changes in the fair value of a recognised asset or liability (the underlyings), the gain or loss from subsequent fair value adjustments to the hedging instrument is recognised in the income statement together with the gain or loss deriving from the measurement of the related underlyings.

Cash Flow Hedges
If a derivative financial instrument is designated as a hedge of the risk of variability in the cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective part of gains or losses on such financial instrument is recognised in the cash flow reserve, within equity, while the ineffective portion (if any) is taken to the income statement. If the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the cash flow reserve is removed from equity and included in the initial cost of such non-financial asset or liability. If the hedge of a forecast transaction subsequently results in the recognition of a financial asset or liability, the cash flow reserve is released to the income statement in the period when the asset acquired or recognised liability has an effect on the income statement. In other cases, the cash flow reserve is released to the income statement in a manner consistent with the hedged transaction i.e. when its economic effects are recognised. If a hedging instrument expires, is sold or is terminated early with respect to the timing of the hedged transaction and the latter is no longer expected to take place, the related cash flow reserve is released immediately to the income statement. If, on the other hand, the hedged transaction is still expected to occur, the cumulative gain or loss remains in equity until the transaction takes place.

Hedge of a net investment in a foreign operation
If a derivative financial instrument is designated to hedge a net investment in a foreign operation, the gains or losses deriving from the related measurement at fair value are recognised directly in equity, to the extent that the hedge is deemed to be effective, while the ineffective portion (if any) is recognised in the income statement.

Financial instruments not covered by hedge accounting
If financial instruments do not meet the requirements for the application of hedge accounting methodology, they are stated at fair value and the related effects are recognised directly in the income statement.

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at purchase cost or, if self-constructed, at production cost, comprising the cost of materials, labour and a reasonable portion of overheads and related charges, less accumulated depreciation and impairment losses determined on the basis described below. If necessary and significant, the cost of property, plant and equipment includes an initial estimate of dismantling and removal costs. Ordinary maintenance expenses are charged to the income statement, while the costs of replacing certain parts of property, plant and equipment and extraordinary maintenance costs are capitalised when it is probable that they will generate measurable economic benefits in the future.

Any borrowing costs incurred on the acquisition or construction of capitalised assets that normally require time before they become available for use or for sale, are also capitalised and amortised over the useful life of the asset class concerned. All other borrowing costs are charged to the income statement for the year to which they relate.

Finance lease

Property, plant and equipment held under finance leases, in relation to which Indesit Company has assumed substantially all the risks and rewards of ownership, are recognised at fair value at inception of the lease or, if lower, at the present value of the minimum lease payments. They are depreciated over their estimated useful lives and adjusted for any impairment losses determined on the basis described below. The liability to the lessor is classified among financial payables in the statement of financial position.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Significant parts of plant and machinery with different useful lives are depreciated separately. Useful lives are monitored on a constant basis, having regard for changes in the intensity with which these assets are used. Any changes in the depreciation schedules are applied on a prospective basis.

The carrying amount is verified with reference to the estimated present value of expected future cash flows and adjusted, where necessary, every time events suggest that the carrying amount of property, plant and equipment may be impaired, or when there is a marked decrease in their market value, significant technological changes or evidence of significant obsolescence. Such impairment losses are reversed if the reasons for recording them cease to apply. Land, whether or not used for the construction of civil or industrial buildings, is not depreciated since it is deemed to have an indefinite useful life.

The useful lives of property, plant and equipment are grouped into the following categories:

Category	**Useful lives**
Buildings and temporary constructions	from 10 to 50 years
Plant and machinery	from 5 to 20 years
Industrial and commercial equipment	from 3 to 20 years
Other assets:	
- vehicles and internal transport	from 3 to 6 years
- furniture, IT and office machines	from 3 to 10 years

Intangible assets

Intangible assets are stated at cost, determined on the basis described for property, plant and equipment, when it is likely that the use of such assets will generate economic benefits and their cost can be determined reliably. Intangible assets with a finite useful life are amortised and stated net of both the related accumulated amortization, provided on a straight-line basis over their estimated useful lives, having regard for the period during which they are expected to generate economic benefits, and any impairment losses. Intangible assets with an indefinite useful life, comprising the Hotpoint trademark and goodwill, are not amortised but their recoverability is tested for impairment at least once each year. Subsequent expenditure on recognised intangible assets is capitalised only if it increases the future economic benefits embodied in the specific asset to which it relates; otherwise, it is charged to the income statement as incurred.
Any borrowing costs incurred on the acquisition or construction of capitalised assets that normally require time before they become available for use or for sale, are also capitalised and amortised over the useful life of the asset class concerned. All other borrowing costs are charged to the income statement for the year to which they relate.

Goodwill
Goodwill is an intangible asset with an indefinite life, deriving from a business combination recognised using the acquisition method of accounting (adopted for all acquisitions made subsequent to 31 December 2002). It is recorded to reflect the positive difference between acquisition cost and the value of the Group's equity interest at the time of acquisition, after having recognised all assets, liabilities and identifiable contingent liabilities attributable to both the Group and third parties at their full fair value.
Goodwill is tested with reference to the cash generating units (CGUs) that benefit from the synergies deriving from the acquisition. The expected cash flows are discounted at the cost of capital, having regard for the specific risks associated with the unit concerned. Impairment is recognised if the recoverable amount of the CGU, represented by the discounted cash flows, is less than the related carrying amount. Such impairment loss is deducted first from goodwill.
The gains and losses arising on the disposal of businesses or lines of business that were acquired with the payment of goodwill are determined having regard for the residual value of such goodwill. Any impairment losses ongoodwill charged to the income statement are not reversed even if the related reasons cease to apply.

Research and development expenses
Expenditure on research activities undertaken to acquire new knowledge is charged to the income statement as incurred. Expenditure on development activities incurred to create new products or improve existing products, or to develop and improve production processes, are capitalised if the innovations made result in technically feasible processes and/or commercially saleable products, on condition that there is an intention to complete the development project, sufficient resources are available for such completion, and the economic costs and benefits deriving from such innovations can be measured reliably. Capitalised expenditure includes both internal and external design costs (including payroll and materials used) and the portion of general production costs reasonably attributable to the projects concerned. Capitalised

development expenditure is treated as an intangible asset with a finite life and is amortised over the expected period of economic benefit, which is generally taken to be 5 years. Adjustments are recorded to reflect any impairment losses arising subsequent to initial recognition.
Other development expenditures are charged to the income statement in the year incurred.

Other intangible assets
Other intangible assets expected to generate measurable economic benefits are deemed to have a finite life and are recorded at cost. They are amortised on a straight-line basis over the period of expected economic benefit. This period is deemed to be 10 years for the Cannon trademark and between 5 and 10 years for the other assets. Adjustments are recorded to reflect any impairment losses arising subsequent to initial recognition.

Trade receivables

On initial recognition, trade receivables are stated at the fair value of the initial consideration, increased by the related transaction costs. Receivables normally fall due within one year and arise in the context of market interest rates that are not particularly high. Accordingly, if the receivables were generated as a result of the sales invoicing process, the invoiced amount is generally deemed to represent fair value. In the case of advances, fair value is represented by the amount of the cash movement or equivalent transaction.
Subsequent to initial recognition, receivables are measured at amortised cost, being their initially-recognised amount, net of any payments or services received and any impairment losses. Impairment losses are estimated by determining the allowance for doubtful accounts, as described in the accounting policies adopted for the preparation of the consolidated financial statements.
If the above criterion (nominal value) is not used at the time of initial recognition, amortised cost also takes account of the amortization accumulated using the effective interest method.
If the impairment loss decreases in a later period, the loss previously recorded is partly or fully reversed and the amount of the receivable is restored to an amount that does not exceed the amortised cost that would have been reported had the loss not been recognised.
Trade receivables sold with or without recourse, for which all the conditions established in IAS 39 for the derecognition of financial assets do not apply, continue to be reported in the statement of financial position, while receivables sold without recourse which satisfy all the conditions of IAS 39 for the derecognition of financial assets are eliminated from the financial statements at the time of disposal.

Other current and non-current financial assets

Held-to-maturity securities are initially measured at cost, as increased by the transaction costs incurred to acquire them. Subsequently, they are measured at amortised cost using the effective interest method, net of any impairment losses.
Financial assets held for trading are classified as current assets and measured at fair value, with the recognition of any gains or losses in the income statement.

Securities and other financial assets classified as available for sale are stated at their fair value. Gains and losses deriving from fair value measurement are recognised directly in equity, except for impairment losses and exchange rate losses which are charged to the income statement. The deferred gains and losses recognised in equity are released to the income statement at the time of sale.
Receivables maturing beyond one year that do not earn interest or which earn interest at below market rates are discounted using market rates.
The interest earned on financial assets, determined using the effective interest method, is credited to the income statement. The fair value of financial assets held for trading and those available for sale is represented by their market price at the reporting date.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a weighted-average cost basis and includes purchasing-related expenses, inclusive of indirect charges, and the costs of converting products and bringing them to their present location and condition. Net realisable value is determined with reference to market prices after deducting completion costs and selling expenses. Obsolete and slow-moving materials and finished products are written down with reference to their life-cycles and stock rotation statistics that take account of both past and forecast consumption.

Cash and cash equivalents

Cash and cash equivalents, recorded at nominal value, comprise cash on hand, bank and postal deposits and equivalent assets that can be liquidated in the veryshort-term (three months) and are not subject to significant fluctuations.

Impairment of assets

At each reporting date, the carrying amounts of the Group's intangible assets with an indefinite life, goodwill and intangible assets in progress are tested for impairment, on the basis described in the relevant paragraphs. With the exclusion of inventories and deferred tax assets and except as discussed in relation to property, plant and equipment, other assets are tested for impairment if events suggest that they may have incurred an impairment loss. If the test shows that the recognised assets or a cash-generating unit (CGU) have suffered an impairment, their recoverable amount is estimated and any excess amount is charged to the income statement. The impairment loss on a CGU is allocated first against the related goodwill, if any, and then against the other assets.
The recoverable amount of CGUs to which goodwill and intangible assets with an indefinite useful life have been allocated is verified by determining their value in use, being the present value of expected cash flows calculated using a rate that reflects the specific risks of the individual CGUs at the measurement date. In applying this method, management uses many assumptions including estimates for the future growth in sales, gross profit, operating costs, the growth rate for terminal values, capital investment, the changes in operating capital and the weighted-average cost of capital (discount rate), having regard for the specific risks associated with the asset or CGU. The expected cash flows used represent a reasonable estimate of the amount and

timing of future cash flows, based on the Group's medium-term plan which is updated annually and approved by the Parent Company's Board of Directors.
The recoverable value of investments in securities held to maturity and receivables recorded at amortised cost is represented by the present value of future cash flows, discounted using the effective interest rate determined at the time of initial recognition.
The recoverable amount of other assets is represented by the greater of their net selling price or their value in use, determined by discounting estimated future cash flows using a market rate.
Any impairment losses on securities held to maturity and receivables stated at amortised cost are reversed if any subsequent increases in their recoverable amount can be determined on an objective basis.
If the impairment loss associated with an individual asset cannot be determined, the Group identifies the impairment loss on of the CGU to which it belongs.

Share capital

Share capital, including the portion represented by savings shares, is stated at nominal value. The repurchase of treasury shares, stated at cost including related charges, is recorded as a change in equity; the nominal value of treasury shares is classified as a reduction of share capital, while the difference between cost and nominal value is deducted from the equity reserves. Dividends to shareholders are recognised as a liability in the year in which they are declared.

Financial liabilities

Financial liabilities are initially recognised at their fair value, net of related charges, and subsequently measured at amortised cost using the effective interest method. The difference between amortised cost and repayment value is recognised in the income statement over the life of the liability in proportion to the related interest accrued. Where hedge accounting applies, the financial liabilities hedged by derivative instruments are measured on a basis consistent with the hedging instrument.

Trade payables and other payables

Trade payables and other payables due on normal commercial terms, generally within one year, are recorded at the fair value of the initial consideration, increased by the related transaction costs. Following initial recognition, they are measured at amortised cost and any differences are reflected in the income statement over the life of the liability using the effective interest method. Trade payables and other payables, generally due within one year, are not discounted.

Employee benefits

Obligations for employee pensions and other benefits deemed to represent defined contribution plans are charged to the income statement on an accruals basis. The net liability to employees under defined benefit plans, principally represented by severance indemnities (TFR) in Italy and pension funds in the UK, is recorded to reflect the expected future value of the benefits to be received by employees and accrued by them in the current and prior years. These benefits are discounted and the resulting obligation is stated net of the fair value of any pension plan assets. The net obligation

is determined separately for each plan using actuarial assumptions and is calculated at least each year, or more frequently, with the support of an independent actuary using the projected unit credit method. The benefits are discounted using the rate for a bond with an AA rating and a maturity date that is consistent with the timing of the related payments to employees. The actuarial gains and losses arising subsequent to 1 January 2004, the IFRS transition date, are recorded in the income statement on a straight-line basis over the residual working lives of employees, to the extent that their cumulative net value exceeds by more than 10% the greater of: the total liability arising under defined benefit plans or the fair value of the assets servicing these plans (corridor method) at the end of the prior year.
As a result of the reform of supplementary pensions, the TFR accrued by Italian Group companies from 1 January 2007 is treated as defined contribution plan, while that accrued up to 31 December 2006 continues to be treated as a defined benefit plan.
In the event of business restructuring, the defined benefit plans are remeasured and any excess amounts identified are reflected in the income statement.

Stock options

The remuneration paid to employees and directors by the granting of stock options is charged to the income statement with a matching entry in equity. Such cost is determined with reference to the fair value of the options at the time they are granted. The cost of stock options, determined on the above basis, is charged to the income statement over the related vesting period. The fair value of the options at the grant date is determined using financial models that take account of the terms and conditions under which such options were granted.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover obligations, of a legal or constructive nature (under contracts or for other reasons), deriving from past events. Provisions for risks and charges are recognised if it is probable that the related obligations will crystallise and the amounts concerned can be estimated reliably. If the settlement of such obligations is expected to take place after more than one year and the effects of this are significant, they are discounted using a rate that takes account of the cost of money and the specific risks associated with the liabilities concerned. Any changes in the estimated amount of provisions are reflected in the income statement in the year identified. In the event of discounting, the increase in the provision due to the passage of time and the effect of any changes in the discounting rate are recorded as a financial expenses.
The principal liabilities covered by provisions are described below.

Warranties
Provisions for legally-required and voluntary warranty costs are recorded at the time the related products are sold. The provision is determined with reference to the call rate for the products still under warranty, the period of time between the sale of the finished products to distributors and the start of the warranty period (sell in - sell out), and the average unit cost of the work performed.

Restructuring
Provisions for restructuring are recognised at the time that a constructive obligation arises, such as when the Group informs interested parties about the restructuring plan

or makes sufficiently specific announcements that induce interested parties to believe that the related obligation will be met.

Onerous contracts
Provisions for onerous contracts are recognised when the expected benefits are lower than the related costs. They are recorded in the year in which the related losses become known and measurable.

Product disposal (WEEE)
The European Union adopted the WEEE (Waste Electrical and Electronic Equipment) Directive in December 2002, which makes manufacturers responsible at a European level for the recovery and disposal of waste products.
At the start, the Directive established different levels of responsibility, for products put on the market up to 13 August 2005 (old waste) and for those put on the market subsequently (new waste).
For the first (*old waste*), manufacturers were required to incur the related disposal costs on a collective basis. Compliance with this obligation involved:

- the creation of consortiums dedicated to the collection and disposal of waste products;
- the reallocation of the related consortium costs in proportion to the market share of each manufacturer in the year in which such costs were incurred;
- and the possibility of financing disposal activities, for a transitional period of 8 years (from 2005), by uplifting the selling prices of products by a so-called visible fee.

For the second (*new waste*), the principle of individual responsibility was applied, making each manufacturer responsible for the cost of disposing of the products that it put on the market.

On implementing the WEEE Directive, the regulations governing the treatment of new waste in numerous EU countries maintained the principle of individual responsibility established in the Directive, but allowed compliance via a system of collective disposal using a mechanism that is essentially consistent with that applied for the disposal of old waste. Accordingly, manufacturers have been allowed to delegate the collection and disposal of new waste to consortiums, that allocate their costs using criteria in line with those mentioned above in relation to old waste. In Italy, a Decree approved during 2010 finally established how to introduce individual responsibility for the collection and disposal of new waste, allowing manufacturers to comply with the obligations by registering with a collective system. The Parent Company has taken advantage of this opportunity by electing to manage its collection and disposal activities via the collective system operated by the ECODOM consortium.
With regard to new waste, certain Group companies operating within the EU do not follow the general practice described above, since local regulations governing their individual responsibility only allow compliance on an individual basis with the requirement to collect and dispose of waste. Manufacturers operating in the countries concerned therefore make a specific annual provision for the estimated future cost of collecting and disposing of the products sold by them. With regard to such countries, the Group estimates the required provision by reference to the visible fee charged for each category of products, as reduced to reflect a steady improvement in the efficiency of the product disposal process and a rise in the proportion of materials recovered from

this process. The provision recorded is discounted over a period of time equal to the life cycles of the products concerned.

Other provisions
Provisions are recorded for other future charges deriving from court cases, disputes and other obligations when the requirements for the recognition of a liability are met, being in the year in which such charges become known and measurable reliably.

Income

Revenue
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer. Revenue from the sale of goods is generally recognised when they are handed over to the transport firms which, under the terms of current contracts, marks the time when the above risks and rewards are transferred. Revenue is not recognised if its recoverability is considered to be uncertain.
Revenue is stated net of discounts, allowances, rebates, returns and expenses incurred on promotional actions that, in substance, represent commercial discounts. This caption does not include proceeds from the disposal of raw materials and scrap.
Revenue from services is recorded in the income statement based on their stage of completion at the reporting date, determined with reference to the work performed or, alternatively, to the percentage of completion with respect to the total.

Dividends
Collectible dividends are recognised as revenue when they are declared at the related shareholders' meeting.

Grants
Grants from the Government or other bodies, recognised in the form of direct payments or tax benefits, are recognised as deferred income in the statement of financial position, among other liabilities, at the time their collection becomes reasonably certain and when compliance with all the requirements to obtain them is assured. They are recognised as revenue in the income statement on a systematic basis in order to match the accounting recognition of the costs for which such grants were made (capital grants).
Operating grants are taken to the income statement at the time the requirements for their recognition are met, and when it becomes certain that they will be recognised in order to offset the eligible costs.

Expenses

The costs of purchasing goods and services are recognised when the amounts concerned can be determined reliably. The costs of purchasing goods are recognised on delivery which, under the terms of current contracts, marks the time when the related risks and rewards are transferred. The costs of services are recognised on an accruals basis with reference to the time they are received.

Cost of sales
Cost of sales includes all the costs of manufacturing finished products, comprising raw materials, the purchase of components, the cost of direct and indirect, internal and external processing, industrial depreciation, all production-related charges, and the

provisions for costs to be incurred in relation to products sold, as well as research costs and any development costs that are not capitalised.

Selling, distribution, general and administrative expenses
Selling, distribution, general and administrative expenses comprise all the costs incurred to commercialise products and provide services (except for the expenses incurred on promotional actions that, in substance, represent commercial discounts and are deducted from Revenue), the costs of distributing products to the Group's warehouses and to customers, general and administrative expenses and related charges, as well as all the other non-financial expenses that are not part of core business.

Leases and rentals
Rentals and payments made under operating leases are expensed on an accruals basis to match recognition of the economic benefits deriving from the rented or leased assets. If such economic benefits are less than the related charges, falling into the category of onerous contracts, the difference between the discounted charges and benefits is recognised as a cost in the income statement.
Finance leases give rise to the recognition of depreciation on the assets recognised and of financial expenses representing interest on the loan obtained under the lease.
These financial expenses are spread over the term of the leases in order to apply a constant interest rate to the remaining balance of the liability.

Interest expense, interest income, translation differences and other net financial expenses
These captions include the interest payable on all forms of borrowing, cash discounts allowed to customers for early payments with respect to the agreed terms of sale, financial income from cash and cash equivalents, and exchange rate gains and losses, as well as the economic effects recorded in the income statement of measuring the transactions that hedge interest rate and currency risks.

Income and expense from associates

The profits (losses) from associates include the effects deriving from application of the equity method and the gains and losses arising on disposal of equity interests in these companies.

Income tax

Income tax is recognised in the income statement, except for that relating to transactions recognised directly in equity, in which case the related effectis also recognised in equity. Income tax includes current taxes and the changes in deferred tax assets and liabilities. Current taxes are based on an estimate of the amount that Indesit Company expects will be paid, determined by multiplying the taxable income of each Group company by the tax rate in force at the reporting date in each of the countries concerned.
Deferred tax assets and liabilities are recognised using the liability method, considering all the temporary differences that emerge between the tax value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred

tax assets and liabilities are not recognised in respect of goodwill or those assets and liabilities that do not affect taxable income. Income taxes deriving from the distribution of dividends are recognised at the time the related liability is recognised.
The recoverability of deferred tax assets is verified at each reporting date and any amounts for which recovery is no longer likely are charged to the income statement.
Deferred tax assets and liabilities are recognised using the tax rates expected to be in force in the countries concerned for the tax periods in which the related temporary differences are forecast to reverse or expire.
Deferred tax assets are recognised to the extent it is probable that sufficient future taxable income will be available to recover them.
Current and deferred tax assets and liabilities are offset when due to the same tax authority, if the periods of reversal are the same and a legal offsettingright of offset exists.
Deferred tax liabilities are recognised in relation to the distributable profits of subsidiaries, if there is an intention to distribute such profits.

Non-current assets held for sale and discontinued operations

Assets held for sale are measured at the lower of their carrying amount at the time their sale was decided or their fair value, net of estimated selling costs. All costs, income and impairment losses , if any, are recorded in the income statement and reported separately.
Operating activities that represent a separate major line of business or geographical area of operations are classified separately in the income statement and the statement of financial position at the time of disposal, or when they meet the conditions for classification as assets held for sale.

Earnings per share

Basic earnings per share is calculated with reference to the net profit for the year of the Group and the weighted average number of shares of Indesit Company S.p.A. outstanding during the year. Treasury shares are excluded from this calculation. Diluted earnings per share is determined by adjusting the basic earnings per share to take account of the theoretical conversion of all potential shares, being all financial instruments that are potentially convertible into ordinary shares, with a diluting effect. The Group's stock option plans represent a category of potential instruments with a diluting effect.

5.2 Amendments and revised accounting standards applied for the first time by the Group

On 6 May 2010, the IASB issued *Improvements to IFRS*. The accounting standards and related improvements are presented below.

IAS 1 – Presentation of Financial Statements. The improvement requires the changes in each component of equity to be reconciled in the notes or on the face of the financial statements.

IAS 34 – Interim Financial Reporting. The improvement clarifies the disclosures required in relation to: changes during the period with an effect on the fair value of financial instruments; transfers between levels in the fair value hierarchy used to measure financial instruments; changes in the classification of financial instruments as a result of changes in their use and their purpose; changes in contingent assets and liabilities.

5.3 Amendments and interpretations applicable from 1 January 2010 but not relevant to the Group

On 6 May 2010, the IASB issued *Improvements to IFRSs*. The accounting standards and related improvements are presented below.

IFRS 1 - First-time Adoption of International Financial Reporting Standards. The improvement exempts first-time adopters from disclosing certain information about the changes in accounting policies in both their annual and interim financial statements.

IFRIC 13 – Customer Loyalty Programmes. The improvement clarifies that if the fair value of award credits is measured with reference to the amount for which they could be sold separately, such value must also take account of expected losses and any discounts or incentives that may be offered to customers that have not yet earned the awards concerned.

IFRS 3 – Business Combinations. The improvement clarifies that the measurement of non-controlling interests at fair value, or in proportion to their interest in the net identifiable assets of the acquired entity, is limited solely to instruments giving them current rights equivalent to those of ordinary shares including, in particular, the right to obtain a proportionate share of its net assets on liquidation. All other components of the non-controlling interests (for example, preference shares or warrants issued to third parties by the acquired entity) must be measured at fair value, or in accordance with the applicable accounting standards.
The improvement also provides accounting guidance on how to replace the acquired entity's share-based incentive plans with those of the acquirer.

In addition, the updated version of IFRS 3 introduced changes regarding:

- the rules for the step acquisition of subsidiaries;
- the possibility of measuring at fair value any non-controlling interests purchased in a partial acquisition;
- the charge to the income statement of all transaction costs associated with the business combination;
- the recognition at the acquisition date of the liability for contingent considerations.

5.4 New accounting standards and amendments not applicable in 2010 and not adopted early

On 28 January 2010, the IASB issued *Amendment to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* in order to exempt first-time adopters from the additional disclosures required by the amendment to IFRS 7 – fair value hierarchy issued on 5 March 2009.

On 6 May 2010, the IASB issued *Improvements to IFRS*. The accounting standards and related improvements are presented below.

IFRS 7 – Financial Instruments: Disclosures. The improvement relates to the interaction between the qualitative and quantitative disclosures required by the standard regarding the nature and extent of the risks inherent in the financial instruments concerned. In addition, disclosure is no longer required about financial assets that have matured, but which have been renegotiated or written down, or about the fair value of collateral.

IAS 21 – The Effects of Changes in Foreign Exchange Rates, IAS 28 – Investments in Associates, IAS 31 – Interests in Joint Ventures. The improvements relate to the prospective application of amendments made in 2008 to IAS 27 - Consolidated and Separate Financial Statements.

On 28 September 2010, the IASB published a document entitled *"Conceptual Framework for IFRS"*. This is the result of the first of eight stages in the joint project between the IASB and the FASB to revise and implement the Framework underlying the international accounting standards.
In particular, the first stage of the project produced the chapters entitled "The Objective of General Purpose Financial Reporting" and "Qualitative Characteristics of Useful Financial Information".
The second stage of the project will concentrate on the types of information considered useful by (current and potential) investors, providers of finance and interested parties in general.
The final stage will examine what constitutes a reporting entity for the purposes of financial reporting.

On 8 December 2010, the IASB issued an IFRS *Practice Statement: Management Commentary*. The IASB defines the *Management Commentary* as a detailed account of the context within which the entity's financial position, financial performance and cash flows may be interpreted. It provides management with an opportunity to explain its objectives and its strategies for achieving them.

In addition, the IASB has started a process for the replacement of IAS 39, concerning the accounting treatment of financial assets and liabilities.
The objective of the project to replace IAS 39, known as *"Relevant project 2: Financial Instruments/IAS39"*, is to improve the decision usefulness of financial statements for users by simplifying requirements for the classification and measurement of financial instruments.

Relevant project 2 comprises three phases:

- classification and measurement of financial instruments;
- impairment methodology;
- hedge accounting.

On 28 October 2010, the IASB issued IFRS 9, being the final result of the first phase. The results of the second and third phases, to be included in the new standard, are expected to become available during 2011.

IFRS 9 eliminates the classification of financial assets into four categories in the statement of financial position: *held for trading* (with measurement at fair value through profit or loss); *held to maturity* (with measurement at amortised cost), *loans and receivables* (with measurement at amortised cost) and *loans and receivables* (with measurement at amortised cost), establishing just two methods of measurement:

- fair value through profit or loss;
- amortised cost.

Amortised cost will only be used if two requirements are met:

- the objective of the entity's business model is to hold financial instruments in order to benefit from the contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All equity instruments must be measured at fair value since, because they do not normally generate cash flows, they are not compatible with the amortised cost criterion.

In addition, there are two important changes relating to:

- identification of changes in fair value attributable to changes in the credit risk of the liability;
- elimination of the option to measure financial liabilities at cost if they consist of derivatives that envisage the delivery of unquoted equity instruments.

IFRS 9 must be applied from 1 January 2013.

On 7 October 2010, the IASB issued *Amendments to IFRS 7.* These amendments will apply from 1 July 2011. Earlier adoption is allowed.
Additional disclosures are required if financial assets are transferred at particular times (for example, close to the end of the financial year).
The amendments to IFRS 7 specify that the disclosure requirements apply to total or partial transfers of financial assets, if the entity:

- transfers its contractual rights to receive the cash flows from a financial asset;
- retains its contractual rights to receive the cash flows from a financial asset, but gives a contractual undertaking to pay over such cash flows to another beneficiary.

On 20 December 2010, the IASB issued a document entitled *“Deferred Tax: Recovery of Underlying Assets (proposed amendments to IAS 12)”*.
The amendments introduce the presumption that deferred tax assets will be recovered entirely from the sale of the underlying assets, unless there is clear evidence that they may be recovered from use.
In addition to investment property, this presumption also applies to underlying assets consisting of property, plant and equipment, and intangible assets recorded or measured at fair value.
As a consequence of these amendments, SIC 21 - Income Taxes - Recovery of revalued non-depreciable assets will be withdrawn.
These amendments must be applied on a retrospective basis in the accounting periods that begin on or after 1 January 2012. Earlier adoption is allowed.

On 20 December 2010, the IASB issued a document entitled *"Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)"*.
The purpose of removing specific dates from IFRS 1 is to allow first-time adopters of IAS/IFRS to apply the simplifications envisaged for entities that made the transition to international accounting standards in 2005. With regard to entities that present IFRS financial statements for the first time after being prevented from doing this by a period of hyperinflation, the amendments envisage an exemption from the retrospective application of the IFRS on the equivalent of first-time adoption, allowing such entities to use fair value to replace the cost of all the assets and liabilities held.

6. Reclassifications

In order to improve the presentation of the financial statements, commencing from 1 January 2010 certain costs (mainly relating to the central technical departments) have been reclassified to General and administrative expenses from Cost of sales. The 2009 comparative information has also been reclassified accordingly. These reclassifications did not affect the Group's operating profit (EBIT), profit for the year or equity.
In addition, again from 1 January 2010, the scope of the Total revenue caption has been modified in order to improve presentation. Revenue from assisted replacements has been classified as Revenue from the sale of finished products, while revenue from accessories has been classified as Revenue from services. As a consequence, the comparative data at 31 December 2009 has also been reclassified.
With regard to the segment information, from 1 January 2010 certain costs previously allocated centrally (*corporate*) have been classified to geographical responsibility centres. As a consequence, the comparative data at 31 December 2009 has also been reclassified.
With regard to equity, the presentation of reserves and their nature has been improved from 1 January 2010 by reclassifying the undistributed earnings accumulated prior to 2008 from Other reserves to Retained earnings. As a consequence, the comparative data at 31 December 2009 has also been reclassified.

7. Changes in the scope of consolidation

Wuxi Indesit Domestic Appliance Technology Co. Ltd, a research and development company, has been consolidated on a line-by-line basis since June 2010.

In addition, in compliance with SIC 12: Consolidation - Special purpose entities, FCT Cirano and Olympia Finance S.r.l. are now included within the scope of consolidation since they are vehicle companies for securitisation transactions.

Lastly, Wuxi Indesit Home Appliance Co. Ltd was put into liquidation in December 2010 and, consequently, is no longer included within the scope of consolidation.

These changes in the scope of consolidation have not significantly altered the comparability of amounts with respect to prior periods.

8. Operating segments

The principal organisational unit used by the top management decision makers for the

performance evaluation and strategic decision-making purposes is the Geographical Area.
In order to apply IFRS 8, the following Geographical Areas have been identified as representative of the Group's operating segments:

- **Western Europe.** This includes: Italy, the UK and Ireland, France, Spain, Portugal, Germany, Austria, Switzerland, Benelux, Scandinavia and the Baltic countries;
- **Eastern Europe.** This includes: Russia and the Asian Republics, Poland, Ukraine, Moldova, Czech Republic, Hungary, Romania, Greece, Turkey, Bulgaria and the Balkans;
- **International.** This includes all other non-European markets.

The composition and aggregation of the above geographical areas has been modified during 2010. As a consequence, the comparative data at 31 December 2009 has also been reclassified.

Segment revenue is calculated based on the final destination of the products and segment results taking account of all expenses that can be directly allocated to the geographical areas concerned. The costs not allocated to geographical areas include non-recurring items principally associated with the restructuring of production facilities and corporate costs. Financial income and expenses and taxation are not allocated to geographical areas. Except for trade receivables, assets, liabilities and investments are not allocated to geographical areas and are examined by senior management at Group level. The trade receivables allocated to the geographical areas reviewed by the top managers for performance evaluation purposes solely comprise those deriving from the sale of finished products. Receivables deriving from the provision of services, advances to suppliers and the effects of any without-recourse disposals of receivables are not allocated to geographical areas. The following tables present the Group's operating information analysed by geographical area based on the final destination of the product.

Analysis by operating segment for the year 2010

(million euro)

	Western Europe	Eastern Europe	International	Costs not allocated	Total
Total revenue	1.795,4	930,4	153,4	0,0	2.879,2
Cost of sales	(1.260,2)	(668,7)	(106,7)	(48,8)	(2.084,4)
Selling and distribution expenses	(289,3)	(135,7)	(24,0)	(37,3)	(486,3)
General and administrative expenses	(33,9)	(18,9)	(1,8)	(70,1)	(124,6)
Segment results	**212,0**	**107,2**	**20,9**	**(156,1)**	**183,8**
Interest expenses					(25,5)
Interest income					1,7
Exchange rate differences and other financial expenses net					(10,7)
Share of profit (losses) of associates					0,1
Income taxes					(59,7)
Profit attributable to owners of the company					***89,7***

Analysis by operating segment for the year 2009

(million euro)

	Western Europe	Eastern Europe	International	Costs not allocated	Total
Total revenue	1.736,7	747,9	128,4	(0,0)	2.613,0
Cost of sales	(1.267,3)	(554,8)	(93,5)	(58,8)	(1.974,3)
Selling and distribution expenses	(279,4)	(89,8)	(21,1)	(25,1)	(415,4)
General and administrative expenses	(31,3)	(16,3)	(1,2)	(56,0)	(104,7)
Segment results	**158,7**	**87,0**	**12,7**	**(139,9)**	**118,6**
Interest expenses					(30,3)
Interest income					1,6
Exchange rate differences and other net financial expenses					(23,1)
Share of profit (losses) of associates					0,0
Income taxes					(33,3)
Profit attributable to owners of the company					***33,5***

Trade receivables by geographical area

(million euro)	**Dec 31, 2010**	% of rolling sales	**Dec 31, 2009**	% of rolling sales
Western Europe	**238,2**	13,3%	**193,8**	11,2%
Eastern Europe	**164,5**	17,7%	**108,5**	14,5%
International Area	**25,8**	16,8%	**26,6**	20,7%
Not allocated trade receivables	**69,6**	-	**62,6**	-
Total	**498,1**	17,3%	**391,5**	15,0%

9. Notes to the consolidated financial statements

CONSOLIDATED INCOME STATEMENT

9.1. Revenue

Revenue is analysed as follows:

(million euro)	2010	2009
Revenue from sale of finished products	2.656,0	2.410,6
Revenue from provision of services	223,3	202,4
Total Revenue	**2.879,2**	**2.613,0**

The increase in revenue from the sale of finished products (+10.2%) with respect to the prior year was mainly due to growth in the volume of sales (7.1%), as well as to positive exchange rate movements (3.1%). The price/mix was essentially the same as in 2009.

In addition to the analysis of revenue by geographical area presented in note 8 on the Group's operating segments, revenue from the sale of finished products is analysed below by brand, product line and sector (free standing and built-in).

(million euro)	2010	2009
Indesit	1.295,9	1.158,8
Hotpoint Ariston	1.283,4	1.175,3
Scholtes	45,4	41,0
Other brands	31,2	35,4
Total Revenue	**2.656,0**	**2.410,6**

(million euro)	2010	2009
Cooking	583,6	552,5
Cooling	858,5	758,1
Washing	1.213,8	1.100,0
Total Revenue	**2.656,0**	**2.410,6**

(million euro)	2010	2009
Free Standing	2.062,9	1.858,0
Built In	593,1	552,6
Total Revenue	**2.656,0**	**2.410,6**

Revenue from the sale of finished products under the two principal brand names (Indesit and Hotpoint) represent about 97% of the Group's total revenue.

All brands are owned by the Group and are not exposed to risks associated with reliance on licences for the use of brands owned by third parties, or on licences granted by third parties for the use of its own brands.

Revenue from the provision of services relates to services provided to end consumers (after-sales support), the sale of extended warranties beyond the legal minimum period and services provided to customers (transport expense recharged). Revenue from services (technical support, warranty extensions) amounted to 186.5 million euro (172.4 million euro); the increase was mainly due to growth in the sales of extended warranties. Transport expenses recharged amounted to 36.8 million euro (30.0 million euro).

9.2. Cost of sales

Cost of sales comprises the cost of raw materials and components, external processing, direct and indirect labour, the depreciation of property, plant and equipment, internal movements and logistics, inventory write-downs, provisions for product warranty and provisions for risks and charges, as well as research costs, development costs that are not capitalised and all other production overheads.

Cost of sales is analysed by type of expenditure in the following table.

(million euro)	**2010**	**2009**
Change in the inventories of finished products	23,6	(74,2)
Purchase of raw materials, components, materials and change in inventories	(1.563,2)	(1.357,0)
Services	(140,3)	(123,7)
Payroll costs	(285,0)	(258,6)
Depreciation and amortization	(103,5)	(112,4)
Other expenses	(44,3)	(76,3)
Other revenue	28,2	27,7
Cost of sales	**(2.084,4)**	**(1.974,3)**

The cost of sales absorbed 72.4% of revenue, compared with 75.6% in 2009.
This lower incidence with respect to revenue was principally due to production cost efficiencies and the lower cost of purchasing raw materials, finished products and transformation services.

The reduction in the Other expenses caption principally reflects the lower restructuring charges, lower provisions and lower losses on receivables.

Research costs totalling 7.5 million euro (8.8 million euro) were charged to the income statement.

The net non-recurring items included in cost of sales totalled 40.0 million euro (42.4 million euro). Further information is provided in note 9.5.

9.3. Selling and distribution expenses

Selling and distribution expenses comprise all the costs incurred to commercialise products and provide services, as well as the costs of distributing products to the Group's warehouses and to customers. Selling and distribution expenses are analysed by type in the following table.

(million euro)	**2010**	**2009**
Change in the inventories of finished products	(1,4)	-
Purchase of raw materials, components, materials and change in inventories	(8,1)	(8,0)
Services	(345,9)	(268,3)
Payroll costs	(101,6)	(95,3)
Depreciation and amortization	(7,6)	(13,0)
Other expenses	(29,5)	(38,5)
Other revenue	7,9	7,6
Selling and distribution expenses	**(486,3)**	**(415,4)**

The principal services consisted of distribution and storage expenses of about 216.5 million euro (183.0 million euro).

The rise in distribution expenses was mainly due to the higher volume of sales and the increase in customs duties following growth in Russia's importation of European products.

The increase in selling expenses reflects the rise in advertising costs by 36.9 million euro, in promotional expenses by 2.7 million euro and in overhead costs by 4.5 million euro.

Other costs mainly comprise provisions, the writedown of receivables and taxes other than income taxes.

The net non-recurring charges included in selling and distribution expenses totalled 3.0 million euro (8.2 million euro). Further information is provided in note 9.5.

9.4. General and administrative expenses

General and administrative expenses include administrative costs and expenditure not directly attributable to production or sales units or to research and development. General and administrative expenses are analysed by type in the following table.

(million euro)	**2010**	**2009**
Purchase of raw materials, components, materials and change in inventories	(0,1)	(2,0)
Services	(48,7)	(46,8)
Payroll costs	(61,3)	(51,7)
Depreciation and amortization	(14,8)	(15,6)
Other expenses	(17,8)	(10,0)
Other revenue	18,1	21,5
General and administrative expenses	**(124,6)**	**(104,7)**

The net non-recurring charges included in general and administrative expenses totalled 1.0 million euro (income of 0.2 million euro). Further information is provided in note 9.5.

9.5. Operating profit

As required by IAS 1, operating profit is analysed by nature in the following table.

(million euro)	**2010**	**2009**
Revenue	2.879,2	2.613,0
Change in the inventories of finished products	22,2	(74,2)
Purchase of raw materials, components, materials and change in inventories	(1.571,5)	(1.366,9)
Services	(535,0)	(438,8)
Payroll costs	(447,9)	(405,5)
Depreciation and amortization	(126,0)	(140,9)
Other income and expenses	(37,3)	(68,1)
Operating profit	**183,8**	**118,6**

The purchasing costs reflected in the consumption of raw materials, components and consumables caption include 207.9 million euro (179.5 million euro) for steel and aluminium, 205.5 million euro (163.5 million euro) for plastics, 1,056.3 million euro (920.0 million euro) for components and outsourced production, and 101.9 million euro (103.9 million euro) for other materials.

Payroll costs were 10.4% higher than in the prior year. This increase was mainly due to movements in the exchange rates of the principal countries in which most of the Group's foreign production is located (Russia, Poland and Turkey) and, with regard to Italy, to the relief from costs in 2009 envisaged by Italian legislation that was not repeated to the same extent in 2010 (e.g. the relief granted by Law 103/2008 for areas affected by the 1997 earthquake).

The number of employees is 16,060 (16,294). Employment is analysed as follows:

	2009	**2008**
Executives	138	129
Clerical staff	5.115	5.062
Factory workers	10.807	11.103
Total	**16.060**	**16.294**

The change in inventories is analysed by nature below:

(million euro)	**2010**	**2009**
Raw materials, components and semi-finished products	15,6	(17,8)
Finished products	22,2	(74,2)
Total	**37,7**	**(92,0)**

As required by Consob[18] regulations, non-recurring items are detailed in the following tables. They mainly comprise restructuring charges.

[18] Consob Communication DEM/6064293 dated 28 July 2006

(million euro)	**2010**	**2009**
Redundancies	(20,5)	(38,2)
Charges for disposal of assets in industrial areas involved in restructuring plans	(21,0)	(17,3)
Gain/loss on disposal of not-strategic assets	(0,1)	0,2
Tax and social security relief earthquake	-	6,5
Provisions for legal disputes	(2,6)	(1,7)
Other non-recurring income	0,1	0,1
Total	**(44,0)**	**(50,4)**

The cost of redundancy incentives principally includes charges relating to the closure of the Brembate and Refrontolo factories in Italy.
The cost of closing activities in certain industrial areas mainly reflects the impairment losses on property, plant and equipment and other costs associated with factory closures.
The provision for legal disputes relates to outstanding disputes consequent to restructuring activities.

Non-recurring items included in cost of sales, selling and distribution expenses, and general and administrative expenses are detailed below.

(million euro)	**Cost of sales**	**Selling and distribution expenses**	**General and administrative expenses**	**2010**
Redundancies	(18,0)	(1,6)	(0,8)	**(20,5)**
Charges for disposal of assets in industrial areas involved in restructuring plans	(19,6)	(1,4)	-	**(21,0)**
Losses on disposal of assets	(0,1)			**(0,1)**
Provisions for disputes	(2,3)	-	(0,2)	**(2,6)**
Other non-recurring income	0,1			**0,1**
Total	**(40,0)**	**(3,0)**	**(1,0)**	**(44,0)**

(million euro)	**Cost of sales**	**Selling and distribution expenses**	**General and administrative expenses**	**2009**
Redundancies	(31,5)	(6,1)	(0,6)	**(38,2)**
Charges for disposal of assets in industrial areas involved in restructuring plans	(17,2)	(0,1)	-	**(17,3)**
Gains on disposal of assets	0,2	-	-	**0,2**
Tax and social security relief earthquake	5,3	0,4	0,8	**6,5**
Provisions for disputes	-	(1,7)	-	**(1,7)**
Other non-recurring income	0,8	(0,7)	-	**0,1**
Total	**(42,4)**	**(8,2)**	**0,2**	**(50,4)**

Attachment 3 (Consolidated income Resolution no. statement for the year ended 31 December 2010, prepared pursuant to Consob decision 15519 dated 27 July 2006 and Consob Communication DEM/6064293 dated 28 July 2006) summarises the overall effect of non-recurring expenses on the consolidated income statement. Non-recurring expenses have an immediate cash flow effect, except for the redundancy costs recorded in accordance with IAS 37 which, on average, are incurred over the twelve months following accounting recognition; the provisions for risks often not possible to determine when they crystallise, and impairment losses which do not have a cash flow effect.

9.6. Interest income, interest expense, exchange differences and other net financial charges

Interest income is analysed below:

(million euro)	2010	2009
Interest income	1,7	1,2
Interest income on UK pension scheme	0,0	0,4
Interest income	**1,7**	**1,6**

Interest expense comprises:

(million euro)	2010	2009
Bond interest	(4,4)	(7,6)
Interest on medium/long-term bank loans	(0,4)	(0,7)
Interest on short-term borrowing	(8,9)	(12,1)
Other interest expense	(3,9)	(1,7)
Mark-to-market derivatives related to loans	(4,2)	(6,0)
Interest expense on pension funds and severance indemnities UK	(3,8)	(2,3)
Interest expense	**(25,5)**	**(30,3)**

The reduction in interest expense principally reflects a reduction in average net financial indebtedness by about 212 million euro.

Exchange differences and other net financial expenses are analysed below:

(million euro)	2010	2009
Realised exchange rate fluctuations, net	(12,0)	(19,4)
Unrealised exchange rate fluctuations, net	4,7	(0,4)
Commissions	(3,4)	(3,3)
Exchange rate differences and other financial expenses	**(10,7)**	**(23,1)**

The Group has benefited from lower net realised exchange differences due to favourable movements in the exchange rates of currencies other than the functional currency used for its transactions including, in particular, the Polish zloty.

Net unrealised exchange rate gains were higher as a result of measuring the derivatives that hedge transaction risk.

9.7. Income tax

(million euro)	2010	2009
Current taxes	(63,6)	(58,3)
Change in deferred tax assets/liabilities, net	3,9	25,0
Total	**(59,7)**	**(33,3)**

Current income taxes include IRAP of 5.7 million euro (5.0 million euro).
Taxation represents 39.9% (49.9%) of profit before taxation. The effective tax rate for the year has been significantly affected by the derecognition of certain deferred tax assets recorded in relation to carried-forward tax losses that are no longer deemed to be recoverable in the foreseeable future.

The following table reconciles the theoretical tax charge, determined using the current tax rate in Italy, with the tax charge reported in the consolidated financial statements.

(million euro)	2010	2009
Profit before tax	149,4	66,8
Tax rate	27,5%	27,5%
Theoretical tax charge	(41,1)	(18,4)
Effective tax charge	(59,7)	(33,3)
Difference	**(18,6)**	**(15,0)**
Effects relating to the parent company and companies based in Italy		
IRAP	(5,7)	(5,0)
Taxation of dividends to be distributed by subsidiaries	(2,6)	(6,6)
Prior year items and other undeductible expenses	(1,2)	-
Effect of untaxed gains on disposal of investments	(0,4)	-
Effect of parent company defered tax asset on losses	(5,6)	-
Other effects	(2,7)	2,0
Total effects relating to the Parent Company and companies based in Italy	**(18,2)**	**(9,6)**
Effects relating to companies operating in other countries and tax differentials with respect to companies based in Italy	**(0,4)**	**(5,3)**
Total differences	**(18,6)**	**(15,0)**

9.8. Results attributable to non-controlling interests

The results attributable to non-controlling interests relate to Fabrica Portugal Sa.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

9.9. Property, plant and equipment

Investment during 2010 amounted to 85.2 million euro (45.4 million euro).

The net carrying amount of industrial buildings includes 3.0 million euro (at historical exchange rates) deriving from recognition of their fair value on the acquisition of GDAH in 2002.

The depreciation charge and impairment lossesfor the year were 92.5 million euro (100.7 million euro). Impairment charges of 9.0 million euro relate to land and buildings at the Brembate, Refrontolo and Peterborough factories, which are currently being restructured. These charges were determined, with reference to independent professional appraisals, in order to align the net carrying amounts of these assets with their recoverable amount.

Outstanding orders placed with the suppliers of property, plant and equipment total 6.7 million euro (27.8 million euro). They relate to the improvement of industrial buildings and the completion of lines as part of new projects at the Albacina, Carinaro and Comunanza factories in Italy.

Advances to the suppliers of property, plant and equipment not yet delivered or constructed amount to 0.3 million euro (none in the prior year).

Net disposals and retirements, 1.9 million euro (6.5 million euro), mainly relate to the retirement of assets at factories affected by restructuring.

Assets under construction, 53.8 million euro (27.1 million euro), principally relate to investment in Italy, Russia and Poland for the launch of new products, as well as to plant and machinery needed in relation to the reorganisation of the Group's industrial presence in Italy.

The ownership of property is not restricted by liens and charges.

(million euro)	**Dec 31, 2010**	**Dec 31, 2009**
Land and buildings	271,9	264,5
Plant and machinery	221,3	236,7
Industrial and commercial equipment	68,5	77,3
Assets under construction	53,8	27,1
Other assets	21,7	24,9
Total property, plant and equipment	**637,2**	**630,4**

The changes in historical cost are presented below:

(million euro)	Dec 31, 2009	Additions	Impairment losses	Decreases	Exchange rate differences	Reclassifications	Dec 31, 2010
Land and buildings	404,7	8,3	(11,7)	(10,2)	10,7	15,2	417,1
Plant and machinery	705,7	23,5	(0,0)	(10,5)	6,5	(4,2)	721,1
Industrial and commercial equipment	406,2	8,5	-	(14,0)	1,7	7,6	409,9
Assets under construction	27,1	43,6	-	(0,1)	2,2	(18,9)	53,8
Other assets	112,6	1,3	(0,0)	(21,9)	1,2	(0,4)	92,8
Total	**1.656,3**	**85,2**	**(11,7)**	**(56,8)**	**22,3**	**(0,7)**	**1.694,7**

(million euro)	Dec 31, 2008	Additions	Impairment losses	Decreases	Exchange rate differences	Reclassifications	Dec 31, 2009
Land and buildings	398,7	4,5	-	(1,6)	1,8	1,4	404,7
Plant and machinery	722,9	16,4	-	(35,9)	6,8	(4,5)	705,7
Industrial and commercial equipment	423,2	7,2	-	(34,4)	(2,9)	13,1	406,2
Assets under construction	41,4	16,5	-	(0,4)	(3,6)	(26,9)	27,1
Other assets	122,0	0,9	-	(6,4)	1,5	(5,4)	112,6
Total	**1.708,3**	**45,4**	**-**	**(78,7)**	**3,6**	**(22,4)**	**1.656,3**

The change in accumulated depreciation is presented below:

(million euro)	Dec 31, 2009	Depreciation	Impairment losses	Decreases	Exchange rate differences	Reclassifications	Dec 31, 2010
Land and buildings	(140,2)	(13,1)	3,3	9,2	(4,6)	0,3	(145,2)
Plant and machinery	(469,0)	(38,2)	(2,5)	10,3	(2,2)	1,9	(499,8)
Industrial and commercial equipment	(329,0)	(25,8)	(0,0)	13,6	2,1	(2,2)	(341,4)
Other assets	(87,7)	(4,4)	(0,0)	21,7	(1,0)	0,3	(71,1)
Total	**(1.026,0)**	**(81,5)**	**0,8**	**54,8**	**(5,8)**	**0,2**	**(1.057,5)**

(million euro)	Dec 31, 2008	Depreciation	Impairment losses	Decreases	Exchange rate differences	Reclassifications	Dec 31, 2009
Land and buildings	(127,9)	(13,1)	-	1,5	(0,7)	0,0	(140,2)
Plant and machinery	(461,0)	(51,4)	-	35,3	(1,3)	9,3	(469,0)
Industrial and commercial equipment	(337,0)	(31,4)	-	33,8	(0,1)	5,8	(329,0)
Other assets	(89,6)	(4,8)	-	1,6	(1,5)	6,6	(87,7)
Total	**(1.015,5)**	**(100,7)**	**-**	**72,2**	**(3,7)**	**21,7**	**(1.026,0)**

The change in net carrying amount is presented below:

(million euro)	Dec 31, 2009	Additions	Depreciation and impairment losses	Decreases	Exchange rate differences	Reclassifications	Dec 31, 2010
Land and buildings	264,5	8,3	(21,5)	(1,0)	6,0	15,5	271,9
Plant and machinery	236,7	23,5	(40,7)	(0,2)	4,3	(2,3)	221,3
Industrial and commercial equipment	77,3	8,5	(25,8)	(0,4)	3,7	5,3	68,5
Assets under construction	27,1	43,6	-	(0,1)	2,2	(18,9)	53,8
Other assets	24,9	1,3	(4,4)	(0,2)	0,2	(0,1)	21,7
Total	**630,4**	**85,2**	**(92,5)**	**(1,9)**	**16,5**	**(0,4)**	**637,2**

(million euro)	Dec 31, 2008	Additions	Depreciation and impairment losses	Decreases	Exchange rate differences	Reclassifications	Dec 31, 2009
Land and buildings	270,8	4,5	(13,1)	(0,1)	1,0	1,4	264,5
Plant and machinery	261,9	16,4	(51,4)	(0,6)	5,5	4,8	236,7
Industrial and commercial equipment	86,2	7,2	(31,4)	(0,6)	(3,0)	18,8	77,3
Assets under construction	41,4	16,5	-	(0,4)	(3,6)	(26,9)	27,1
Other assets	32,4	0,9	(4,8)	(4,8)	0,0	1,2	24,9
Total	**692,8**	**45,4**	**(100,7)**	**(6,5)**	**(0,1)**	**(0,7)**	**630,4**

Finance leases

The finance lease of Industrial and commercial buildings and land, 2.2 million euro, relates to the building in Croissy (France) and the related land. This contract has a term of 15 years and expires in 2011. The Group expects to make the agreed end-of-lease purchase payment. The building is mortgaged for the value of the outstanding finance lease liability.

The minimum future payments are analysed by maturity as follows:

(million euro)	Dec 31, 2010	Dec 31, 2009
Within 1 year	0,2	0,7
Between 1 and 5 years	0,2	0,6
Beyond 5 years	0,1	-
Total Minimun Lease Payments	**0,5**	**1,3**

Non-cancellable operating leases

The minimum future payments for non-cancellable operating leases are analysed by maturity as follows:

(million euro)	Dec 31, 2010	Dec 31, 2009
Within 1 year	2,3	10,8
Between 1 and 5 years	2,3	31,6
Beyond 5 years	4,6	54,9
Total Minimun Lease Payments	**9,1**	**97,4**

The principal non-cancellable operating leases related to the Radomsko warehouse in Poland and the Uxbridge office in the UK. These contracts expire in April 2024 and July 2013 respectively. Neither contract envisages the possibility of renewing or purchasing the assets concerned.
Compared with the prior year, the significant reduction in the minimum future payments reflects the sale of Creda Ltd, which is party to the onerous contract for the site at Blythe Bridge (UK) expiring in 2059.

The income statement reflects rental charges incurred under operating leases of 1.8 million euro (3.3 million euro).

9.10. Goodwill and other intangible assets with an indefinite life

(million euro)	Dec 31, 2010	Dec 31, 2009
Goodwill	128,6	124,5
Brands with an indefinite useful life	101,1	98,0
Total goodwill and other intangible assets with an indefinite useful life	**229,7**	**222,5**

The change in net carrying amount is presented below:

(million euro)	31 Dec 09	Impairment losses	Exchange rate differences	31 Dec 10
Goodwill	124,5	-	4,1	128,6
'Brands with an indefinite useful life	98,0	-	3,1	101,1
Total	**222,5**	**-**	**7,2**	**229,7**

(million euro)	31 Dec 08	Impairment losses	Exchange rate differences	31 Dec 09
Goodwill	116,4	(0,3)	8,4	124,5
'Brands with an indefinite useful life	91,4	-	6,6	98,0
Total	**207,7**	**(0,3)**	**15,1**	**222,5**

The brand name with an indefinite life and the goodwill almost entirely relate to the purchase of General Domestic Appliances Holdings Ltd (GDAH), a UK company, in 2002. On allocating the purchase price of GDAH, 87.0 million pounds was attributed to brands with an indefinite life and 110.5 million pounds to goodwill. These amounts, denominated in pounds sterling, are subject to exchange rate fluctuations arising on the translation to euro.

The Hotpoint brand with an indefinite life is allocated to the UK CGU, since it is the leader of the UK market for household appliances.
The goodwill recognised at the time of acquisition using current exchange rates was allocated both to the UK CGU representing the UK market, 31.5 million euro, and to the Group as a whole (Group CGU), 96.9 million euro, in view of the synergies deriving from the acquisition and attributable, in general, to economies in the scale of purchasing, production, brand management and relations with major distributors that could not be allocated to specific CGUs.

(million euro)	Dec 31, 2010	Dec 31, 2009
CGU UK Goodwill	31,5	30,5
Other Group CGU Goodwill	97,1	93,9
Hotpoint Brand	101,1	98,0
Total intangible assets with an indefinite useful life	**229,7**	**222,5**

The value of intangible assets with an indefinite life is subjected to impairment testing at least once every year. The tests performed at 31 December 2010 and 31 December 2009 did not identify any need to adjust the carrying amount of these assets.
The recoverable amount of the CGUs is based on their value in use, determined by applying DCF techniques over a three-year period (2011-2013) and to the terminal value, considering the forecasts prepared by management and approved by the directors at the board meeting held on 22 March 2011.

The principal assumptions underpinning the plans of the Group CGU are set out below:

- the volume of sales over the three years of the plan is forecast to rise at a compound average growth rate of 5.0%;
- average unit prices denominated in euro have been assumed to remain stable;
- product costs are forecast to remain stable at 2011 levels;
- unit logistical costs are forecast to remain stable over the three-year period, given the stability of the mix of production plants;
- advertising and promotional expenses are forecast to remain stable over the plan period;
- investment is forecast to remain stable at 2011 budget levels;
- exchange rates are forecast to remain stable over the three-year period 2011-2013, at the following levels: GBP/€ at 0.86, RUB/€ at 42.00, PLN/€ at 3.9, TRY/€ at 2.00;
- net working capital is forecast to remain stable during the period 2011-2013;
- other current assets and liabilities are forecast to absorb total cash of about 24.0 million euro.

The principal assumptions underpinning the plans of the UK CGU are set out below:

- the volume of sales over the three years of the plan is forecast to rise at a compound average growth rate (CAGR) of 1.0%;
- average unit prices are forecast to fall by 1.2% per annum over the three-year period;
- product costs are forecast to remain stable at 2011 levels;
- unit logistics costs are forecast to rise slightly;
- exchange rates are forecast to remain stable over the three-year period 2011-2013, at the following levels: GBP/€ at 0.86, RUB/€ at 42.00, PLN/€ at 3.9, TRY/€ at 2.00;
- net working capital is forecast to remain essentially stable during the period 2011-2013;
- other current assets and liabilities are forecast to absorb total cash of about 4.6 million euro.

Forecast cash flows have been discounted using a weighted-average cost of capital (WACC) of 9.60% (9.33%) for the Group CGU and of 8.53% (8.82 %) for the UK CGU. The terminal value of the CGUs was determined by assuming a long-term normalised cash flow based on that generated in the final year of the explicit plan (2013), and by prudently using a nominal long-term growth factor (g) of 0% (unchanged with respect to the prior year).
The higher WACC used by the Group CGU with respect to that of the UK CGU reflects the additional country risk, compared with the UK, associated with certain geographical areas of Group operation.
A sensitivity analysis has been performed to simulate the value of the Group CGU and the UK CGU following changes in certain key parameters of the valuation model: the weighted average cost of capital, the nominal long-term growth factor (g), the volume of sales, selling prices and product costs. The results of this analysis highlighted a remote impairment risk, limited to combinations of values for the selected parameters that, at present, are considered somewhat unlikely.
The impairment test on the UK CGU and the Group CGU was carried out internally and approved by the directors on 22 March 2011. An independent, third-party expert

has issued a report on the fairness of the valuation methods and parameters used in the impairment testing process.
Lasting in this regard, the stockmarket capitalisation of Indesit Company SpA at the date of preparing these financial statements is significantly greater than the net carrying amount of the Group's assets, and in line with the recoverable amount determined from the impairment tests carried out at 31 December 2010.

9.11. Other intangible assets with a finite life

Other intangible assets with a finite life are analysed, together with the related movements, in the table below.

(million euro)	Dec 31, 2010	Dec 31, 2009
Development expenses	29,5	40,4
Licences and software	33,0	35,6
Brands with a finite life	18,3	20,0
Intangible assets under construction	16,6	7,9
Other intangible assets with a finite life	4,5	5,1
Total	**101,9**	**109,0**

The changes in historical cost are presented below:

(million euro)	Dec 31, 2009	Increases	Impairment losses	Decreases	Exchange rate differences	Reclassifications	Dec 31, 2010
Development expenses	91,1	4,8	-	(4,4)	0,5	(9,9)	82,1
Licences and software	70,8	6,4	-	(0,1)	(0,4)	2,0	78,6
Brands with a finite life	19,4	-	-	-	1,6	0,0	20,9
Intangible assets under construction	7,9	13,8	-	-	0,4	(5,4)	16,6
Other intangible assets	9,8	0,1	-	(0,0)	0,3	(1,9)	8,1
Total	**198,9**	**25,1**	**-**	**(4,6)**	**2,3**	**(15,3)**	**206,4**

(million euro)	Dec 31, 2008	Increases	Impairment losses	Decreases	Exchange rate differences	Reclassifications	Dec 31, 2009
Development expenses	81,8	12,8	-	(0,0)	3,1	(6,6)	91,1
Licences and software	76,1	3,8	-	(2,3)	0,9	(7,7)	70,8
Brands with a finite life	18,3	-	-	-	3,3	(2,3)	19,4
Intangible assets under construction	12,3	5,7	-	(0,0)	(2,2)	(8,1)	7,9
Other intangible assets	4,1	0,0	-	(0,1)	0,1	5,7	9,8
Total	**192,6**	**22,4**	**-**	**(2,4)**	**5,2**	**(19,0)**	**198,9**

The change in accumulated amortization is presented below:

(million euro)	Dec 31, 2009	Amortization	Impairment losses	Decreases	Exchange rate differences	Reclassifications	Dec 31, 2010
Development expenses	(50,7)	(15,6)	(2,8)	4,3	(0,3)	12,5	(52,6)
Licences and software	(35,2)	(12,4)	-	0,1	0,2	1,8	(45,6)
Brands with a finite life	0,7	(2,4)	-	-	(0,9)	(0,0)	(2,6)
Other intangible assets	(4,7)	(0,3)	-	0,0	(0,1)	1,4	(3,6)
Total	**(89,9)**	**(30,7)**	**(2,8)**	**4,4**	**(1,2)**	**15,7**	**(104,5)**

(million euro)	Dec 31, 2008	Amortization	Impairment losses	Decreases	Exchange rate differences	Reclassifications	Dec 31, 2009
Development expenses	(44,1)	(19,4)	-	0,0	(0,8)	13,6	(50,7)
Licences and software	(34,0)	(11,4)	-	2,2	(0,5)	8,5	(35,2)
Brands with a finite life	8,2	(8,4)	-	-	(1,4)	2,3	0,7
Other intangible assets	1,2	(0,7)	-	0,1	(0,0)	(5,3)	(4,7)
Total	**(68,7)**	**(40,0)**	**-**	**2,3**	**(2,7)**	**19,1**	**(89,9)**

The change in net carrying amount is presented below:

(million euro)	Dec 31, 2009	Increases	Amortization and impairment losses	Decreases	Exchange rate differences	Other changes	Dec 31, 2010
Development expenses	40,4	4,8	(18,4)	(0,1)	0,1	2,6	29,5
Licences and software	35,6	6,4	(12,4)	(0,1)	(0,2)	3,7	33,0
Brands with a finite life	20,0	-	(2,4)	-	0,6	0,0	18,3
Intangible assets under construction	7,9	13,8	-	-	0,4	(5,4)	16,6
Other intangible assets	5,1	0,1	(0,3)	(0,0)	0,2	(0,5)	4,5
Total	**109,0**	**25,1**	**(33,5)**	**(0,2)**	**1,1**	**0,4**	**101,9**

(million euro)	Dec 31, 2008	Increases	Amortization and impairment losses	Decreases	Exchange rate differences	Other changes	Dec 31, 2009
Development expenses	37,8	12,8	(19,4)	0,0	2,4	7,0	40,4
Licences and software	42,0	3,8	(11,4)	(0,0)	0,3	0,8	35,6
Brands with a finite life	26,6	-	(8,4)	-	1,9	(0,0)	20,0
Intangible assets under construction	12,3	5,7	-	(0,0)	(2,2)	(8,1)	7,9
Other intangible assets	5,3	0,0	(0,7)	-	0,1	0,4	5,1
Total	**123,9**	**22,4**	**(40,0)**	**(0,0)**	**2,5**	**0,2**	**109,0**

Development costs benefiting future years totalling 4.8 million euro (12.8 million euro) were capitalised in 2010. They principally relate to the development of new projects. Further information is provided in the report on operations.

The Licences and software caption comprises the capitalised internal and external cost of IT projects carried out by the Group, and the cost of licences to use software that will benefit future years. The average residual life of these intangible assets is 3 years.
Brands with a finite life include Cannon, recorded on the acquisition of GDAH. The 2010 amortization charge relating to the above brand was 2.4 million euro.

Other intangible assets principally comprises industrial patents with an average residual life of 5 years.

9.12. Investments in associates

Investments in associates mainly comprise the Group's interest in TradePlace BV amounting to 0.5 million euro (0.5 million euro).

9.13. Other non-current assets

Other non-current assets are analysed below:

(million euro)	**Dec 31, 2010**	**Dec 31, 2009**
Other investments in associates	0,4	0,4
Other non-current assets for Special Economic Zone	35,4	38,3
Assets available for sale	0,5	0,5
Other non-current assets	**36,2**	**39,2**

The non-current portion of the tax receivables (granted as contributions towards the construction of production facilities) relating to the Polish Special Economic Zone, 35.4 million euro (38.3 million euro), is determined with reference to an estimate of the taxable income to be earned until 2017 (expiry date of the tax benefits described). These credits are matched by deferred grants from the State, classified as other non-current liabilities, which are discussed in note 9.25.
This caption also includes the carrying amount, 0.4 million euro (0.4 million euro), of the investments in other companies in which, in general, the Group holds less than 20% of the equity capital or voting rights, and of assets available for sale totalling 0.5 million euro (0.5 million euro).
The equity investments held by Indesit Company are not listed and their securities are not traded in a regulated market. Accordingly, their fair value cannot be determined reliably since there were no transactions involving these securities during the past year.

9.14. Deferred tax assets

Deferred tax assets and the related changes during the year are analysed in the following table:

(million euro)	**Opening balance 31.12.2009**	**Taken to Income Statement**	**Taken to Equity**	**Exchange rate effect**	**Other movements**	**Closing balance 31.12.2010**
Property, plant and equipment	0,3	(0,4)	-	(0,1)	-	(0,2)
Intangible assets	(0,9)	0,6	-	(0,0)	-	(0,3)
Inventories	5,0	(3,8)	-	0,1	-	1,3
Financial payables	(0,0)	-	-	-	-	-
Deferred payroll	5,4	0,8	-	0,2	-	6,4
Provisions for risks	22,4	3,6	-	0,3	-	26,4
Other	32,2	0,3	1,1	(0,1)	(0,7)	32,7
Tax losses carried forward	16,2	(0,1)	-	0,1	-	16,2
Total	**80,6**	**1,0**	**1,1**	**0,4**	**(0,7)**	**82,4**
Amounts offset	(9,8)	0,8	-	-	-	(9,0)
Total net	**70,8**	**1,9**	**1,1**	**0,4**	**(0,7)**	**73,5**

The deferred tax assets recorded in relation to carried-forward tax losses have decreased by 1.1 million euro, net of utilisations by Indesit Company International Business Sa and General Domestic Appliances Holdings Ltd, and after the exchange rate effect.

The amounts offset relate to deferred tax liabilities that reduce these deferred tax assets since they are due to the same tax authorities, are legally offsettable and relate to temporary differences that will reverse at the same time.

At 31 December 2010, the Group has deferred tax assets and theoretical tax benefits from the carry-forward of tax losses totalling 70.6 million euro (62.3 million euro).
The deferred tax assets recorded in relation to prior-year tax losses amount to 16.2 million euro (16.2 million euro), while those not recorded amount to 55.5 million euro (46.1 million euro). The details are analysed in the following table:

Company	Tax losses	Recoverability	Tax Rate	Deferred tax assets recognised	Deffered tax assets not recognised	Total
Indesit Company International Business Sa	11,3	7 years	20,0%	1,9	0,3	2,3
Indesit Company Spa	56,2	5 years	27,5%	9,7	5,7	15,4
Indesit Company Electrodomesticos SA	35,7	15 years	30,0%	-	10,7	10,7
Indesit Company Luxembourg SA	139,0	unlimited	21,8%	1,1	30,4	31,4
General Domestic Appliances Holding ltd	3,3	unlimited	27,0%	0,9	-	0,9
Indesit Company Polska Sp.z o.o.	14,2	5 years	19,0%	2,5	0,2	2,7
Indesit Company Portugal Electrodomésticos Sa	29,7	6 years	26,5%	-	7,9	7,9
Fabrica Portugal Sa	1,2	6 years	26,5%	-	0,3	0,3
Total	**290,7**			**16,2**	**55,5**	**71,7**

9.15. Inventories

Inventories are analysed as follows:

(million euro)	**Dec 31, 2010**	**Dec 31, 2009**
Raw materials	113,9	97,3
Obsolescence provision	(2,7)	(5,0)
Total raw materials	**111,2**	**92,4**
Finished products and semi-finished products	195,7	169,4
Obsolescence provision	(8,7)	(8,9)
Total finished products and semi-finished products	**187,0**	**160,5**
Spare parts	30,0	30,8
Obsolescence provision	(2,2)	(2,2)
Total spare parts	**27,8**	**28,5**
Total Inventories	**326,0**	**281,4**

The rise in inventories of finished products was mainly due to the higher volume of sales and an increase in stocks of production that will be transferred to the factories in southern Italy, as a consequence of the industrial restructuring currently in progress.
With regard to raw materials, the forecast increase in production, in Russia in particular, has resulted in a rise in inventory levels and a reduction in the related provision for obsolescence, determined with reference to stock rotation statistics that take also account of forecast consumption.

9.16. Trade receivables

Trade receivables comprise amounts due from customers as a result of commercial transactions and the provision of services, net of the allowance for doubtful accounts of 40.3 million euro (47.0 million euro).
The provisions for doubtful accounts and the losses on receivables recorded during the year amounted to 16.7 million euro (15.8 million euro).
Advances to suppliers at 31 December 2010 amount to 8.9 million euro (4.6 million euro).
Trade receivables are analysed below:

(million euro)	**Dec 31, 2010**	**Dec 31, 2009**
Trade receivables	538,4	438,5
Provisions for doubtful accounts	40,3	47,0
Net trade receivables	**498,1**	**391,5**
% provision on trade receivables	*7,5%*	*10,7%*

The allowance for doubtful accounts is determined by impairing receivables based both on their ageing and with reference to specific disputed amounts. All receivables overdue by more than 180 days are impaired in full, net of any collateral obtained. Detailed information on the Group's credit management policies is provided in note 10.

As part of its policy to diversify the sources of finance, the Group has arranged a securitisation programme.

The securitisation involves the without-recourse sale of trade receivables, on a revolving basis, by the Parent Company and Indesit Company France Sas. The receivables are acquired by the vehicle companies, which are financed by the issue of securities whose repayment is guaranteed by the cash flows generated by the portfolio of receivables sold (*asset-backed securities*). There are two classes of asset-backed securities: senior securities are placed in the market and subscribed by institutional investors; junior securities, whose repayment is subordinated to that of the senior securities, are taken up by the Group. In accordance with SIC 12: Consolidation – Special purpose entities (“SPE”), the Group consolidated vehicle companies on a line-by-line basis, even though it has no equity interest in them and does not exercise any form of control over their administrative bodies.

The total of the securities issued, 146.7 million euro, is matched (after adding the results of the vehicle companies and deferred disposal costs) by the receivables sold but not derecognised (83.7 million euro), the amounts collected by Indesit in relation to securitised receivables but not yet paid over to the vehicle companies (43.9 million euro), and the amounts paid over by Indesit but not yet used by the vehicle companies to redeem the senior and junior securities issued (20.9 million euro).

The financial liability, 99.1 million euro, is matched (after adding the costs of arranging the operation) by the total of the securities issued (146.7 million euro), net of the junior securities taken up (46.3 million euro). The cash obtained from the operation, 97.7 million euro, reflects the financial liability (99.1 million euro) net of the cost of the operation (1.4 million euro).

The UK factoring programme was closed out during the year.

The concentration risk associated with the 10 largest customers is 22.0% (20.8% in 2009) of net receivables.

Trade receivables are analysed by maturity below:

(million euro)	Dec 31, 2010	Dec 31, 2009
Trade receivables not overdue	479,5	374,2
Within 1 month	8,0	6,8
Between 1 and 3 months	8,2	7,7
Between 3 and 6 months	2,4	2,8
Total receivables overdue not impaired	**18,6**	**17,3**
Trade receivables impaired	40,3	47,0
Total receivales	**538,4**	**438,5**

9.17. Tax receivables

Tax receivables comprise amounts due from the tax authorities in the countries in which the Group operates, principally in relation to advance taxation. These amounts are analysed below:

(million euro)	Dec 31, 2010	Dec 31, 2009
Advance taxation	16,4	20,1
Tax credit for Special Economic Zone	4,1	2,7
Total tax receivables	**20,6**	**22,8**

The increase in the current portion of the Special Economic Zone tax credits, linked to the investment in Poland, reflects both the steady decrease in the long-term portion (discussed in note 9.13) and the forecast for future taxable income, net of utilisations. These credits, together with the non-current portion, are matched by deferred grants from the Government, classified as other non-current liabilities, which are discussed in note 9.25.

9.18. Other receivables and current assets

Other receivables and current assets are analysed as follows:

(million euro)	Dec 31, 2010	Dec 31, 2009
Due from employees	1,8	2,1
Due from social security and pension institutions	3,3	4,0
Grants due from public bodies	4,7	5,2
VAT receivable	47,3	45,3
Other receivables	9,4	7,8
Total other receivables and current assets	**66,4**	**64,4**

9.19. Equity attributable to owners of the company

The statement of changes in equity is presented in a separate schedule.

Share capital comprises ordinary shares and savings shares, as analysed below.

Description	Dec 31, 2010		Dec 31, 2009	
	Number	euro	Number	euro
Ordinary shares	113.665.684	102.299.116	113.630.684	102.267.616
Savings shares	511.282	460.154	511.282	460.154
Total	**114.176.966**	**102.759.270**	**114.141.966**	**102.727.770**

The exercise of stock options during the year resulted in the issue of 35,000 ordinary shares. No new stock options were granted during the year.

The number of shares reported in the table is stated gross of the treasury shares held.Net of the treasury shares held directly by Indesit Company S.p.A., 11,039,750, there are 102,625,934 ordinary shares outstanding.
The treasury shares classified as a reduction of equity, more specifically as a deduction from share capital and share premium, amount to 33.0 million euro.
The nominal value of the ordinary and savings shares is 0.90 euro.

The holders of ordinary shares and savings shares enjoy the ownership and participation rights granted under Italian law and the articles of association of Indesit Company S.p.A. In addition to the right to participate in the distribution of profits and the return of capital, the ordinary shares also carry the right to vote at ordinary and extraordinary shareholders' meetings. The savings shares, on the other hand, have greater ownership rights but reduced administrative rights. The greater ownership rights comprise:
1) the right to an allocation of profit for the year (after allocating 5% to the legal reserve) representing up to 5% of the their nominal value of the savings shares;
2) the right, if a dividend of less than 5% of nominal value was paid in a given year, to collect this shortfall in the preference dividend in the following two years;
3) the right, if a dividend is declared at the shareholders' meeting, to receive a total dividend that is higher than that paid on the ordinary shares by 2% of the nominal value of the savings shares.
In addition, in the event of a share capital reduction to cover losses, the nominal value of the savings shares is only reduced by the amount of the losses that exceed the total nominal value of the other shares.
The lesser administrative rights with respect to the ordinary shares consist of the absence of voting rights at ordinary and extraordinary shareholders' meetings.

The following table analyses the share capital structure of the Parent Company at 31 December 2010, indicating the outstanding stock options and the treasury shares held (amounts in euro). The above include both ordinary and savings shares.

	Authorised share capital	Authorised no. of shares	Issued and fully-paid share capital	No. of shares issued and fully paid
Share capital following the conversion of savings shares into ordinary shares in 2001	98.832.569	109.813.966	98.832.569	109.813.966
1st and 2nd stock option plans for employees authorised on 19 September 1998 and 23 October 2001, respectively	5.400.000	6.000.000	2.486.700	2.763.000
1st stock option plans for Directors authorised on 23 October 2001	1.260.000	1.400.000	1.260.000	1.400.000
2nd stock option plans for Directors authorised on 6 May 2002	180.000	200.000	180.000	200.000
	105.672.569	**117.413.966**	**102.759.269**	**114.176.966**

With regard to the 1st and 2nd employee stock option plans, the residual 3,237,000 stock options authorised are analysed as follows: 269,500 granted, 3,002,500 not granted.

The description of, changes in and restrictions applying to the principal equity reserves are described below. The detailed analysis of these changes is presented in a separate schedule.

Reserves

a) The share premium reserve amounts to 35.9 million euro.

b) Legal reserve: this reserve, 22.7 million euro, reflects allocation of 5% of the Parent Company's profit each year. No increase was recorded in 2010 since this reserve already exceeds the legal threshold represented by one-fifth of share capital.

c) Translation reserve: the translation reserve is negative by 96.8 million euro and reflects the exchange differences arising on the translation of foreign currency financial statements. The positive change during the year, 28.8 million euro, was due to the appreciation of the British pound, 8.6 million euro, the appreciation of the Polish zloty, 4.9 million euro, the appreciation of the Russian rouble, 14.3 million euro, the appreciation of the Turkish lira, 1.3 million euro, and the depreciation of other currencies, 0.3 million euro.

d) Other reserves, 17.7 million euro. The Other reserves caption comprises the stock option reserve, 0.4 million euro; the derivatives valuation (cash flow) reserve, negative by 2.2 million euro; the capital grants reserve (art. 14 Law 64/86, Law 488/92, Law 308/82, Law 218/78, Law 219/81), 18.1 million euro; and the merger surplus reserve, 1.4 million euro. The retained earnings previously included in this caption has been reclassified to retained earnings.

e) Retained earnings: these amount to 410.9 million euro following an increase of 34.5 million euro on allocation of the Parent Company's results for 2009, and a decrease of 15.5 million euro following the payment of dividends to the shareholders of the Parent Company.

The Board meeting held on 22 March 2011 approved these consolidated financial statements and recommended to the shareholders' meeting, in accordance with the articles of association, that a dividend of 0.30 euro per ordinary share outstanding (excluding the treasury shares) and 0.318 euro per non-convertible savings share outstanding be declared.

The following table shows the calculation of the basic earnings per share (Basic EPS) and the diluted earnings per share (Diluted EPS) reported in the consolidated income statement.

Basic EPS	Dec 31, 2010	31 Dec 09
Basic attributable earnings (million euro)	89,7	34,5
Basic average number of ordinary shares (thousand)	102.619,3	102.590,9
Ordinary EPS (without savings shares effect)	**0,87**	**0,34**
Unit earnings attributed to savings shares (Euro)	0,87	0,34
Number of savings shares (thousand)	511,3	511,3
Earnings attributed to savings shares (million euro)	(0,45)	(0,17)
Basic attributable earnings (million euro)	**89,3**	**34,4**
Basic average number of ordinary shares (thousands)	102.619,3	102.590,9
Basic EPS (Euro)	**0,87**	**0,33**
Diluted EPS		
Basic attributable earnings (million euro)	89,3	34,4
Basic average number of ordinary shares (thousands)	102.619,3	102.590,9
Average number of shares granted to Directors without payment	-	-
Average number of shares granted to employees without payment	27,4	1,5
Total	102.646,7	102.592,4
Diluted EPS (Euro)	**0,87**	**0,33**

9.20. Non-controlling interests

The equity attributable to non-controlling interests has decreased by 1.7 million euro following the deconsolidation of Wuxi Indesit Home Appliance Co. Ltd, as described in note 7.

Non-controlling interests are analysed in the following table.

(million euro)	Dec 31, 2010		Dec 31, 2009	
	Equity	**Results for the year**	**Equity**	**Results for the year**
Wuxi Indesit Home Appliances Co. Ltd	-	-	1,6	(1,0)
Fabrica Portugal S.A.	(0,2)	(0,0)	(0,2)	(0,0)
Total	**(0,2)**	**(0,0)**	**1,5**	**(1,0)**

9.21. Net financial position

The net financial position and net borrowing of the Group are analysed below. Non-current financial assets have been included in the calculation of net borrowing in order to present fairly the Group's overall exposure, considering that the principal components of non-current financial assets consist of deposits restricted to guarantee loans obtained and the fair value of the derivatives that hedge loans.

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Current financial assets	17,2	24,7
Cash and cash equivalents	222,7	191,0
Banks and other loans and borrowings	(246,2)	(170,1)
Net financial indebtedness position - short term	**(6,3)**	**45,5**
Medium/long-term financial payables	(174,6)	(337,2)
Net financial position (*)	**(180,9)**	**(291,7)**
Other non-current financial assets	2,0	1,4
Total Net financial indebtedness	**(178,9)**	**(290,2)**

(*) As defined in CONSOB Communication DEM /6064293 dated 28 July 2006, applying the CESR recommendations dated 10 February 2005

The main components of *Free Cash Flow*[19] totalling 111.4 million euro and, therefore, of the corresponding reduction in net financial indebtedness, are reflected in the cash flow statement and discussed in the report on operations.

9.21.1 Current financial assets

Current financial assets include the fair value measurement of derivative financial instruments, 9.6 million euro (12.7 million euro), and other current financial receivables, 7.6 million euro (12.0 million euro).
The decrease in current financial assets reflects repayment of the deposit that guaranteed the loan to the Turkish subsidiary, as well as the lower fair value of derivatives.

9.21.2 Cash and cash equivalents

Cash and cash equivalents mostly include bank and postal deposits, as well as cheques and other amounts on hand. The changes in liquidity during the year are analysed in the consolidated cash flow statement.
This caption includes liquidity of 20.9 million euro held by the vehicle companies for the securitisation that will be used to settle the financial payables arising under the programme, which are classified as current financial liabilities.

9.21.3 Current financial payables

Current financial payables comprise amounts due within 12 months of the reporting date.
This caption is analysed below.

(million euro)	Dec 31, 2010	Dec 31, 2009
Short- term advances	69,8	114,8
Short-term advances against receivables	99,1	24,7
Liability from the measurement of derivative instruments	5,8	7,3
Current portion of bond	62,8	9,5
Current portion of medium/long-term bank loans	7,9	13,0
Current portion of other medium /long-term loans	0,8	0,8
Total banks and other financial payables	**246,2**	**170,1**

[19] *Free Cash Flow:* cash flow from operating activities and investing activities, net of dividends collected/paid, the cash flow hedge reserve and capital increases.

Short-term bank borrowings comprise bank overdrafts, the current portion of the revolving lines of credit drawn down, bad debtsand other short-term advances.
The decrease mainly reflects the change in the mix of financing following the introduction of the securitisation programme during the year (described in note 9.16), which has resulted in an increase in short-term advances against the receivables assigned.
.
The increase in the current portion of bonds (described in note 9.21.5) is due to the reclassification of bonds totalling 53.0 million euro, falling due in September 2011, from non-current to current.

9.21.4 Other non-current financial assets

Other non-current financial assets are analysed as follows:

(million euro)	Dec 31, 2010	Dec 31, 2009
Bind deposits	0,3	0,2
Assets for the measurement of derivative instruments	1,7	1,3
Total other non-current financial assets	**2,0**	**1,4**

Assets for the measurement of derivative instruments include the fair value adjustment of the non-current portion derivative financial instruments. See note 10 for a more detailed analysis.

Other non-current financial assets are analysed by maturity in the following table.

(million euro)	Total long term	within 1 year	Between 1 and 5 years	Beyond 5 years
Bind deposits	0,3	-	0,3	-
Assets for the measurement of derivative instruments	1,7	-	1,7	0,1
Total other non-current financial assets	**2,0**	**-**	**2,0**	**0,1**

9.21.5 Medium and long-term interest-bearing loans and borrowings

Medium and long-term interest-bearing loans and borrowings are analysed as follows:

(million euro)	Dec 31, 2010	Dec 31, 2009
Bonds	161,0	197,0
Due to banks and other financial payables	13,6	140,2
Total	**174,6**	**337,2**

Medium and long-term interest-bearing loans and borrowings are analysed by maturity in the following tables:

(million euro)	Total	Between 1 and 5 years	Beyond 5 years
Bonds	161,0	144,3	16,7
Due to banks and other financial payables	13,6	11,3	2,2
Total	**174,6**	**155,7**	**18,9**

	Medium/long-term financial	2012	2013	2014	2015	2016	2017	2018
Bonds	161,0	7,5	7,4	128,4	0,9	16,7	-	-
Due to banks and other financial payables	13,6	7,5	2,8	0,7	0,3	1,7	0,2	0,2
TOTAL	**174,6**	**15,1**	**10,2**	**129,2**	**1,2**	**18,5**	**0,2**	**0,2**

The bonds were underwritten for by institutional investors (*U.S. Private Placement*) in September 2004. They are analysed in the following table:

	Nominal Value	Nominal Value	Fair value	Maturity	Rate	Type of hedge
	million usd	million euro	million euro			
Notes - Series B	70,0		-	17/09/2011	Fixed	CCS
Notes - Series C	148,0		120,9	17/09/2014	Fixed	CCS
Notes - Series E	25,0		20,9	17/09/2016	Fixed	CCS
Total notes issued in USD	**243,0**		**141,8**			
Notes - Series D		18,3	19,2	17/09/2014	Fixed	IRS
Total notes issued in Euro		**18,3**	**19,2**			
Total fair value			**161,0**			

The interest rate and currency risks associated with the U.S. Private Placement have been hedged by a Cross Currency Swap, as described further in note 10 on financial instruments.

The change in the fair value of the bonds, due to fluctuations in the exchange rate with the dollar, should be considered together with the change in the fair value of the Cross Currency Swap.

The medium long-term amounts due to banks mainly comprise euro loans from MCC S.p.A. totalling 6.3 million euro to finance the factories in Russia and Poland, the last instalments of which fall due in 2013, and the COENV (please see note 6.3 on Separate Financial Statement) loan of 1.5 million euro which is repayable by 2018.

The principal medium and long-term interest-bearing loans and borrowings are subject to certain financial covenants and other obligations. The parameters for these covenants, which are checked at 30 June and 31 December each year, are set out below:

USPP and Revolving Facility	Covenant limit Dec. 31	Covenant limit June 30
Net borrowing / EBITDA	≤ 3,0	≤ 3,5
EBITDA / Net financial expenses	≥ 3,5	≥ 3,5
Equity	≥ 320 million euro	≥ 320 million euro

BEI	Covenant limit Dec. 31	Covenant limit June 30
Net borrowing / EBITDA	≤ 3,0	na
EBITDA / Net financial expenses	≥ 3,5	≥ 3,5
Equity	≥ 320 million euro	≥ 320 million euro

Securitisation	Covenant limit Dec. 31	Covenant limit June 30
EBITDA / Net financial expenses	≤ 3,0	≤ 3,5

The BEI loan is referred to the *amortising* credit line. It has been made available by the European Investment Bank and not used on 31 December 2010 (please see note 10.11 for further details).
In addition to the financial covenants, all medium and long-term loans, including the securitisation, require Indesit Company S.p.A. and, in certain cases, a number of Group companies to comply with other negative covenants and pledges that are consistent with market standards for transactions of a similar nature, amount, maturity and risk profile.

Failure to comply with the financial covenants and negative covenants and pledges would, following the elapse of a given period of time available to correct such non-compliance, give the counterpart a right to the early repayment of the related borrowings.

The above covenants are monitored constantly by the Group and, at 31 December 2010, all the covenants have been respected.

9.22. Employee benefits

Employee benefits reflect the provisions recorded for such post-employment benefits as severance indemnities and pensions. The situation is analysed in the following table.

(million euro)	**Dec 31, 2010**	**Dec 31, 2009**
Italian employee severance indemnities	40,9	42,9
UK pension plans	12,5	16,7
Other countries pension plans and retirement award	5,4	2,6
Total Liabilities for employee benefits	**58,8**	**62,2**

The UK pension plans comprise two defined benefit plans, subscriptions to which were closed in 2006. A defined contributions plan has been started for new members.

As envisaged by IAS 19, the Group applies the corridor method. The unfunded liability of the UK and Irish pension plans, including unrecorded actuarial gains and losses, amounts to 65.1 million euro (82.3 million euro), of which unrecorded actuarial losses total 52.6 million euro (65.5 million euro).
The reductions compared with the prior year mainly reflect the greater increase in the fair value of the assets servicing the plans, with respect to that in the present value of the defined benefits obligation. The increase in the fair value of the assets servicing the plans was due to the higher actual yields obtained, with respect to those expected from the assets, as well as to the additional payments made during the year to cover part of the unfunded liability.
These payments were made in the context of a plan agreed with the trustees of the UK Pension Fund for the coverage of the unfunded pension liability. This envisages a special payment of 6.5 million pounds (7.5 million euro), made in December 2010, and further payments of the same amount over the next 6 years, uplifted each year by 3.2%. The unrecognised actuarial losses (52.6 million euro) exceed the greater of 10% of the present value of the defined benefits obligation or 10% of the fair value of the assets servicing the plans. In accordance with IAS 19, this difference amounting to 19.3 million euro (35.2 million euro) is being charged to the income statement over the average residual working lives of the employees who are members of the plans. Commencing from 2010, the annual charge is 2.7 million euro.

The following schedule reconciles the assets and liabilities recorded in the statement of financial position and the charges made to the income statement, and presents the principal actuarial assumptions concerning the employee severance indemnities and the UK pension plans.

	Employee severance indemnities		UK pension plans	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
Present value of the defined benefit obligation (start of year)	41,5	43,4	302,8	220,3
Provision for benefits earned during the year	-	-	3,5	2,4
Financial expenses	2,0	2,3	18,1	14,8
Contributions from plan participants	-	-	1,8	2,2
Actuarial (gains)/losses	1,5	1,6	(2,5)	75,0
Benefits paid by the plan/company	(4,1)	(6,4)	(11,8)	(13,1)
Curtailment of plan	0,1	0,6	-	(0,7)
Changes in exchange rates	-	-	20,9	1,9
Present value of the defined benefit obligation (end of year)	**41,1**	**41,5**	**332,8**	**302,8**
Fair value of plan assets (start of year)	-	-	220,5	187,2
Expected yield from plan assets	-	-	16,3	15,3
Actuarial (gains)/losses	-	-	14,8	23,2
Employer's contributions	-	-	10,6	3,4
Employees' contributions	-	-	1,8	2,2
Benefits paid	4,1	6,4	(11,8)	(13,1)
Expenses	(4,1)	(6,4)	-	-
Change in exchange rates	-	-	15,5	2,4
Fair value of plan assets (end of year)	**-**	**-**	**267,7**	**220,5**
Present value of defined benefit obligation under funded plans	-	-	332,8	302,8
Fair value of plan assets	-	-	(267,7)	(220,5)
Deficit (surplus) of funded plans	**-**	**-**	**65,1**	**82,3**
Present value of defined benefit obligation under unfunded plans	41,1	41,5	-	-
Actuarial gains/(losses) not recognised	(0,1)	1,4	(52,6)	(65,5)
Pension (cost) of unrecognised post service	-	-	-	-
Unrecognised assets (limit described in IAS 19)	-	-	-	-
Recorded net liability/(asset)	**40,9**	**42,9**	**12,5**	**16,7**
Deprecation surplus corridor	-	-	2,7	-
Pension cost of work performed during the year	-	-	3,5	2,4
Total operating costs	**-**	**-**	**6,2**	**2,4**
Interest expense	2,0	2,3	18,1	14,8
Expected yield from plan assets	-	-	(16,3)	(15,3)
Total financial charges	**2,0**	**2,3**	**1,8**	**(0,4)**
Profit/Loss on curtailment	0,1	0,4	-	(0,7)
Total charge to the income statement	**2,1**	**2,7**	**8,0**	**1,3**
Assumptions used to determine defined benefit obligations				
Discount rate	4,75%	5,20%	5,40%	5,70%
Salary increases	0,00%	0,00%	3,90%	3,95%
Inflation rate	2,00%	2,00%	3,40%	3,45%
Assumptions used to determine pension cost				
Discount rate	5,20%	5,75%	5,70%	6,55%
Expected return on plan assets	N/A	N/A	6,75%	7,04%
Expected salary increase	0,00%	0,00%	3,95%	3,30%
Inflation rate	2,00%	2,00%	3,45%	2,80%

The principal demographic assumptions made by the funds in order to determine the actuarial liability are presented below:

- average retirement age: 63.5 years for active fund members and 65.0 years for workers who abandoned them prior to retirement without transferring their contributions to other funds;

- life expectancy of current pensioners at the normal retirement date: 20.2 years (men), 22.8 years (women).
- life expectancy of future pensioners at the normal retirement date (aged over 50 years at 31 December 2010) : 21.6 years (men), 24.2 years (women).
- statistical composition of family: 80% of men and 70% of women are married at the time of retirement or prior to death. It is assumed that husbands are 3 years older than their wives.

The assets servicing the UK pension plans are invested as follows:

in %	**Dec 31, 2010**	**Dec 31, 2009**
Bonds	41,3%	41,6%
Equity	-	1,4%
Multi - Assets funds	58,7%	57,0%

The multi-assets funds are managed by leading international financial institutions. They invest in a range of heterogeneous financial assets designed to lower the exposure to risk, partly by seeking low correlation between the various classes of asset.

At 31 December 2010, the investment portfolio of the multi-assets funds comprises:

- equities: 46%;
- bonds: 29%;
- other assets (commodities, property funds etc.): 23%;
- monetary: 2%.

9.23. Provisions for risks and charges

The provisions for risks and charges cover estimated current and non-current liabilities the exact timing or extent of which are uncertain. The content of this caption at the end of 2010 and 2009 and the changes during the year are analysed in the following tables.

2010	Opening balance 01/01/2010	Provisions	Utilisations	Other movements	Closing balance 31/12/2010	Current portion	Non-current portion
Provision for warranties	58,6	5,8	(10,3)	0,7	**54,9**	29,5	25,3
Provision for agents' termination indemnity	1,5	0,2	(0,2)	-	**1,5**	-	1,5
Provisions for restructuring	18,9	18,9	(7,0)	(0,3)	**30,3**	10,2	20,2
Provision for WEEE	9,0	0,9	(4,0)	-	**5,9**	-	5,9
Provision for onerous contracts	14,3	2,5	(15,0)	0,5	**2,3**	0,6	1,7
Provision for disputes and other risks	25,4	19,3	(16,7)	0,1	**28,1**	13,8	14,3
Total	**127,8**	**47,5**	**(53,2)**	**1,0**	**123,0**	**54,1**	**68,9**

2009	Opening balance 01/01/2009	Provisions	Utilisations	Other movements	Closing balance 31/12/2009	Current portion	Non-current portion
Provision for warranties	57,2	25,4	(24,6)	0,6	**58,6**	49,5	9,1
Provision for agents' termination indemnity	1,4	0,2	(0,1)	0,0	**1,5**	1,5	-
Provisions for restructuring	0,3	18,8	(0,2)	(0,0)	**18,9**	18,9	-
Provision for WEEE	8,0	1,6	(0,6)	0,0	**9,0**	3,6	5,4
Provision for onerous contracts	5,0	13,1	(4,2)	0,4	**14,3**	14,3	-
Provision for disputes and other irsks	23,3	23,9	(17,8)	(3,9)	**25,4**	25,0	0,5
Total	**95,2**	**83,0**	**(47,6)**	**(2,8)**	**127,8**	**112,8**	**15,0**

The provision for agents' termination indemnity, determined with reference to the commissions earned in accordance with art. 1751 of the Italian Civil Code and collective agreements, represents the estimated liability for payments to agents should their mandates be terminated (for reasons not attributable to them) by Indesit Company S.p.A.

The provision for restructuring covers charges associated with the industrial reorganisation plans being implemented at certain of the Group's factories.

The provision for WEEE covers the charges deriving from application of the product disposal regulations, with sole reference to new waste in countries where local legislation adopting the EU Directive envisages the individual responsibility of manufacturers. The reduction reflects the adoption by the Netherlands, Portugal and Hungary of a system of collective responsibility that requires legal requirements to be met by making payments to specialist consortiums rather than by recording provisions.

The provisions for onerous contracts relate to rentals, hire agreements and operating leases for which, due to termination of the use of the assets covered by such contracts as a result of business restructuring, a discounted liability for future instalments has been recognised. The reduction reflects the sale of Creda Ltd, which is party to the onerous contract for the site at Blythe Bridge that expires in 2059.

The provision for disputes and other risks reflects the best possible estimate of the likely liability based on the information available.
At 31 December 2010, this caption comprises the provisions for outstanding disputes, 11.1 million euro (21.4 million euro), the provision for environmental risks, 8.3 million euro (3.9 million euro), the provisions for tax risks, 4.2 million euro, and product liability, 2.4 million euro (not recorded in the prior year), and the provisions for other risks, 2,2 million euro (0.1 million euro).

The provision for tax risks relates to the Inspection Minutes, notified to Indesit Company S.p.A. by the Marche Regional Tax Office for Major Taxpayers on 19 October 2010, containing the matters identified during the tax audit covering IRES, IRAP and VAT performed recently in relation to the 2007 tax year.
The issues raised predominantly relate to the methodology used when determining transfer prices for the intercompany movement of finished products and intangible assets, and the interest charged on the commercial deferral of payments allowed to Group companies. A minor issue also relates to the interest charged on the commercial deferral of payments by Group companies, but this time in relation to its allocation between accounting periods. At this time, the above-mentioned issues concerning the 2007 tax year have not resulted in notification of the assessment of additional taxation.
Indesit believes that the procedures adopted for the management of relations between Group companies are appropriate and, consequently, that the considerations made by the inspectors with regard to the determination of transfer prices are largely unfounded. Nevertheless, in order to manage appropriately the potential risks associated with this area, Indesit has commenced an in-depth analysis, with support from economists and tax experts, that focuses in particular on the aspects to be considered when determining transfer prices, to which most of the issues raised relate. Based on the analysis performed and the information currently available, and considering the marked subjectivity of the transfer pricing issue, Indesit has identified the matters raised that could probably result in a liability if formally disputed by the tax authorities and, accordingly, has deemed it appropriate to set aside an adequate provision for the risk of additional taxation and penalties. This provision mostly relates to the issue raised about the interest charged on the commercial deferral of payments allowed to Group companies.

The Other movements column of the table reporting the movements in the provisions for risks and charges principally comprises the exchange effect deriving from the translation of financial statements not denominated in euro, which is the Group's presentation currency.

Total payables and provisions for non-recurring transactions at 31 December 2010 amount to 39.1 million euro (37.9 million euro) and the cash flow absorbed by them was 45.4 million euro (28.5 million euro).

9.24. Deferred tax liabilities

Deferred tax liabilities and the related changes during the year are analysed in the following table:

(million euro)	Opening balance 31.12.2009	Credited / charged to Income Statement	Credited / charged to Equity	Exchange rate effect	Other movements	Closing balance 31.12.2010
Property, plant and equipment	8,9	(0,5)	-	0,1	-	8,5
Intangible assets	31,9	(3,7)	-	1,0	-	29,2
Inventories	0,8	0,3	-	-	-	1,0
Medium/long-term financial payables	0,1	0,4	(0,3)	0,0	-	0,2
Employee benefits	2,7	(0,2)	-	-	0,1	2,5
Government grants	0,1	-	-	-	-	0,1
Provisions for risks and charges	0,1	(0,0)	-	(0,0)	-	0,1
Distributable retained earnings	5,2	0,9	-	(0,1)	-	6,0
Total	**49,6**	**(2,8)**	**(0,3)**	**1,0**	**0,1**	**47,6**
Amounts offset	(9,8)	0,8	-	-	-	(9,0)
Total net	**39,8**	**(2,0)**	**(0,3)**	**1,0**	**0,1**	**38,6**

The amounts offset relate to the deferred tax liabilities that reduce deferred tax assets since they are due to the same tax authorities, are legally offsettable and relate to temporary differences that will reverse at the same time.

9.25. Other non-current liabilities

Other non-current liabilities comprise deferred grants from the Government and other bodies, as well as non-current amounts due to employees and social security institutions in relation to the Group's long-term incentive plans. These are discussed below:

(million euro)	Dec 31, 2010	Dec 31, 2009
Deferred grants for Special Economic Zone in Poland	27,8	31,8
Italy deferred grants	4,9	6,1
Non-current liabilities for employee benefits	11,0	-
Non-current liabilities for other social security institutions	2,6	-
Other non-current liabilities	**46,2**	**37,9**

The grants collected in Poland principally relate to tax credits for investment relating to the factories in the Lodz and Radomsko special economic zones. Access to these grants is subject to certain restrictions that are currently respected. The accounting treatment of these tax credits has involved, in accordance with IAS 20, the recognition of non-current liabilities that will be released to the income statement to match the depreciation charged on the capital investment concerned.
Deferred grants from the Government totalling 1.3 million euro (1.4 million euro) in Italy and 4.7 million euro (8.7 million euro) in Poland were credited to the income statement during the year.

9.26. Trade payables

Trade payables relate to the purchase of goods and services from the Group's suppliers. Payables are stated at their nominal value. All payables fall due within one year and, accordingly, they have not been discounted. The amounts due to suppliers reported among trade payables comprise without distinction the amounts due to both suppliers of components and raw materials and suppliers of plant, as shown below.

(million euro)	Dec 31, 2010	Dec 31, 2009
Trade payables for investments	35,1	17,1
Trade payables for purchases	794,1	642,8
Trade payables	**829,2**	**659,9**

The Trade payables caption has increased considerably due, above all, to the increase in the volume of production and investment.

9.27. Tax payables

The amounts due to tax authorities reflect the provision for current taxes and other tax payables.

(million euro)	Dec 31, 2010	Dec 31, 2009
Current taxes payable	18,6	23,9
Taxes withheld from employees and freelance workers	9,7	12,6
Total tax payables	**28,3**	**36,5**

9.28. Other payables

Other payables are analysed as follows:

(million euro)	Dec 31, 2010	Dec 31, 2009
Due to social security and pension institutions	28,2	28,4
Due to employees	48,4	48,5
VAT payable	29,1	28,0
Other payables	8,8	5,1
Total other payables	**114,5**	**110,0**

9.29. Share-based payments (stock options)

The resolutions adopted at the extraordinary meetings held on 19 September 1998 and 23 October 2001 authorised, pursuant to art. 2441 of the Italian Civil Code, two increases in share capital by up to 2,700,000 euro each, via the issue of a combined maximum of 6,000,000 ordinary shares, par value Euro 0.90, to service the stock option plan for the Group's executives and managers. The Board of Directors, in the person of the Chairman, determines the number of options to be granted each year and identifies - on the recommendation of the Chief Executive Officer - the beneficiaries. The options granted on 24 July 2003 (last grant date) envisage a vesting period of 3 years for the first 50% and 4 years for the remaining 50%, while the options granted previously envisaged vesting periods of 2 years and 3 years respectively.

Certain stock options were exercised during the year, but no new stock options were granted.

The parameters used to determine the fair value of stock options at the grant date are set out in the following table.

Parameters	
Exercise price	12.65
Expected volatility	31.39%
Grant date	24 July 03
No. of options	169,500
Duration of option (years)	3.50
Expected dividends	2.97%
Risk-free interest rate	4.00%
Fair value stock option (millions of euro)	0.1

The stock option plans are analysed in the attachments to these consolidated financial statements.

CASH FLOW STATEMENT

9.30. Profit for the year, Income taxes, Depreciation and amortization, Taxes paid

Profit for the year, income taxes, depreciation and amortization, all non-monetary items, are reported in notes 9.5 and 9.7 to which reference is made.
The provision for income taxes totalled 59.7 million euro, while tax payments during 2010 amounted to 57.3 million euro. These payments comprised the residual amount due for the prior year, together with tax advances determined with reference to current tax regulations in the various countries in which the Group operates.

9.31. Other non-monetary income and expenses, net, interest paid and received

The other non-monetary income and expenses, net, comprise all non-monetary items recorded in the income statement, except for income taxes, depreciation and amortization, the provisions deducted directly from asset captions (allowance for doubtful accounts and provisions for obsolescence). Accordingly, they include the increases/decreases in the hedging reserve, provisions for warranties, provisions for risks and charges, disposal gains and losses, unrealised exchange fluctuations, and accrued interest income and expense. Interest received is reported separately from interest paid.

9.32. Change in trade receivables, inventories, trade payables

This caption reports the cash absorbed or generated by the changes in net working capital, which comprises trade receivables, inventories and trade payables. The changes in trade payables relate solely to the supply of raw materials, goods and services, and exclude the changes in amounts due to suppliers of fixed assets, which are reported in the section of the cash flow statement that reports the cash flows generated (absorbed) by investing activities.

9.33. Change in other assets and liabilities

This caption reports the change in all other current and non-current assets and liabilities, net of the effect on them of provisions for non-monetary income and expenses. This represents the changes in the related balances with a direct effect on the absorption or generation of cash.

9.34. Payments for additions to property, plant and equipment and proceeds from their disposal

The cash flow from additions to property, plant and equipment reflects both the routine replacement of plant and new capital investment. The amount reported includes the change in payables relating to capital investment.

9.35. Acquisition of other intangible assets

The cash flow for investment in other intangible assets relates to the purchase of licences and software, and the capitalisation of development costs which are analysed in note 9.11. The cash flows generated (absorbed) by investing activities include the amounts capitalised since these involve payments for the related internal costs incurred (mainly payroll). These payments essentially reflect the costs capitalised during the year.

9.36. Dividends paid

The dividends paid on ordinary shares in 2010 amounted to 15.5 million euro (not paid in 2009). The dividends paid on savings shares in accordance with the articles of association were not significant.

9.37. Repayments of medium/long-term payables and bond

The repayments of other medium/long-term payabels and the bond relate to loans from banks and other financial backers.

9.38. Change in short, medium and long-term financial payables

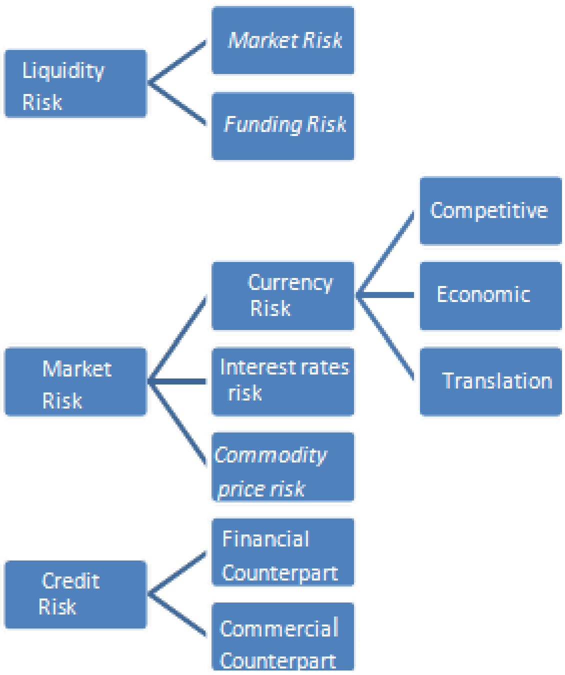
The change in current financial payables includes the change in short-term bank borrowing'ssince this represents a technical form of short-term borrowing.

10. Financial instruments

10.1 Management of financial risks

The Group is exposed to the following principal financial risks deriving from operations:

- liquidity risk (availability and access to financial resources);
- market risk (exchange rates, interest rates, commodity prices);
- credit risk (with commercial and financial counterparts).



The liquidity, market and financial counterpart credit risks are managed by the Central Treasury Department in accordance with the Group Treasury Policy approved by the Board of Directors. Group strategy is to minimize the exposure to risk and, accordingly, it is forbidden to take positions that might generate risks that are not strictly correlated with normal business activities (e.g. transactions in currencies other than the functional currencies).

In this context and in order to appropriately segregate duties, the Group has allocated skills and responsibilities between the Treasury Front Office and the Treasury Back Office, which is functionally and hierarchically separated from the Front Office.

The Front Office is mainly responsible for managing liquidity, identifying exposures to risk and negotiating hedges with financial counterparts.

The Back Office checks compliance with Treasury Policy and is responsible for the accounting measurement and recognition of hedging instruments.

Management of the credit risk with commercial counterparts is entrusted to the individual Country Managers working with the market Credit Controllers, who apply procedures for the evaluation and granting of credit limits that are specific to each geographical area or country in which the Group operates.

As required by IFRS 7, the following qualitative and quantitative information is provided about the impact of these risks on the Group.

With regard to the various market risks, the quantitative data from the sensitivity analyses has no value for forecasting purposes and cannot reflect the complexity of the market reactions correlated with each change in the assumptions made.

The matrix of significant risks faced by the Group is presented below:

10.1.1 Liquidity risk

The Group defines liquidity risk as the risk that a Group company, or the Group as a whole, may be unable to meet its obligations on a timely basis. This risk has two components:

- *Funding Risk*: the risk of not being able to meet financial obligations on the due dates and/or being unable, on a timely basis, to obtain the necessary liquidity on market terms;
- *Market Risk*: the risk of not being able to realise financial investments on a timely basis and/or on market terms.

Liquidity risk is contained by:

- a capital structure that is balanced between own funds and borrowing;
- diversifying the various sources of finance;
- spreading the maturities of financial payables over an extended time horizon;
- establishing limits for maturities and credit counterparts in the management of liquidity;
- maintaining unused committed and uncommitted lines of credit.

The unused committed lines of credit available at 31 December 2010 amount to 425.0 million euro (340.0 million euro), comprising 350.0 million euro in syndicated bank lines of credit expiring in 2011, 22.5 million euro, and in 2012, 327.5 million euro, and 75.0 million in relation to an amortising line of credit made available by the European Investment Bank, the final instalment on which is payable 7 years after the draw down.
In addition, the Group also has significant unused uncommitted lines of credit available at 31 December 2010.

The Group further diversified its sources of finance during 2010 via the arrangement of a securitisation programme, involving the without-recourse sale of a portfolio of trade receivables. As required by IAS 39, the receivables sold via the securitisation programme are not derecognised and remain reported as trade receivables, while the related financial payables are reported as liabilities.
No significant available lines of credit were revoked during the year.

The following table analyses by maturity the undiscounted contractual cash flows relating to financial liabilities, including trade payables and the derivative financial instruments with negative fair value at 31 December 2010. Loans have been included with reference to the first date on which repayment may be requested and those that may be revoked at any time have been treated as repayable upon demand.

Financial liabilities *(million euro)*	Carrying amount 31.12.2010	Contractual cash flows not discounted	Within 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Beyond 5 years
Trade payables	(829,2)	(829,2)	(220,9)	(413,9)	(194,4)	0,0	0,0
Bonds	(223,8)	(241,0)	0,0	(5,9)	(58,3)	(156,9)	(19,9)
Due to banks	(181,7)	(184,6)	(109,6)	(20,2)	(48,3)	(6,5)	0,0
Other financial payables	(4,3)	(4,3)	0,0	(1,4)	(0,8)	(1,3)	(0,8)
Derivative instruments	(11,0)	(13,5)	(1,0)	(3,6)	(3,0)	(3,9)	(2,0)
Total	**(1.250,0)**	**(1.272,6)**	**(331,5)**	**(445,1)**	**(304,8)**	**(168,5)**	**(22,7)**

10.1.2 Market risk

As defined in IFRS 7, the Group identifies as market risk the probability of fluctuations in the value of recognised assets or liabilities or its economic results, or in the fair value of a financial instrument, as a result of changes in:

- currency exchange rates (exchange rate risk);
- interest rates (interestrate risk);
- commodity prices (commodity price risk).

Currency risk

The Group identifies three types of currency risk:

Competitive
Changes in exchange rates may influence the strategic decisions and competitive positioning of the Group in its reference markets.

Economic
Changes in exchange rates between the date when a financial commitment between counterparts, in a currency other than the functional currency, is deemed to be highly probable and the actual settlement date of the commitment generate a difference between the expected cash flows and those that actually occur. The Group further analyses economic risk between:

- pre-transaction risk, represented by the risk of differences between the exchange rate used for forecasts and that applying when the financial commitment is recognised in the financial statements;
- transaction risk, represented by the risk of differences between the exchange rate applying when the financial risk is recognised in the financial statements and that applying on the settlement date of the commitment.

Translation
Changes in the exchange rates alter the carrying amounts of assets and liabilities not denominated in euro, following their consolidation for reporting purposes and their translation into the functional currency of the Parent Company. These changes do not give rise to an immediate difference between expected and actual cash flows, but merely have an accounting effect on the Group's consolidated equity. The effect on cash flows only arises in the event of equity transactions involving Group companies that prepare foreign currency financial statements (e.g. share capital reductions, payment of dividends, corporate liquidations).

The Group is exposed to the following main currencies at 31 December 2010: the British pound, the Polish zloty, the Russian rouble, the Turkish lira and the US dollar.

Exchange risk is managed by the Central Treasury Department, which systematically identifies outstanding exposures and those deriving from highly likely future transactions, and arranges the related hedges in compliance with the Treasury Policy.

The principal Policy guidelines envisage:

- the hedging of economic risk in accordance with the guidelines approved each year by the Board of Directors;
- the hedging of translation risk only if there is a material risk of failure to comply with financial covenants and, in any case, subject to approval by the Chief Executive Officer;
- identification of the derivative financial instruments that may be used.

The tools allowed by the Treasury Policy comprise foreign currency loans and investments, as well as forwards, options and collars traded over the counter or in regulated markets.
Derivatives hedging pre-transaction risk are arranged with a time horizon of not more than one year and are managed using the rules applying to cash flow hedges. The year-end value of the cash flow reserve relating to such derivatives is therefore released in full to the income statement for the following year.
Derivatives hedging transaction risk generally do not have a duration of more than one month and are systematically renewed consistent with the level of the underlying exposure. In general, these financial instruments provide a natural hedge and are not managed using hedge accounting rules; accordingly, pursuant to IAS 39, any changes in fair value are recognised directly in the income statement.

The Group manages and measures the exposure to currency risk using valuation methodologies (VaR, scenario analysis, stress tests etc.) that make reference to historical volatility parameters for the currencies concerned, as well as those observable in the market on the measurement date. These parameters are verified and updated at least every quarter, consistent with the Group's budgeting cycles.

Sensitivity of the value of derivatives

With regard to the derivative contracts outstanding at 31 December 2010, the effects on the Group's income statement and consolidated equity of hypothetical, 10% positive and negative changes in the exchange rates of the principal currencies used by the Group have been estimated.
The exchange rate changes have an effect on the statement of financial position when applied to cash flow hedges and an income statement effect when applied to financial instruments measured at fair value.
With regard to the currency options, the measurement model assumes that market volatility at year end will remain unchanged, and determines the effect on equity via the measurement of intrinsic value.

Currency	Variation %	**P&L variation 2010**	**P&L variation 2009**
EUR/GBP	-10%	8,3	12,1
EUR/PLN	-10%	(3,9)	(15,9)
GBP/PLN	-10%	0,0	2,8
EUR/TRY	-10%	1,1	(1,8)
EUR/USD	-10%	0,0	0,0
EUR/RUR	-10%	(1,4)	0,0
Total		**4,0**	**(2,8)**

Sensitivity of operating profit

Considering the principal currencies to which the Group is exposed, a 10% increase or (decrease) in each currency, with respect to their average exchange rates during 2010, would have had an adverse effect on the Group's operating profit (ignoring the tax effect) of about 56 million euro (positive effect of about 66 million euro), assuming no changes in other factors.

The model assumes the same distribution of revenues and costs as in 2010. The simulation does not include:

- any external effects (e.g. market or competitive dynamics) or internal effects (behaviour and actions taken by the Group) as a result of such changes in exchange rates;
- the effects of hedging via the use of derivatives;
- any cross-rate effects (especially GBP/PLN).

Positive variation effect on Operating profit

(million euro)	**GBP**	**RUB**	**TRY**	**PLN**	**USD**	**Total**
Operating profit	57,3	25,4	5,6	(13,4)	(8,7)	**66,2**
% effect on total	*86,6%*	*38,4%*	*8,4%*	*-20,2%*	*-13,2%*	*100,0%*

Negative variation effect on Operating profit

(million euro)	**GBP**	**RUB**	**TRY**	**PLN**	**USD**	**Total**
Operating profit	(47,3)	(22,2)	(4,6)	10,7	7,2	**(56,2)**
% effect on total	*84,1%*	*39,6%*	*8,1%*	*-19,1%*	*-12,7%*	*100,0%*

Exposure to commercial cash flows

The following table reports the exposure to economic risk deriving from expected commercial flows and the related hedges of pre-transaction risk at 31 December 2010.

The 2011 hedges on the exposure to economic risk deriving from expected commercial flows

Currency	GBP	PLN	RUB	USD	TRY	UAH
Long/short exposure	401	(153)	210	(72)	35	75
Hedges	(237)	165	0	70	0	0
Residual exposure	**164**	**12**	**210**	**(2)**	**35**	**75**

** The amounts are in €/mln equivalents*

At the end of 2010, no hedges have a term of more than 12 months.

The estimated exposures and expected flows used and shown in the above table are subject to possibly significant changes due to changes in demand, the different allocation of production factors , the revision of forecast sales and purchases, changes in collection and payment terms and, more generally, the operational and financial risks highlighted in the report on operations.
With respect to 2010, an increase in the Group's exposure to the Ukranian grivna (UAH) is expected during 2011, due to the planned start of trading activities by Indesit Ukraine LLC, a subsidiary.

Interest rate risk

The Group defines interest rate risk as the risk that adverse movements in the interest rate curve might have a negative effect on the cost of liabilities or the yield from financial assets and, in the final analysis, on the Group's profit for the year.
Interest rate risk is managed centrally by the Group's Treasury Department, in compliance with the Treasury Policy.

In particular, it is Group policy to:
- maintain borrowing at floating rates;
- limit the conversion from floating rate to fixed rate within the notional, maturity (maximum rolling maturity of 5 years) and market limits defined by the policy.

In addition, the policy also covers the types of hedging instrument that can be used (interest rate swaps, forward rate agreements, cross currency swaps, caps, floors, collars). Recourse to structured derivatives is not envisaged, unless expressly authorised by the CFO.

Interest rate risk: sensitivity

A hypothetical upward/downward shift in the interest-rate curve by 100 basis points (in parallel along the entire curve) would have the effects indicated below.

31 December 2010 *(million euro)*	Variation +100bps		Variation -100bps	
	P&L effect	Equity effect	P&L effect	Equity effect
Net indebtedness of floating rate	(2,0)	-	2,0	-
Derivative instrument hedging of fixed rate loans	(1,6)	-	1,6	-
Derivative instrument hedging of floating rate loans	0,0	5,6	-	(5,9)
Total	**(3,6)**	**5,6**	**3,6**	**(5,9)**

31 December 2009 *(million euro)*	Variation +100bps		Variation -100bps	
	P&L effect	Equity effect	P&L effect	Equity effect
Net indebtedness of floating rate	(3,7)	-	3,7	-
Derivative instrument hedging of fixed rate loans	(2,0)	-	2,0	-
Derivative instrument hedging of floating rate loans	2,2	5,1	(2,2)	(5,1)
Total	**(3,5)**	**5,1**	**3,5**	**(5,1)**

The simulation is representative of the effects that would be generated in 2011 if the exposures to risk remained the same as those at 31 December 2010, or the same as the normalised average exposures in the limited cases in which the situation at year end was not representative of that applying throughout the year.

These effects include the financial and economic effects deriving from fluctuations in the fair value of the derivatives and the underlyings, as well as those that would result from the hypothetic change in interest rates.
At 31 December 2010, fixed rate financial instruments include the USPP bonds denominated in euro (18.3 million euro) and US dollars (243.0 million dollars).
At 31 December 2010, floating rate financial instruments typically include liquid funds, medium and long-term amounts due to banks and other financial backers, and the financial payables associated with the securitisation programme.

Commodity price risk

The Group is subject to the risk that fluctuations in the prices for the commodities used in the production process might have an adverse effect on the performances for the year.
This risk is mainly managed in accordance with the Group's procurement policies by the Supply Chain Department, which regularly assesses current and future exposures. Action involves the management of supply contracts and, occasionally, for amounts that are not significant, the use of derivative instruments.
The following table indicates the costs incurred by the Group in 2010 for the consumption of raw materials, components and other materials.

(million euro)	**Dec 31, 2010**	**Dec 31, 2009**
Steel and aluminium	207,9	179,5
Plastic	205,5	163,5
Components and transformations	1.056,3	920,0
Other material	101,9	103,9
Total	**1.571,5**	**1.366,9**

With regard to the purchase of steel, the Group's objective is to sign, usually before the end of the fourth quarter, annual contracts at fixed prices for the materials requirement estimated when preparing the budget. Achievement of this objective for 2011 has been partially hampered by current macroeconomic conditions in the market for raw materials and, in particular, by the generalised change in contracting procedures adopted by the principal suppliers of raw materials. In the context of annual supply contracts, it has not been possible to fix steel prices for more than the first six months, although maximum changes in the prices for the second half of the year have also been contractually agreed.
By contrast, the supply contracts for non-ferrous metals (nickel, copper and aluminium) have a duration of less than one year.
Lastly with regard to plastics, the Group signs fixed price contracts for about 50% of its requirement, while the prices for the remaining 50% are indexed to sector parameters. These supply contracts have a duration of less than one year.

Price risk: quantitative information
The derivatives outstanding at 31 December 2010 hedge the prices of aluminium and copper.
A hypothetical 10% decrease in the prices of the above commodities would reduce the fair value of the derivatives by 1.1 million euro, while a hypothetical 10% increase in the prices of these commodities would raise the fair value of the derivatives by 0.7 million euro.
These increases/decreases would be reflected in full in the cash flow reserve.

Hierarchy of levels in the measurement of fair value

With regard to financial instruments recognised at fair value in the statement of financial position, IFRS 7 requires such values to be classified using a hierarchy of levels that reflect the meaningfulness of the input used for the determination of fair value. The following levels are identified:

- Level 1 – prices quoted in an active market for the asset or liability to be measured;
- Level 2 – input other than the quoted prices referred to above, which is directly (prices) or indirectly (derived from the prices) observable in the market;
- Level 3 – input that is not based on observable market data.

With regard to the derivative instruments outstanding at 31 December 2010:

- all the financial instruments measured at fair value are represented by Level 2 derivatives (same as in 2009);
- there were no transfers from Level 1 to Level 2, or vice versa, during 2010;
- there were also no transfers from Level 3 to other levels, or vice versa, during 2010.

10.1.3 Credit risk

Credit risk represents the Group's exposure to potential losses deriving from the failure of commercial and financial counterparts to meet their obligations.

Financial counterpart credit risk

The Group invests its liquidity and enters into currency contracts and/or other derivative transactions with various financial institutions, which may give rise to credit risks.
Group Treasury Policy establishes guidelines and limits to be followed by the Treasury Front Office in the management of financial applications of funds, in order to limit the credit risk in relation to financial counterparts.
The Treasury Back Office checks compliance with these rules.
In particular, Group policy covers:

- minimum rating requirements for counterparts;
- the maximum level of counterpart risk that the Group can accept, based on the risk profile (rating) of each counterpart;
- the rules that specify how risk positions must be modified following a change in rating;
- the rules and limits that apply in the case of exposure to counterparts without a rating.

Transactions involving the employment of liquidity and the use of hedging instruments are arranged with leading domestic and international banks.

Commercial counterpart credit risk

The management of trade receivables, which represent the Group's principal credit risk exposure, is the responsibility of the individual Country Managers working together with the market Credit Controllers, who evaluate counterparts and assign them credit limits.
Credit risk is measured on a specific basis by allocating a risk rating to each customer, based on an assessment of creditworthiness that distinguishes between the various types of customer.
The risk rating is assigned by the Credit Manager, on examination of the application for credit, following an assessment of creditworthiness that takes account of both subjective and objective information.
The objective elements considered include:

- analysis of financial statements;
- competitive positioning of the company;
- information about the potential customer obtained from databases.

The subjective elements considered include:

- accumulated experience;
- network of relations.

The credit rating of counterparts is reviewed periodically.
The credit risk deriving from commercial transactions is mitigated by the use of various instruments, such as letters of credit, insurance policies and other forms of secured or unsecured guarantee.
Group policy is to impair receivables overdue by more than 60 days by 50% and those overdue by more than 120 days by 75%, while those overdue by more than 180 days are written off, unless backed by insurance cover, bank guarantees or other forms of collateral.
The credit risk associated with any doubtful or overdue positions is also monitored centrally with reference to the monthly reports received.

Credit risk: quantitative information

The Group's maximum theoretical exposure to credit risk is represented by the carrying amount of the financial assets recorded in the statement of financial position, 740.0 million euro (608.6 million euro).
Solely with regard to trade receivables at 31 December 2010, the concentration of the ten largest customers (all major retail chains) is 22.0% (20.8%) of total gross performing receivables.

10.2 Hedge accounting and categories of financial asset/liability

Hedge Accounting

The Group carries out prospective and retrospective tests of the effectiveness of derivatives recognised for hedge accounting purposes.
The prospective effectiveness of a hedge is checked by stress testing, which involves comparing the changes in its fair value with those of the underlying hedged assets or liabilities. In particular, two distinct changes (positive and negative) in the market curves are simulated.
The retrospective effectiveness of a hedge is checked, commencing from the date when the instrument was designated as a hedge, by comparing the cumulative changes in its fair value with those of the underlying hedged assets or liabilities.
Effectiveness is assured if the relation between the change in the fair value of the hedging instrument and the change in the fair value of the underlying falls in the range between 80% and 125%.
The Group arranged both fair value hedges and cash flow hedges during 2010. With regard to the latter, Indesit Company hedges its exposure to changes in cash flows attributable to a specific risk associated with a recognised asset or liability, as well as a planned transaction that is highly likely to take place.

The Group regularly checks that hedged future transactions continue to be considered highly likely. No significant effects were recorded in 2010 due to hedges with notionals in excess of the underlying flows (overhedges).
The ineffective cash flow hedges identified in 2010 resulted in the recognition of costs totalling 5.1 million euro (3.2 million euro in 2009). With regard to fair value hedges, the changes in the fair value of derivatives and the related underlyings are summarised in the table of transactions outstanding at year end in note 10.3.

Fair Value

The Group uses the valuation techniques applied in established market practice and internationally-recognised software to determine the fair value of derivatives for which there is no active market. These techniques establish the value that these instruments would have had at the measurement date in an arms' length transaction between knowledgeable and willing parties.
The valuation methodologies applied solely refer to market factors, ignoring any factors specific to the Group, in order to make a reasonable estimate of the market value of the financial instruments.
When determining fair value, the following market factors are considered and identified at the measurement date: the exchange rates for foreign currencies, the yield curves of government securities, the prices of goods and their volatility.
The market value obtained by applying these valuation techniques is periodically compared with the mark-to-market values provided by banking counterparts.

In particular, the fair value of each instrument is calculated as follows:

- the fair value of currency forwards is calculated considering the exchange rate and the interest rates in the two currencies at the reporting date;
- the fair value of currency options is calculated using the Black-Scholes model and market parameters at the reporting date (exchange rates, interest rates and volatilities of the currencies);
- the fair value of interest rate swaps and forward rate agreements is calculated considering the interest rates at the reporting date and using DCF techniques;
- the fair value of cross currency swaps is calculated considering the exchange rate and the interest rates at the reporting date and using DCF techniques;
- the fair value of commodity forwards is determined considering the forward price for the commodity and the interest rates at the reporting date (and the exchange rate at the reporting date, if the hedge includes the exchange rate).

Categories of financial asset/liability

The following tables present, for each of the categories identified in IAS 39, the carrying amount and corresponding fair value of the financial assets and liabilities recorded in the statement of financial position.

31.12.2010 *(million euro)*	Loans and receivables	Financial assets measured at fair value thorugh profi or loss		Financial assets available for sale	Investments held to maturity	Hedging instruments	**Total carrying amount**	**Total fair value**
		Financial assets measured at fair value upon initial measurement	Financial assets held for trading					
Non-current financial assets	0,3	-	-	-	-	1,7	**2,0**	**2,0**
Trade receivables	498,1	-	-	-	-	-	**498,1**	**498,1**
Current financial assets	7,7	-	-	-	-	9,6	**17,2**	**17,2**
Cash and cash equivalents	222,7	-	-	-	-	-	**222,7**	**222,7**
							740,0	**740,0**

31.12.2009 *(million euro)*	Loans and receivables	Financial assets measured at fair value thorugh profi or loss		Financial assets available for sale	Investments held to maturity	Hedging instruments	**Total carrying amount**	**Total fair value**
		Financial assets measured at fair value upon initial measurement	Financial assets held for trading					
Non-current financial assets	0,2	-	-	-	-	1,3	**1,4**	**1,4**
Trade receivables	391,5	-	-	-	-	-	**391,5**	**391,5**
Current financial assets	12,0	-	-	-	-	12,7	**24,7**	**24,7**
Cash and cash equivalents	191,0	-	-	-	-	-	**191,0**	**191,0**
							608,6	**608,6**

31.12.2010 *(million euro)*	Financial liabilities measured at fair value thorugh profi or loss		Other financial liabilities measured at amortised cost	Hedging instruments	**Total carrying amount**	**Total fair value**
	Financial liabilities measured at fair value upon initial measurement	Financial liability held for trading				
Medium/long term financial liabilities	-	-	169,4	5,2	**174,6**	**174,6**
Trade payables	-	-	829,2	-	**829,2**	**829,2**
Banks and other medium/long term financial liabilities	-	-	240,4	5,8	**246,2**	**246,2**
					1250,0	**1250,0**

31.12.2009 *(million euro)*	Financial liabilities measured at fair value thorugh profi or loss		Other financial liabilities measured at amortised cost	Hedging instruments	**Total carrying amount**	**Total fair value**
	Financial liabilities measured at fair value upon initial measurement	Financial liability held for trading				
Medium/long term financial liabilities	-	-	312,5	24,7	**337,2**	**337,2**
Trade payables	-	-	659,9	-	**659,9**	**659,9**
Banks and other medium/long term financial liabilities	-	-	162,8	7,3	**170,1**	**170,1**
					1167,3	**1167,3**

Financial assets and liabilities measured at amortised cost

Trade receivables and payables, bind deposits, bank borrowing, loans, bonds and other assets and liabilities measured at amortised cost (e.g. receivables sold and finance lease liabilities).

Pursuant to IFRS 7, the fair value of these captions is re-measured by calculating the present value of the contractually-expected flows of principal and interest, based on the yield curve for government securities at the measurement date. In particular, the

fair value of long-term financial liabilities is determined using the risk-free curve, as adjusted to take account of the Group's credit rating.
Although the US Private Placement bonds fall into the category of financial liabilities measured at amortised cost, they are actually recorded at fair value. This is determined with reference solely to the hedged risk factors, using the accounting rules applicable to fair value hedges. The interest rate and currency risks associated with these bonds have in fact been hedged by the Group using the specific derivative instruments described in the note on financial instruments.
The carrying amount of trade receivables and payables is a reasonable approximation of their fair value.

Financial assets and liabilities measured at fair value

The financial instruments arranged for hedging and trading purposes (operational hedges) are measured at fair value. Information about the determination of fair value is provided in the section on “Derivative financial instruments outstanding at year end”.

10.3 Derivative financial instruments outstanding at year end

The transactions outstanding at 31 December 2010 and their fair values are reported in the following table, which also indicates the change in the value of the underlyings (where applicable).

		Notional amount		Fair value of derivates						31 December 2010				
(million euro)	Nature of risk hedged	31.12.2010	31.12.2009	31.12.2010	31.12.2009	Change in fair value of underlyings at 31.12.2010 vs 31.12.2009	Change in fair value of derivatives at 31.12.2010 vs 31.12.2009	Change in fair value of underlyings at 31.12.2010 vs inception date	Change in fair value of derivatives 31.12.2010 vs inception date	Other non-current financial assets	Current financial assets	Medium/long-term financial payables	Banks and other financial payables	Total
Cash flow hedges														
Currency options	Currency	254,5	222,0	3,3	2,6	0,7	na	na	na	-	4,0	-	(0,7)	3,3
IRS on loans short term	Interest rate	570,9	370,9	(6,1)	(6,0)	(0,1)	na	na	na	0,1	-	(3,8)	(2,3)	(6,1)
Forward	Price/currency	69,2	43,1	2,2	1,5	0,7	na	na	na	-	2,5	-	(0,3)	2,2
Total		**894,5**	**636,0**	**(0,5)**	**(1,9)**	**1,3**	-	-	-	**0,1**	**6,5**	**(3,8)**	**(3,3)**	**(0,5)**
Fair value hedges														
CCS on bonds	Currency/ Interest rate	202,7	202,7	0,2	(17,0)	17,2	(16,8)	(2,1)	(0,0)	0,5	2,0	(1,4)	(0,9)	0,2
IRS on bonds	Interest rate	18,3	18,3	1,8	1,7	0,1	(0,5)	(1,8)	1,6	1,2	0,6	-	-	1,8
Totale		**221,0**	**221,0**	**2,0**	**(15,3)**	**17,3**	**(17,3)**	**(3,9)**	**1,6**	**1,7**	**2,6**	**(1,4)**	**(0,9)**	**2,0**
Other hedges														
Forwards	Currency	(33,6)	74,1	(1,1)	(0,8)	(0,3)	-	-	-	-	0,4	-	(1,5)	(1,1)
Total		**(33,6)**	**74,1**	**(1,1)**	**(0,8)**	**(0,3)**	**-**	**-**	**-**	**-**	**0,4**	**-**	**(1,5)**	**(1,1)**
Grand total		**1.082,0**	**931,1**	**0,3**	**(18,0)**	**18,3**	**(17,3)**	**(3,9)**	**1,6**	**1,7**	**9,6**	**(5,2)**	**(5,8)**	**0,3**

(a) The currency options recognised as cash flow hedges were purchased principally to hedge the risk of an appreciation of the euro against the British pound, the Polish zloty against the British pound, and the US dollar against the euro. The hedged currency risks mainly relate to highly probable future transactions expected to take place within one year, with the consequent release of the cash flow reserve to the income statement.

(b) The float-to-fix interest rate swaps have been designated as
cash flow hedges of the interest rate risk on part of the short-term loans, the use of which is expected to be equivalent to such interest-rate swaps in terms of their nominal value and maturities.
The interest rate hedges outstanding at 31 December 2010 comprise IRS with a total notional of 570.9 million euro. This hedges the interest rate risk on an average of about 200 million euro of underlying payables (short term) with the following maturities:

- 220.9 million euro from 31 December 2010 to 17 March 2011;
- 150 million euro from 17 March 2012 to 17 March 2014;
- 150 million euro from 17 March 2014 to 17 March 2015;
- 50 million euro from 17 March 2012 to 17 March 2015.

(c) The forwards, designated as cash flow hedges, were arranged to hedge the currency risk on highly probable future transactions, and the price risk on highly probablefuture purchases of commodities and semi-finished products.

(d) The cross currency swap was arranged to hedge the interest-rate and exchange rate risks deriving from commitments in relation to the US private placement of bonds. This transaction converted the fixed rate US dollar bonds into floating rate euro.

(e) The interest rate swap relates to the euro tranche of the US private placement, and was arranged to hedge the interest rate risk that was swapped from fixed to floating at the time the loan was arranged.

(f) The forwards not recognised as cash flow hedges were arranged to hedge currency risk.

11. Information on the remuneration of management and on related parties

11.1 Remuneration of management

In addition to the executive and non-executive directors and the statutory auditors, the executives with strategic responsibility for operations, planning and control include the Marketing Manager, the Administration, Finance and Control Manager, the Industrial Technical Manager, the Supply Chain Manager, the IT Officer and, from 1 February 2010, the Commercial Manager.
The gross annual remuneration of the above persons, comprising all forms of compensation (gross pay, bonuses, fringe benefits, etc.), and remuneration accrued but not yet paid since subject to the achievement of long-term objectives, is shown in the following table.

Remuneration for Management at 31/12/2010

(million euro)	Short-term benefits	Long-terms benefits	Stock Options
Directors	5,3	1,7	-
Statutory Auditors	0,1	-	-
Executives	3,4	2,9	-
Total	**8,8**	**4,7**	**-**

Remuneration for Management at 31/12/2009

(million euro)	Short-term benefits	Long-terms benefits	Stock Options
Directors	6,9	1,5	-
Statutory Auditors	0,1	-	-
Executives	2,8	2,3	-
Total	**9,9**	**3,8**	**-**

11.2 List of related parties

The companies deemed to be related parties (other than subsidiaries), as defined in IAS 24, with which commercial and financial transactions have been carried out, are listed below. All commercial and financial transactions with these entities were arranged on arms'length terms and in the interests of the Group.

List of related parties	Type of relationship
Faber Factor Spa	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
Fineldo Spa	Group parent - belonging to Vittorio Merloni
Imat S.p.A.	Other related - Related to a Director of the Indesit Company Spa
LTT Life Tool Technologies Spa	Other related - Related to a member of the Merloni family
Marcegaglia Spa	Other related - Related to a Director of the Indesit Company Spa
Marcegaglia Buildech Srl	Other related - Related to a Director of the Indesit Company Spa
Marcegaglia Poland SP ZOO	Other related - Related to a Director of the Indesit Company Spa
MCP eventi Srl	Other related - Related to a member of the Merloni family
Merloni Vittorio	Other related - Member of the Merloni family
Merloni Progetti Spa	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
M P & S Srl	Other related - Related to a member of the Merloni family
MPE Energia Spa	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
Tecnosolare Carinaro Srl	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
Protecno Sa	Other related - Related to a member of the Merloni family
Tradeplace BV	Associate
Indesit Company UK Ltd Group Personal Pension Plan	Pension fund
Merloni Ireland Pension Plan	Pension fund

In addition to the above companies, the following physical persons are also deemed to be related parties: members of the Board of Directors and the Board of Statutory Auditors, managers with strategic responsibility for management, planning and control activities, and the close family members of these parties, as defined in IAS 24.

Nature of relations with the principal related parties

Indesit Company UK Ltd Group Personal Pension Plan and Merloni Ireland Pension Plan

Indesit Company UK Ltd and the employees concerned contribute to The Indesit Company UK Ltd Group Personal Pension Plan and the Merloni Ireland Pension Plan under the pension rules applicable in the UK. Further information about the pension plans is provided in note 9.22.

11.3 Schedules summarising the transactions with related parties

The table on the next page summarises the balances and transactions with the related parties identified above, distinguishing between the transactions with the Parent Company, associates and other related parties. Furthermore, in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication DEM/6064293 dated 28 July 2006, Attachments 3 and 4 present the consolidated income statement and statement of financial position showing the transactions with related parties separately and indicating their percentage incidence with respect to each financial statement caption.

There have not been any significant, atypical and/or unusual transactions with related parties (except those with regard to the pension funds described above).
The cost of purchasing from related parties reported in Cost of sales mainly comprises the cost of purchasing steel and condensers from the Marcegaglia Group.

Tables summarizing the transactions with related parties - Profit and Loss

(million euro)

	Dec 31, 2010	Dec 31, 2009
Revenue		
Other related	0,0	0,1
Associates	-	-
Parent Company	0,3	0,4
Total	**0,4**	**0,4**
Cost of sales		
Associates	-	-
Other related	(14,6)	(8,6)
Total	**(14,6)**	**(8,6)**
Selling and distribution expenses		
Other related	-	(0,2)
Associates	-	-
Total	**0,0**	**(0,2)**
General and administrative expenses		
Associates	-	-
Other related	(13,6)	(13,7)
Parent Company	(0,0)	(0,2)
Total	**(13,6)**	**(13,9)**
Net financial expenses		
Other related	-	-
Parent Company	-	(0,0)
Total	**-**	**(0,0)**
Share of profit (losses) of		
Other related	-	0,0
Total	**0,0**	**0,0**

Tables summarising the transactions with related parties- Balance sheet
(million euro)

	Dec 31, 2010	Dec 31, 2009
Property, plant and equipment		
Associates	-	-
Other related	0,0	5,9
Total	**0,0**	**5,9**
Intangible assets with a finite life		
Associates	-	-
Other related	-	-
Total	-	-
Current financial assets		
Other related	-	-
Parent Company	-	-
Associates	-	-
Total	-	-
Trade receivables		
Associates	-	-
Other related	2,2	0,1
Parent Company	0,2	0,3
Total	**2,4**	**0,4**
Trade payables		
Associates	-	-
Other related	(3,2)	(4,5)
Parent Company	0,0	0,0
Total	**(3,2)**	**(4,5)**
Other payables		
Parent Company	-	-
Other related	0,0	0,0
Total	**0,0**	**0,0**

The change in Property, plant and equipment mainly reflects the completion of work to expand the Lipetzk warehouse by Merloni Progetti S.p.A. .

The amount due from Other related parties within Trade receivables mainly comprises 2.1 million euro due under a contract with Tecnosolare Carinaro srl that transferred land usage rights for the installation of solar panels at Carinaro and Teverola.

The amounts due to Other related parties within Trade payables mainly relate to the Marcegaglia Group, 3.0 million euro.

The cash flow absorbed by transactions with related parties was 8.1 million euro (32.7 million euro).

Attachment 1
List of companies consolidated on a line-by-line basis

Name	Location	Share capital	Group interest	
			direct	indirect
Indesit Company Luxembourg Sa	Luxembourg	EUR 117.977.729	100,00	-
Indesit Electrodomesticos Sa	Spain	EUR 1.000.000	78,95	21,05
Merloni Domestic Appliances Ltd	Uk	GBP 90.175.500	19,60	80,40
Indesit Company Portugal Electrodomésticos Sa	Portugal	EUR 1.144.100	-	99,44
Indesit Company International Bv	The Netherlands	EUR 272.270	-	100,00
Indesit Pts Ltd	Uk	GBP 1.000	-	100,00
Indesit Company France Sas	France	EUR 17.000.000	-	100,00
Fabrica Portugal Sa	Portugal	EUR 11.250.000	-	96,40
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	Turkey	TRY 102.341.573	47,36	52,64
Indesit Company Beyaz Esya Pazarlama A.S.	Turkey	TRY 5.167.994	99,99	-
Indesit IP Srl	Italy	EUR 10.000	100,00	-
Indesit Company Deutschland GmbH	Germany	EUR 550.000	-	100,00
Indesit Company Ireland Reinsurance Ltd	Ireland	USD 750.000	-	100,00
Closed Joint Stock Company Indesit International	Russia Fed.	RUB 1.664.165.000	100,00	-
Indesit Company Polska Sp.z o.o.	Poland	PLN 540.876.500	100,00	-
Indesit Company Magyarország Kft	Hungary	HUF 25.000.000	-	100,00
Indesit Company Ceská s.r.o	Cech Republic	CZK 1.000.000	100,00	-
Indesit Company International Business Sa	Switzerland	SFR 250.000	-	100,00
Indesit Company Uk Holdings Ltd	Uk	EUR 163.000.000	-	100,00
General Domestic Appliances Holdings Ltd	Uk	GBP 26.000.000	-	100,00
Aeradriatica SpA	Italy	EUR 23.068.545	100,00	-
Airdum Ltd	Uk	GBP 15.000	-	100,00
Cannon Industries Ltd	Uk	GBP 1,5	-	100,00
Creda Domestic Appliances Service Ltd	Uk	GBP 1.000	-	100,00
Fixt Ltd	Uk	GBP 2	-	100,00
General Domestic Appliances International Ltd	Uk	GBP 100.000	-	100,00
Hotpoint Sales Ltd	Uk	GBP 3,096026	-	100,00
Hotpoint UK Ltd	Uk	GBP 50	-	100,00
Jackson Appliances Ltd	Uk	GBP 7,5	-	100,00
Indesit Company UK Ltd	Uk	GBP 76.195.645	-	100,00
Xpelair Ltd	Uk	GBP 8,25	-	100,00
Ariston Group Services Ltd	Uk	GBP 100	-	100,00
RTC International Ltd	Uk	GBP 50.000	-	100,00
Wuxi Indesit Domestic Appliance Technology Co. Ltd	China	EUR 900.000	-	100,00
Indesit Company Belgium SA	Belgium	EUR 150.000	-	100,00
Indesit Argentina SA	Argentina	ARS 24.070.220	3,00	97,00
Indesit Middle East FZE	Dubai	AED 1.000.000	-	100,00
Indesit Rus Llc	Russia	RUB 4.340.000	100,00	-
Indesit Company Österreich Ges. m.b.h.	Österreich	EUR 18.168,21	-	100,00
FCT Cirano	France	-	-	-
Olympia Finance srl - Società Unipersonale	Italy	EUR 12.000	-	-
Indesit Ireland Ltd	Ireland	EUR 100.000	-	100,00

Attachment 2
List of other investments in subsidiaries and associates

Name	Location	Share capital	Group interest	
			direct	indirect
Indesit Company Bulgaria Srlu	Bulgaria	BGL 7.805.000	100,00	-
Indesit Company Domestic Appliances Hellas Mepe	Greece	EUR 18.000	-	100,00
Indesit Company Norge Ltd	Norway	NOK 100.000	-	100,00
Indesit Company Singapore Pte. Ltd.	Singapore	SGD 100.000	-	-
Indesit Ukraine LLC	Ukraine	UAH 585.570	100,00	-
Tradeplace B.V.	The Netherlands	NOK 100.000	20,00	100,00

Attachment 3

Consolidated income statement for the year ended 31 December 2010, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

(million euro)	Dec 31, 2010			Dec 31, 2009		
	Balances	of which non recurring	of which with related parties	Balances	of which non recurring	of which with related parties
Revenue	2.879,2	-	0,4	2.613,0	-	0,4
Cost of sales	(2.084,4)	(40,0)	(14,6)	(1.981,5)	(42,4)	(8,6)
Selling and distribution expenses	(486,3)	(3,0)	0,0	(415,7)	(8,2)	(0,2)
General and administrative expenses	(124,6)	(1,0)	(13,6)	(97,2)	0,2	(13,9)
Operating profit	**183,9**	**-**		**118,6**		
Net financial expenses	(34,5)	-	0,0	(51,8)	-	(0,0)
Share of profit (losses) of associates	0,1	-	0,0	-	-	0,0
Profit before tax	**149,4**			**66,8**		
Income tax (1)	(59,7)	-	na	(33,3)	25,1	na
Profit for the year	**89,7**			**33,5**		

Percentage weight over consolidated income statements items	Dec 31, 2010			Dec 31, 2009		
	Balances	of which non recurring	of which with related parties	Balances	of which non recurring	of which with related parties
Revenue	100,0%	-	0,0%	100,0%	-	0,0%
Cost of sales	100,0%	1,9%	0,7%	100,0%	2,1%	0,4%
Selling and distribution expenses	100,0%	0,6%	-	100,0%	2,0%	0,0%
General and administrative expenses	100,0%	0,8%	10,9%	100,0%	(0,2%)	14,3%
Operating profit	100,0%			100,0%		
Net financial expenses	100,0%	-	-	100,0%	-	0,0%
Share of profit (losses) of associates	-			-		
Profit before tax	100,0%			100,0%		
Income tax	100,0%	-	na	100,0%	(75,4%)	na
Profit for the year	100,0%			100,0%		

Attachment 4

Consolidated statement of financial position at 31 December 2010, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

	Dec 31, 2010			**Dec 31, 2009**		
Million euro	Balances	of which with related parties	Weight %	Balances	of which with related parties	Weight %
Assets						
Property, plant and equipment	637,2	0,0	0,0%	630,4	5,9	0,9%
Goodwill and other intangible assets with an indefinite useful life	229,7	-	-	222,5	-	-
Other intangible assets with a finite life	101,9	-	-	109,0	-	-
Investments in associates	0,5	-	-	0,5	-	-
Other non-current assets	36,2	-	-	39,2	-	-
Deferred tax assets	73,5	-	-	70,8	-	-
Other non-current financial assets	2,0	-	-	1,4	-	-
Total non-current assets	**1.081,1**		**-**	**1.073,8**		
Inventories	326,0	-	-	281,4	-	-
Trade receivables	498,1	2,4	0,5%	391,5	0,4	0,1%
Current financial assets	17,2	-	0,0%	24,7	-	0,0%
Tax receivables	20,6	-	-	22,8	-	-
Other receivables and current assets	66,4	-	-	64,4	-	-
Cash and cash equivalents	222,7	-	-	191,0	-	-
Total current assets	**1.151,0**			**975,9**		
Total assets	**2.232,1**			**2.049,6**		
Equity						
Share capital	92,8	-	-	92,8	-	-
Reserves	220,1	-	-	192,8	-	-
Retained earnings	170,3	-	-	146,6	-	-
Profit attributable to owners of the company	89,7	-	-	34,5	-	-
Equity attributable to owners of the company	**572,9**	**-**	**-**	**466,6**	-	**-**
Non-controlling interests	(0,2)	-	-	1,5	-	-
Total equity	**572,8**	**-**	**-**	**468,1**	-	**-**
Liabilities						
Medium and long-term interest-bearing loans and borrowings	174,6	-	-	337,2	-	-
Employee benefits	58,8	-	-	62,2	-	-
Provisions for risks and charges	68,9	-	-	15,0	-	-
Deferred tax liabilities	38,6	-	-	39,8	-	-
Other non-current liabilities	46,2	-	-	37,9	-	-
Total non-current liabilities	**387,1**	**-**	**-**	**492,2**	-	**-**
Banks and other loans and borrowings	246,2	**-**	-	170,1	-	-
Provisions for risks and charges	54,1	**-**	-	112,8	-	-
Trade payables	829,2	3,2	0,4%	659,9	4,5	0,7%
Tax payables	28,3	-	-	36,5	-	-
Other payables	114,5	-	-	110,0	-	-
Total current liabilities	**1.272,2**			**1.089,4**		
Total liabilities	**1.659,3**			**1.581,5**		
Total equity and liabilities	**2.232,1**			**2.049,6**		

Attachment 5

Investments held by directors, statutory auditors, general managers and executives with strategic responsibility at 31 December 2010

Name and Surname	Company held	Nature of holding (1)	Number of shares held at the end of the prior year	Number of shares acquired	Number of shares sold	Number of shares held at the end of the current year
Vittorio Merloni	Indesit Company SpA - ordinary shares	direct	1.338.300	0	0	1.338.300
		indirect via Fineldo Spa	45.182.029	1.032.056	0	46.214.085
		indirect via Merloni Progetti Spa	97.061	0	97.061	0
		indirect via Merloni Progetti Int.Sa	934.995	0	934.995	0
		via Franca Carloni, wife	254.840	0	0	254.840
Marco Milani	Indesit Company SpA - ordinary shares	direct	100.000	0	0	100.000
Andrea Merloni	Indesit Company SpA - ordinary shares	indirect via Alpha 67 Srl One-man Company	265.840	0	0	265.840
		indirect via Indesit Company Spa, owner share without vote	11.039.750	0	0	11.039.750
Antonella Merloni	Indesit Company SpA - ordinary shares	direct	276.030	0	0	276.030
Aristide Merloni	Indesit Company SpA - ordinary shares	direct	275.840	0	0	275.840
Maria Paola Merloni	Indesit Company SpA - ordinary shares	direct	239.900	0	0	239.900
Adriano De Maio	Indesit Company SpA - ordinary shares	direct	1.000	0	0	1.000
Managers with strategic responsability	Indesit Company SpA - ordinary shares	direct	0	0	0	0

(1) Including shares held through wives or husbands not legally separated and through underage sons

Attachment 6
Remuneration paid to directors, statutory auditors, general managers and executives with strategic responsibility at 31 December 2010

(A)	(B)	(C)	(D)	(E)	(F)	(G)		(H)	
Name and Surname	**Position**	**Period in office during the year**	**Duration of mandate**	**Remuneration for position in company preparing the financial statements**	**Non-cash benefits**	**Bonuses and other incetives**	**Other remuneration**	**Commitee attendance fees**	**Note**
Vittorio Merloni	Chairman of the Board	01/01/2010 - 29/04/2010	2009 financial statements	606.666		410.400	0		
Andrea Merloni	Vice - Chairman of the Board	01/01/2010 - 29/04/2010	2009 financial statements	173.333		102.600			(1)
	Chairman of the Board	29/04/2010- 31/12/2010	2012 financial statements	580.000		364.800			(1)
Marco Milani	Chief of Executive Officer	01/01/2010- 31/12/2010	2012 financial statements	369.178	14.048	694.260	733.939		(2) (3)
Valerio Battista	Board Director	29/04/2010- 31/12/2010	2012 financial statements	30.000				1.667	
Bruno Busacca	Board Director	01/01/2010 - 29/04/2010	2009 financial statements	30.000					
Francesco Caio	Board Director	29/04/2010- 31/12/2010	2012 financial statements	30.000				15.833	
Innocenzo Cipolletta	Board Director	01/01/2010- 31/12/2010	2012 financial statements	70.000				23.333	
Paolo De Cesare	Board Director	29/04/2010- 31/12/2010	2012 financial statements	30.000				1.667	
Adriano de Maio	Board Director	01/01/2010 - 29/04/2010	2009 financial statements	20.000					
Luca Garavoglia	Board Director	01/01/2010 - 29/04/2010	2009 financial statements	6.667					
Mario Greco	Board Director	01/01/2010- 31/12/2010	2012 financial statements	70.000				25.000	
Hugh Charles Blagden Malim	Board Director	01/01/2010 - 29/04/2010	2009 financial statements	30.000				8.333	
Emma Marcegaglia	Board Director	01/01/2010 - 29/04/2010	2009 financial statements	6.667					
Antonella Merloni	Board Director	01/01/2010- 31/12/2010	2012 financial statements	70.000				20.000	
Aristide Merloni	Board Director	29/04/2010- 31/12/2010	2012 financial statements	30.000					
Maria Paola Merloni	Board Director	01/01/2010- 31/12/2010	2012 financial statements	40.000			135.000	20.000	
Paolo Monferino	Board Director	01/01/2010- 31/12/2010	2012 financial statements	70.000				25.000	
Angelo Casò	Chairman of the Board of Statutory Auditors	01/01/2010- 31/12/2010	2010 financial statements	60.000					
Andrea Amaduzzi	Auditor	01/01/2010- 31/12/2010	2010 financial statements	40.000					
Luigi Biscozzi	Auditor	01/01/2010- 31/12/2010	2010 financial statements	40.000					
Managers with strategic responsabilities		01/01/2010- 31/12/2010	indefinite		24.551	1.046.670	1.654.627		(4) (5)

Notes:
(1): Vice Chairman until 29/04/2010; Chariman from 29/04/2010; the remunerations are indicated separately.
(2): "Other remuneration" includes remuneration as an executive of Indesit Company.

(3): With reference to new "retention" and incentive plans authorised in 2009, other than the remuneration indicated, Euro 1.388.520 has been accrued but not paid.
(4): Managers with strategic responsibility in 2010 have become five. Remuneration is indicated at aggregate level. The remuneration of five manager with strategic responsability is calculated pro rata temporis.
(5):With reference to new "retention" and incentive plans authorised in 2009, other than the remuneration indicated, Euro 2.093.340 has been accrued but not paid .

Attachment 7

Stock options granted to directors, statutory auditors, general managers and executives with strategic responsibility at 31 December 2010

		Options held at start of year			Options granted during the year			Options exercised during the year			Options expiring in the year	Options held at end of year		
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11) =1+4-7-10	(12)	(13)
Name and Surname	Position held	Number of options	Average exercise price	Average expiry	Number of options	Average exercise price	Average expiry	Number of options	Average exercise price	Average market price on exercise	Number of options	Number of options	Average exercise price	Average expiry
Managers with strategic responsibility		65.000	10,470	2014	0	-	-	0	-	-	0	65.000	10,470	2014
		65.000						**0**			**0**	**65.000**		

Attachment 8
Stock options granted to Group executives and managers at 31 December 2010

	2010			2009			2008			2007			2006			2005		
	No.	Average price	Market price	No.	Average price	Market price	No.	Average price	Market price	No.	Average price	Market price	No.	Average price	Market price	No.	Average price	Market price
Options outstanding as of 1/1	304.500		8,01	322.000		4,355	332.000		10,578	561.750		12,331	849.250		8,787	1.036.250		12,605
New options granted during the year	0			0			0			0			0			0		10,4558
Details																		
Options exercised during the year	35.000		8,890	0		4,801	0		7,36	212.250		14,524	222.500		9,8601	152.000		10,4558
Details	*15.000*	*4,488*								*7.500*	*4,88*		*175.000*	*4,8082*		*28.750*	*4,8082*	
	15.000	*4,8082*								*37.500*	*4,8082*		*47.500*	*7,9258*		*5.000*	*4,88*	
	5.000	*4,88*								*89.250*	*7,9258*					*118.250*	*7,9258*	
										78.000	*12,6479*							
Options expiring during the year																		
Options lapsing during the year		4,88	8,890	17.500		4,801	10.000		7,36	17.500		14,524	65.000	12,6479	9,8601	35.000		10,4558
Details		*4,8082*		*10.000*	*12,6479*		*10.000*	*12,6479*		*5.000*	*7,9258*		*65.000*	*12,6479*		*5.000*	*7,9258*	
		4,88		*5.000*	*4,88*					*12.500*	*12,6479*					*30.000*	*12,6479*	
		7,9258		*2.500*	*4,8082*													
		12,6479																
Options outstanding at year end	269.500		8,03	304.500		7,805	322.000		4,29	332.000		10,578	561.750		12,331	849.250		8,787
inc. vested at year end	269.500			304.500			322.000			332.000			426.750			519.250		

Attachment 9

Summary of the fees charged by the company and members of its network for services provided to the Group during the year, prepared pursuant to art. 149-duodecies of Issuers' Regulation no. 11971 dated 14 May 1999 and subsequent amendments

Services	Service Supplier	Beneficiary	Fees (thousand euro)
Audit	KPMG S.p.A.	Head Group	1.007
	KPMG S.p.A. (1)	Subsidiaries	351
	KPMG Network	Subsidiaries	782
Other services			
- Agreed-upon procedures	KPMG S.p.A.	Parent Company	78
- Agreed-upon procedures	KPMG S.p.A.	Subsidiaries	12
- Agreed-upon procedures	KPMG Network	Subsidiaries	14
- Tax and advisory services	KPMG Network	Parent Company	41
- Tax and advisory services	KPMG Network	Subsidiaries	203
Total			**2.488**

(1) The audit has been carried out by KPMG S.p.A. with the assistance of the KPMG network, present in the countries where the subsidiaries operate.

Milan, 22 March 2011

for the Board of Directors

The Chairman

Andrea Merloni

Attestation in respect of the Consolidated financial statements at 31 December 2010 pursuant to art. 81-ter of Consob Regulation no. 11971 dated 14 May 1999 and subsequent amendments and integrations

The Chief Executive Officer Marco Milani and the Manager responsible for preparing the Company's financial reports, Andrea Crenna, pursuant to paras. 3 and 4 of art. 154-bis of Legislative Decree no. 58 dated 24 February 1998, hereby confirm:

- the adequacy with respect to the Company's structure, and
- the effective application

throughout 2010 of the administrative and accounting procedures applied for the preparation of the Consolidated financial statements.

The undersigned also confirm that the 2010 consolidated financial statements:

- have been prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, dated 19 July 2002;
- are consistent with the accounting records and accounting entries;
- are suitable for the purpose of providing a true and fair view of the economic and financial position and results of operations of the Company and the Group as a whole.

The report on operations includes a reliable analysis of the performance, results and financial position of the Company and the Group as a whole, as well as a description of the principal risks and uncertainties to which they are exposed.

22 March 2011

The Chief Executive Officer	*The Manager responsible for preparing the Company's financial reports*
Marco Milani	**Andrea Crenna**

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Indesit Company S.p.A.

1 We have audited the consolidated financial statements of the Indesit Company Group as at and for the year ended 31 December 2010 comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 31 March 2010 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the Indesit Company Group as at and for the year ended 31 December 2010 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Indesit Company Group as at 31 December 2010, the results of its operations and its cash flows for the year then ended.

4 The directors of Indesit Company S.p.A. are responsible for the preparation of a report on operations and a report on the corporate governance and ownership structure published in the "Company" section, subsection "Governance" of Indesit Company S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98

disclosed in the report on the corporate governance and ownership structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and ownership structure are consistent with the consolidated financial statements of the Indesit Company Group as at and for the year ended 31 December 2010.

Ancona, 30 March 2011

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

Draft Separate Financial Statements
at 31 December 2010

Indesit Company S.p.A.
Separate income statement for the year ended 31 December 2010[1]
(million euro)

	Note	Dec. 31, 2010	Dec. 31, 2009
Revenue from sales and services	6.1	1.238,2	1.306,1
Change in work in progress and finished products	6.2	(2,9)	(57,8)
Other income and expenses	6.3	86,5	73,5
Purchase of raw materials, services and costs for utilization of third party assets	6.4	(1.014,8)	(992,0)
Payroll costs	6.5	(223,0)	(204,6)
Depreciation, amortization and impairment losses	6.6	(69,6)	(67,4)
Change in raw materials, auxiliary and components	6.7	(3,1)	(17,2)
Provisions and other operating charges	6.8	(46,3)	(35,2)
Operating profit	**6.9**	**(34,8)**	**5,4**
Dividends from subsidiaries and associates and others	6.10	119,6	56,4
Interest income from subsidiaries and associates	6.11	3,3	9,4
Interest income from third parties	6.12	-	0,1
Interest expenses from subsidiaries and associates	6.13	(17,9)	(25,9)
Interest expenses from third parties and parent company	6.14	(10,4)	(14,2)
Exchange rate losses	6.15	(0,2)	15,0
Reversal of impairment losses on investments	6.16	-	-
Impairment losses on investments	6.17	(1,5)	(2,0)
Net financial income and expenses		**92,9**	**38,7**
Profit before tax		**58,1**	**44,1**
Income tax expenses	6.18	(2,2)	(6,7)
Profit for the period		**55,9**	**37,4**

[1] Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the effects of related-party and non-recurring transactions on the separate income statement are reported in notes 8.3 and 6.31, respectively.

Indesit Company S.p.A.
Separate statement of comprehensive income for the year ended 31 December 2010
(million euro)

	Note	Dec. 31, 2010	Dec. 31, 2009
Profit (loss) for the year (A)		**55,9**	**37,4**
Gains/(Losses) on cash flow hedges, net of tax	**6.29**	2,9	2,9
Total Other comprehensive income/(losses), net of tax (B)		**2,9**	**2,9**
Total Comprehensive income /(losses)(A+B)		**58,8**	**40,3**

Indesit Company S.p.A.
Separate statement of financial position at 31 December 2010[20]
(million euro)

	Note	Dec. 31, 2010	Dec. 31, 2009
Assets			
Property, plant and equipment	6.19	190,3	190,6
Goodwill and other intangible assets with an indefinite useful life		-	-
Other intangible assets with a finite life	6.20	71,0	74,1
Investments in associates	6.21	0,5	0,5
Investment in subsidiaries and other investments	6.22	454,3	405,2
Deferred tax assets	6.23	20,5	17,9
Other non-current financial assets	6.29	50,1	50,0
Total non-current assets		**786,6**	**738,2**
Inventories	6.24	106,7	112,7
Trade receivables	6.25	465,5	542,7
Current financial assets	6.29	230,8	132,8
Tax receivables	6.26	8,4	8,5
Other receivables and current assets	6.27	21,3	25,0
Cash and cash equivalents	6.29	8,5	8,3
Total current assets		**841,1**	**829,9**
Total assets		**1.627,7**	**1.568,1**
Equity			
Share capital		92,8	92,8
Reserves		363,8	338,9
Profit for the period		55,9	37,4
Total equity	6.28	**512,5**	**469,0**
Liabilities			
Medium and long-term interest-bearing loans and borrowings	6.29	175,4	332,7
Employee benefits	6.30	40,9	42,9
Provisions for risks and charges	6.31	43,5	31,6
Deferred tax liabilities	6.32	-	-
Other non-current liabilities	6.33	18,5	6,1
Total non-current liabilities		**278,3**	**413,3**
Banks and other loans and borrowings	6.29	263,3	146,7
Provisions for risks and charges	6.31	33,0	37,1
Trade payables	6.34	477,0	433,3
Tax payables	6.35	8,1	9,8
Other payables	6.36	55,4	58,9
Total current liabilities		**836,9**	**685,8**
Total liabilities		**1.115,2**	**1.099,1**
Total equity and liabilities		**1.627,7**	**1.568,1**

[20] Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the effects of related-party transactions on the separate statement of financial position are reported in Attachment 3 and in note 8.3. In addition, the financial effects of non-recurring transactions are described in note 6.9.

Indesit Company S.p.A.
Separate cash flow statement for the year ended 31 December 2010[3]
(million euro)

	Note	Dec. 31, 2010	Dec. 31, 2009
Total profit for the year	6.38	55,9	37,4
Income taxes	6.38	2,2	6,7
Impairment losses on investments and other financial assets	6.38	1,5	2,5
Depreciation and amortisation	6.38	69,6	67,4
Other non-monetary income and expenses, net	6.39	(17,6)	(5,7)
Change in inventories	6.40	5,9	75,0
Change in trade receivables	6.40	77,2	145,9
Change in trade payables	6.40	12,8	(66,8)
Change in other assets and liabilities	6.41	16,8	4,2
Income taxes	6.38	(4,2)	(7,3)
Interest paid	6.39	(17,3)	(23,0)
Interest received	6.39	0,4	0,7
Cash flows from (used in) operating activities		**203,1**	**236,9**
Acquisition of property, plant and equipment	6.42	(13,1)	(32,0)
Proceeds from sale of property, plant and equipment	6.42	0,8	3,9
Acquisition of intangible assets	6.43	(23,3)	(20,7)
Proceeds from sale of intangible assets	6.43	0,3	0,1
Acquisition of non-current financial assets	6.44	(51,3)	(6,2)
Proceeds from sale of non-current financial assets	6.44	-	96,7
Cash flows from (used in) investing activities		**(86,5)**	**41,9**
Cash flow hedge reserve on derivatives	6.45	2,9	2,9
Dividends paid	6.45	(15,5)	0,0
Dividends received	6.46	34,6	56,4
Repayments of medium/long-term financial payables	6.47	(157,3)	(161,8)
Change in current financial payables	6.48	18,6	(177,0)
Cash flows from (used in) financing activities		**(116,6)**	**(279,3)**
Net cash flow		**0,2**	**(0,6)**
Cash and cash equivalents, start of year	6.29	8,3	8,9
Cash and cash equivalents, end of year	6.29	8,5	8,3
Total change in cash and cash equivalents		**0,2**	**(0,6)**

[3] Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the financial effects of related-party transactions are reported in note 8.3. In addition, the financial effects of non-recurring transactions are described in note 6.31.

Indesit Company S.p.A.

(million euro)

Statement of changes in separate equity for the year ended 31 December 2010	Note	**Opening balances**	Other Profit/(Losses), net of taxation	Profit for the year	***Total comprehensive income***	Dividends paid	Exercise of stock option	Allocation of profit of the year	***Total effects of transactions with owners of company***	**Closing balances**
Share capital		**92,8**	-	-	-	-	0,0	-	**0,0**	**92,8**
Share premium reserve		**35,8**	-	-	-	-	0,1	-	**0,1**	**35,9**
Legal reserve		**22,7**	-	-	-	-	-	-	-	**22,7**
Other reserves		**280,4**	2,9	-	**2,9**	(15,5)	-	37,4	**21,9**	**305,2**
Profit for the year		**37,4**	-	55,9	**55,9**	-	-	(37,4)	**(37,4)**	**55,9**
Total equity	**6.28**	**469,0**	**2,9**	**55,9**	**58,8**	**(15,5)**	**0,2**	**-**	**(15,3)**	**512,5**

Statement of changes in separate equity for the year ended 31 December 2009	Note	**Opening balances**	Other Profit/(Losses), net of taxation	Profit for the year	***Total comprehensive income***	Dividends paid	Exercise of stock option	Allocation of profit of the year	***Total effects of transactions with owners of company***	**Closing balances**
Share capital		**92,8**	-	-	-	-	-	-	-	**92,8**
Share premium reserve		**35,8**	-	-	-	-	-	-	-	**35,8**
Legal reserve		**22,7**	-	-	-	-	-	-	-	**22,7**
Other reserves		**214,9**	2,9	-	**2,9**	-	-	62,5	**62,5**	**280,4**
Profit for the year		**62,6**	-	37,4	**37,4**	-	-	(62,5)	**(62,5)**	**37,4**
Total equity	**6.28**	**428,7**	**2,9**	**37,4**	**40,3**	**-**	**-**	**-**	**-**	**469,0**

Separate Financial Statements - Explanatory Notes

1. Company structure and activities

Indesit Company S.p.A., parent company of the Indesit Company Group, is an Italian company based in Fabriano (near Ancona) that is active in the production and sale of white goods, namely household appliances for the cooking sector (cookers, ovens and hobs), the cooling sector (refrigerators and freezers) and the washing sector (washing machines, dryers, combined washer-dryers and dishwashers). Indesit Company S.p.A. carries out the following functions:

- commercialisation of household appliances (produced in Italy and elsewhere) and supply of services to the Italian market and other minor markets abroad,
- supply of goods produced at Italian factories or purchased in Italy and, to a lesser extent, of related services to other Group companies,
- normal holding company functions for the benefit of Group companies.

The household appliances sector is highly seasonal, which affects all the main economic and financial parameters. The segment information required by IFRS 8 is provided in the consolidated financial statements published together with these separate financial statements for Indesit Company S.p.A..

2. Approval of the separate financial statements at 31 December 2010

The separate financial statements at 31 December 2010 were approved by the Board of Directors on 22 March 2011 and have been audited. The Shareholders' Meeting called to approve the separate financial statements has the right to make changes to them.
The Board of Directors also approved the consolidated financial statements of the Indesit Company Group on the same date.

3. Significant events subsequent to year end

There have not been any significant events subsequent to year end.

4. Statement of compliance with international accounting standards and basis of presentation

The separate financial statements of Indesit Company have been prepared in accordance with the International Financial Reporting Standards – IFRS or IAS issued by the International Accounting Standards Board (IASB), as interpreted by the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union.

The separate financial statements at 31 December 2010 have also been prepared in accordance with Consob's instructions regarding the format of financial statements, in application of art. 9 of Legislative Decree 38/2005 and other Consob regulations and instructions concerning financial statements.

The separate financial statements at 31 December 2010 are presented on a comparative basis and comprise the statement of financial position, the income

statement, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and these explanatory notes. The income statement format adopted by the Company classified costs by nature, while the statement of financial position distinguishes between current and non-current assets and liabilities. The cash flow statement is presented using the indirect method.
In addition, for consistency with the income statement format adopted for the consolidated financial statements (classification by function), the separate income statement reclassified by function is also attached to these financial statements.

The report on operations during 2010, prepared on a combined basis, provides information about the results of both the Group and the Parent Company.

5. Principal accounting policies

5.1 Basis of preparation and accounting policies adopted

Basis of preparation

The currency of presentation of the separate financial statements is the euro, and the financial statement balances are stated in millions of euro (except where stated otherwise). The separate financial statements are prepared on an historical cost basis, except with regard to derivative financial instruments, financial assets held for sale and financial instruments classified as available for sale, which are stated at their fair value. The financial statements are also prepared on a going-concern basis.
There are no financial assets held to maturity. Financial transactions are recorded with reference to the trade date.
The accounting policies adopted for the preparation of the separate financial statements at 31 December 2010 have also been applied on a consistent basis to all the comparative financial information.

Reclassifications

In order to improve the presentation of the financial statements, commencing from 1 January 2010 directors' remuneration has been reclassified from the cost of services to payroll costs.
As a consequence, the comparative data has also been reclassified.

Accounting estimates

The preparation of separate financial statements involves making assumptions and estimates that affect the value of assets and liabilities and the related explanatory information, as well as the value of contingent assets and liabilities at the reference date. These estimates are used to measure the property, plant and equipment and intangible assets subject to impairment, as well as to recognise allowances for doubtful accounts, and provisions for inventory obsolescence, depreciation and amortization and the impairment losses on assets, employee benefits, taxation, and risks and charges. The estimates and underlying assumptions are based on historical experience and various other factors believed reasonable at the time of making them.
Estimates and assumptions are reviewed regularly and, if later estimates differ from those made initially, the effects - which obviously cannot be estimated or forecast at

this time - are immediately reflected in the income statement. If the changes in estimate relate to both the current and future periods, their effects are reflected in the income statements for the periods concerned.
The principal measurement processes and the key assumptions used by management in applying the accounting policies in relation to the future are summarised below. These processes and assumptions may have a significant effect on the amounts reported in the separate financial statements, or may give rise to the risk of significant adjustments in the next accounting period to the carrying amount of assets and liabilities.

Allowance for doubtful accounts
The allowance for doubtful accounts reflects management's estimate of the losses that may be incurred on trade receivables. Provisions to the allowance for doubtful accounts by the Company are determined with reference to the ageing of receivables, taking account of specific circumstances if this is more prudent, and available guarantees.

Provision for inventory obsolescence
The provision for inventory obsolescence reflects management's estimate of the losses to be incurred by the Company, determined with reference to the life-cycle of each product and stock rotation statistics that take account of both past and forecast consumption.

Recoverable amount of non-current assets
Non-current assets comprise property, plant and equipment, intangible assets and other financial assets. Management reviews the carrying amounts of non-current assets held and used, and of any assets due to be retired. This work is performed whenever events and circumstances require such review, and each year for intangible assets with an indefinite life. The review makes reference to the results of independent appraisals and/or to the cash flows expected from the use or sale of the assets concerned, applying suitable discount rates for the determination of their present value. When the carrying amount of a non-current asset is impaired, the Company recognises a writedown for the difference between its carrying amount and the lower amount recoverable from its use or sale, as determined by reference to the most recent business plans.

Defined benefit plans
The Company maintains defined benefit plans for certain employees. Management uses various statistical assumptions and measurement factors to anticipate future events and calculate the related charges, as well as the present value of liabilities. The assumptions made relate to the discount rate, the rate of future pay increases, demographic trends, the inflation rate and the forecast cost of medical care. In addition, the Company's consulting actuaries consider such subjective factors as mortality and termination rates.

Realisability of deferred tax assets
The Company recognises deferred tax assets and the theoretical tax benefit of carried-forward tax losses. Management records deferred tax assets to the extent that their recoverability is considered probable. Their measurement takes account of the budget and forecasts for future years.

Contingent liabilities

The Company is exposed to the risk of having to meet obligations deriving from legal and other disputes, without being able to predict with certainty the extent of the related outflows. This inability is often associated with the variety, proliferation and complexity of the jurisdictions and laws concerned, that may be subject to uncertain interpretations, as well as with the varying levels of predictability surrounding the facts and circumstances relating to each dispute. The Company makes reference to economists, consultants and legal experts in order to monitor appropriately the related risks, and tackle and assess the contingencies concerned. If, as a consequence, a financial outflow is deemed probable and the amount can reasonably be estimated, the Company records a related provision for risks and charges. If a financial outflow is considered possible or, in extremely rare circumstances, probable without being able to determine the amount, the situation is reported in the explanatory notes.

Treatment of foreign currency transactions

Foreign currency transactions

All transactions are recorded in euro. Transactions not carried out in euro are translated using the exchange rates applying at the time of the related transactions. Monetary assets and liabilities (defined as assets and liabilities held for collection or payment, whose amount is fixed or determinable - IAS 21) are translated using the exchange rates applying at the reporting date and any exchange rate differences are recognised in the income statement. Non-monetary assets and liabilities recorded at historical cost in currencies other than the euro are translated using the historical rates applying at the time of the related transactions. Non-monetary assets and liabilities measured at fair value in currencies other than the euro are translated using the exchange rates ruling at the time that their fair value was determined.

Derivative financial instruments

If the conditions established in IAS 39 regarding the formal designation of derivative financial instruments as hedges are met and these instruments are shown to be highly effective, both ex ante when the transaction is arranged and ex post during subsequent accounting periods, then they are recorded on a hedge accounting basis, as described below.

Fair Value Hedges (hedges of assets and liabilities)

If a derivative financial instrument is designated to hedge the risk of changes in the fair value of a recognised asset or liability (the underlyings), the gain or loss from subsequent fair-value adjustments to the hedging instrument is recognised in the income statement together with the gain or loss deriving from the measurement of the related underlyings.

Cash Flow Hedges

If a derivative financial instrument is designated as a hedge of the risk of variability in the cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective part of gains or losses on such financial instrument is recognised in the cash flow reserve, within equity, while the ineffective portion (if any) is taken to the income statement. If the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the cash flow reserve is removed from equity and included in the initial cost of such non-financial asset or liability. If the hedge of a forecast transaction subsequently results in the recognition of a financial asset or liability, the cash flow reserve is released to the income statement in the period when the asset acquired or recognised liability has an effect on the income statement. In other cases, the cash flow reserve is released to the income statement in a manner consistent with the hedged transaction i.e. when its economic effects are recognised. If a hedging instrument expires, is sold or is terminated early with respect to the timing of the hedged transaction and the latter is no longer expected to take place, the related cash flow reserve is released immediately to the income statement. If, on the other hand, the hedged transaction is still expected to occur, the cumulative gain or loss remains in equity until the transaction takes place.

Hedge of a net investment in a foreign operation
If a derivative financial instrument is designated to hedge a net investment in a foreign operation, the gains or losses deriving from the related measurement at fair value are recognised directly in equity, to the extent that the hedge is deemed to be effective, while the ineffective portion (if any) is recognised in the income statement.

Financial instruments not covered by hedge accounting
If financial instruments do not meet the requirements for the application of hedge accounting, they are stated at fair value and the related effects are recognised directly in the income statement.

Property, plant and equipment

Owned assets
Property, plant and equipment are stated at purchase cost or, if self-constructed, at production cost, comprising the cost of materials, labour and a reasonable portion of overheads and related charges, less accumulated depreciation and impairment losses determined on the basis described below. If necessary and significant, the cost of property, plant and equipment includes an initial estimate of dismantling and removal costs. Ordinary maintenance expenses are charged to the income statement, while the costs of replacing certain parts of property, plant and equipment and extraordinary maintenance costs are capitalised when it is probable that they will generate measurable economic benefits in the future.
Any borrowing costs incurred on the acquisition or construction of capitalised assets that normally require time before they become available for use or for sale, are also capitalised and amortised over the useful life of the asset class concerned. All other borrowing costs are charged to the income statement for the year to which they relate.

Finance leases
Property, plant and equipment held under finance leases, in relation to which Indesit Company S.p.A. has assumed substantially all the risks and rewards of ownership, are recognised at fair value at inception of the lease or, if lower, at the present value of the minimum lease payments. They are depreciated over their estimated useful lives and adjusted for any impairment losses determined on the basis described below. The liability to the lessor is classified among financial payables in the statement of financial position.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Significant parts of plant and machinery with different useful lives are depreciated separately. Useful lives are monitored on a constant basis, having regard for changes in the intensity with which these assets are used. Any changes in the depreciation schedules are applied on a prospective basis.

Carrying amount is verified with reference to the estimated present value of expected future cash flows and adjusted, where necessary, every time events suggest that the carrying amount of property, plant and equipment may be impaired, or when there is a marked decrease in their market value, significant technological changes or evidence of significant obsolescence. Such write-downs are reversed if the reasons for recording them cease to apply. Land, whether or not used for the construction of civil or industrial buildings, is not depreciated since it is deemed to have an indefinite useful life.

The useful lives of tangible fixed assets are grouped into the following categories:

Category	Useful lives
Buildings and temporary constructions	from 10 to 33 years
Plant and machinery	from 5 to 20 years
Industrial and commercial equipment	from 3 to 20 years
Other assets:	
- vehicles and internal transport	from 3 to 6 years
- furniture, IT and office machines	from 3 to 10 years

Intangible assets

Intangible assets are stated at cost, determined on the basis described for property, plant and equipment, when it is likely that the use of such assets will generate economic benefits and their cost can be determined reliably. Intangible assets with a finite useful life are amortised and stated net of both the related accumulated amortization, provided on a straight-line basis over their estimated useful lives, having regard for the period during which they are expected to generate economic benefits, and any impairment in their value. Intangible assets with an indefinite useful life, comprising certain brand names and goodwill, are not amortised but their recoverability is tested for impairment at least once each year. Subsequent expenditure on recognised intangible assets is capitalised only if it increases the future economic benefits embodied in the specific asset to which it relates; otherwise, it is charged to the income statement as incurred.

Any borrowing costs incurred on the acquisition or construction of capitalised assets that normally require time before they become available for use or for sale, are also capitalised and amortised over the useful life of the asset class concerned. All other borrowing costs are charged to the income statement for the year to which they relate.

Goodwill

Goodwill is an intangible asset with an indefinite life, deriving from a business combination recognised using the purchase method of accounting, and is recorded to reflect the positive difference between purchase cost and the value of the Company's equity interest at the time of acquisition, after having recorded all assets, liabilities and identifiable contingent liabilities attributable to both the Company and third parties at their full fair value. This method of accounting applies to all acquisitions made subsequent to 31 December 2002. The value of goodwill deriving from earlier acquisitions was determined by using the amount recorded in accordance with Italian GAAP.

The value of goodwill is verified with reference to the cash generating units (CGUs) that benefit from the synergies deriving from the acquisition. The expected cash flows are discounted at the cost of capital, having regard for the specific risks associated with the unit concerned. Impairment is recognised if the recoverable amount of the CGU, represented by the discounted cash flows, is less than the related carrying amount. Such impairment is deducted first from the value of goodwill.
The gains and losses arising on the disposal of businesses or lines of business that were acquired with the payment of goodwill are determined having regard for the residual value of such goodwill. Any impairment losses in goodwill charged to the income statement are not reversed even if the related reasons cease to apply.

Research and development expenses
Expenditure on research activities undertaken to acquire new knowledge is charged to the income statement as incurred. Expenditure on development activities incurred to create new products or improve existing products, or to develop and improve production processes, are capitalised if the innovations made result in technically feasible processes and/or commercially saleable products, on condition that there is an intention to complete the development project, sufficient resources are available for such completion, and the economic costs and benefits deriving from such innovations can be measured reliably. Capitalised expenditure includes both internal and external design costs (including payroll and materials used) and the portion of general production costs reasonably attributable to the projects concerned. Capitalised development expenditure is treated as an intangible asset with a finite life and is amortised over the expected period of economic benefit, which is generally taken to be 5 years. Adjustments are recorded to reflect any impairment losses arising subsequent to initial recognition.
Other development expenditures are charged to the income statement in the year incurred.

Other intangible assets
Other intangible assets expected to generate measurable economic benefits are deemed to have a finite life and are recorded at cost. They are amortised on a straight-line basis over the period of expected economic benefit. This period is between 5 and 10 years. Adjustments are recorded to reflect any impairment losses arising subsequent to initial recognition.

Equity investments
Investments in subsidiaries, associates and other companies that are not classified as held for sale are stated at cost, as adjusted for any impairment losses, and translated into euro using the historical exchange rates in the case of investments in foreign companies whose financial statements are prepared in currencies other than the euro.
The positive differences between the purchase price of equity investments and the corresponding interest in their equity are retained as part of the carrying amount of the investments concerned. Amounts relating to the purchase or disposal of equity investments, lines of business or businesses under joint control are recorded at their historical values, without recognising any gains or losses.
If there is evidence that equity investments may have suffered an impairment loss in value, they are subjected to impairment testing and, if necessary, impaired. Impairment is only recognised in the income statement if there is objective evidence that events

have taken place which will affect the estimated future cash flows of the investments concerned. In the presence of a legal or constructive obligation to cover any losses that exceed the carrying amounts of equity investments, the related liability is recognised by recording a provision for risks and charges.
The original carrying amount is reinstated in subsequent years if the reasons for such impairment cease to apply.

Dividends are recognised as financial income from investments when the right to collect them is established, which generally coincides with the shareholders' resolution.

Subsidiaries
Subsidiary companies are those over which Indesit Company S.p.A. exercises control by virtue of the power to determine, directly or indirectly, their financial and operating policies and to obtain benefits from their activities. In general, companies in which Indesit Company S.p.A. holds more than 50% of the voting rights, considering any potential voting rights that may be exercised at the time, are deemed to be subsidiaries.

Associates
Associates are those entities over which Indesit Company S.p.A. exercises significant influence, but does not control their operations or have the power to determine their financial and operating policies or obtain benefits from their activities. In general, companies in which Indesit Company S.p.A. holds directly or indirectly between 20% and 50% of the share capital or voting rights, considering any potential voting rights that may be exercised or converted, are deemed to be associates.

Trade receivables

On initial recognition, trade receivables are stated at the fair value of the initial consideration, increased by the related transaction costs. Receivables normally fall due within one year and arise in the context of market interest rates that are not particularly high. Accordingly, if the receivables were generated as a result of the sales invoicing process, the invoiced amount is generally deemed to represent fair value. In the case of advances, fair value is represented by the amount of the cash movement or equivalent transaction.
Subsequent to initial recognition, receivables are measured at amortised cost, being their initially-recognised amount, net of any payments or services received and any impairment losses. Impairment losses are estimated by determining the allowance for doubtful accounts, as described in the accounting policies adopted for the preparation of the separate financial statements.
If the above criterion (nominal value) is not used at the time of initial recognition, amortised cost also takes account of the amortization accumulated using the effective interest method.
If the impairment loss decreases in a later period, the loss previously recorded is partly or fully reversed and the amount of the receivable is restored to an amount that does not exceed the amortised cost that would have been reported had the loss not been recognised.
Trade receivables sold with or without recourse, for which all the conditions established in IAS 39 for the derecognition of financial assets do not apply, continue to be reported in the statement of financial position, while receivables sold without

recourse which satisfy all the conditions of IAS 39 for the derecognition of financial assets are eliminated from the financial statements at the time of disposal.

Other current and non-current financial assets

Held-to-maturity securities are initially measured at cost, as increased by the transaction costs incurred to acquire them. Subsequently, they are measured at amortised cost using the effective interest method, net of any impairment losses.
Financial assets held for trading are classified as current assets and measured at fair value, with the recognition of any gains or losses in the income statement.
Securities and other financial assets classified as available for sale are stated at their fair value. Gains and losses deriving from fair value measurement are recognised directly in equity, except for impairment losses and exchange rate losses which are charged to the income statement. The deferred gains and losses recognised in equity are released to the income statement at the time of sale.
Receivables maturing beyond one year that do not earn interest or which earn interest at below market rates are discounted using market rates.
The interest earned on financial assets, determined using the effective interest method, is credited to the income statement. The fair value of financial assets held for trading and those available for sale is represented by their market price at the reporting date.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a weighted-average cost basis and includes purchasing-related expenses, inclusive of indirect charges, and the costs of converting products and bringing them to their present location and condition. Net realisable value is determined with reference to market prices after deducting completion costs and selling expenses. Obsolete and slow-moving materials and finished products are written down with reference to their life-cycles and stock turnover statistics that take account of both past and forecast consumption.

Cash and cash equivalents

Cash and cash equivalents, recorded at nominal value, comprise cash on hand, bank and postal deposits and equivalent assets that can be liquidated in the very short term (three months) and are not subject to significant fluctuations.

Impairment of assets

At each reporting date, the carrying amounts of the Company's assets with an indefinite life, goodwill and intangible assets in progress are tested for impairment on the basis described in the relevant paragraphs. With the exclusion of inventories and deferred tax assets and except as discussed in relation to property, plant and equipment, other assets are tested for impairment if events suggest that they may have incurred an impairment loss. If the test shows that the recorded assets or a cash-generating unit (CGU) have suffered a loss in value, their recoverable value is

estimated and any excess carrying amount is charged to the income statement. The loss in the impairment loss on CGU is allocated first against the related goodwill, if any, and then against the other assets.
The recoverable amount of CGUs to which goodwill and intangible assets with an indefinite useful life have been allocated is verified by determining their value in use, being the present value of expected cash flows calculated using a rate that reflects the specific risks of the individual CGUs at the measurement date. In applying this method, management uses many assumptions including estimates for the future growth in sales, gross profit, operating costs, the growth rate for terminal values, capital investment, the changes in operating capital and the weighted-average cost of capital (discount rate), having regard for the specific risks associated with the asset or CGU. The expected cash flows used represent a reasonable estimate of the amount and timing of future cash flows, based on the Group's medium-term plan which is updated annually and approved by the Company's Board of Directors.
The recoverable value of investments in securities held to maturity and receivables recorded at amortised cost is represented by the present value of future cash flows, discounted using the effective interest rate determined at the time of initial recognition.
The recoverable amount of other assets is represented by the greater of their net selling price or their value in use, determined by discounting estimated future cash flows using a market rate.
Impairment losses on goodwill are not reversed. Any impairment losses on securities held to maturity and receivables stated at amortised cost are reversed if any subsequent increases in their recoverable amount can be determined on an objective basis.
If the impairment loss associated with an individual asset cannot be determined, the Group identifies the impairment loss on the CGU to which it belongs.

With reference to the Group, the value of intangible assets with an indefinite life is subjected to impairment testing at least once every year. The tests performed at 31 December 2010 and 31 December 2009 did not identify any need to adjust the carrying amount.
The recoverable amount of the CGUs deemed significant for impairment testing purposes is based on their value in use, determined by applying DCF techniques over a three-year period considering the forecasts prepared by management and approved by the directors. The principal assumptions made in relation to the CGUs deemed significant for impairment testing purposes are set out in note 9.10 to the consolidated financial statements, to which reference is made.
The impairment tests on the UK CGU and the Group CGU were carried out internally and approved by the directors. An independent, third-party expert has issued a report on the fairness of the valuation methods and parameters used in the impairment testing process. The impairment tests carried out are also deemed to be significant for the purpose of verifying the recoverability of the Company's own fixed assets and equity investments.

Share capital

Share capital, including the portion represented by savings shares, is stated at nominal value. The repurchase of treasury shares, stated at cost including related charges, is recorded as a change in equity; the nominal value of treasury shares is classified as a reduction of share capital, while the difference between cost and nominal value is deducted from the equity reserves. Dividends to shareholders are recognised as a liability in the year in which they are declared.

Financial liabilities

Financial liabilities are initially recognised at their fair value, net of related charges, and subsequently measured at amortised cost using the effective interest method. The difference between amortised cost and repayment value is recognised in the income statement over the life of the liability in proportion to the related interest accrued. Where hedge accounting applies, the financial liabilities hedged by derivative instruments are measured on a basis consistent with the hedging instrument.
If Indesit Company S.p.A. agrees to reimburse a third party on the insolvency of a specified debtor, this guarantee is initially recorded at the fair value of the consideration received and, subsequently, at the amount determined in accordance with IAS 37 or, if greater, at the amount initially recognised less the amount released on a pro-rata temporis basis to the income statement in accordance with IAS 18, where applicable.
Guarantees given without charge to subsidiaries are measured at fair value and added to the carrying amount of the equity investment.

Trade payables and other payables

Trade payables and other payables due on normal commercial terms, generally within one year, are recorded at the fair value of the initial consideration, increased by the related transaction costs. Following initial recognition, they are measured at amortised cost and any differences are reflected in the income statement over the life of the liability using the effective interest method. Trade payables and other payables, generally due within one year, are not discounted.

Employee benefits

Obligations for employee pensions and other benefits deemed to represent defined contribution plans are charged to the income statement on an accruals basis. The net liability to employees under defined benefit plans, principally represented by severance indemnities (TFR) in Italy, is recorded at the expected future value of the benefits to be received by employees and accrued by them in the current and prior years. These benefits are discounted and the resulting obligation is stated net of the fair value of any pension plan assets. The net obligation is determined separately for each plan using actuarial assumptions and is calculated each year, or more frequently, with the support of an independent actuary using the projected unit credit method. The benefits are discounted using the rate for a bond with an AA rating and a maturity date that is consistent with the timing of the related payments to employees. The actuarial gains and losses arising subsequent to 1 January 2004, the IFRS transition date, are recognised in the income statement on a straight-line basis over the residual working lives of employees, to the extent that their cumulative net value exceeds 10% of the greater of the obligation arising under defined benefit plans or the fair value of the plan assets servicing these plans (corridor method) at the end of the prior year.
As a result of the reform of supplementary pensions, the TFR accrued from 1 January 2007 is treated as a defined contribution plan, while that accrued up to 31 December 2006 continues to be treated as a defined benefit plan.

Stock options

The remuneration recognised to employees and directors by the granting of stock options is charged to the income statement with a matching entry in equity. Such cost is determined with reference to the fair value of the options at the time they are granted. The cost of stock options, determined on the above basis, is charged to the income statement over the related vesting period. The fair value of the options at the grant date is determined using financial models that take account of the terms and conditions under which such options were granted.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover obligations, of a legal or constructive nature (under contracts or for other reasons), deriving from past events. Provisions for risks and charges are recognised if it is probable that the related obligations will crystallise and the amounts concerned can be estimated reliably. If the settlement of such obligations is expected to take place after more than one year and the effects of this are significant, they are discounted using a rate that takes account of the cost of money and the specific risks associated with the liabilities concerned. Any changes in the estimated amount of provisions are reflected in the income statement in the year identified. In the event of discounting, the increase in the provision due to the passage of time and the effect of any changes in the discounting rate are recorded as a financial expense.
The principal liabilities covered by provisions are described below.

Warranties
Provisions for legally-required and voluntary warranty costs are recorded at the time the related products are sold. The provision is determined with reference to the call rate for the products still under warranty, the period of time between the sale of the finished products to distributors and the start of the warranty period (sell in - sell out), and the average unit cost of the work performed.

Restructuring
The costs of a restructuring plan are recorded at the time a constructive obligation arises, such as when the Company informs interested parties about the restructuring plan or makes sufficiently specific announcements which induce interested parties to believe that the related obligations will be met.

Onerous contracts
Provisions for onerous contracts are recognised when the expected benefits are lower than the related costs. They are recorded in the year in which the related losses become known and measurable.

Product disposal (WEEE)
The European Union adopted the WEEE (Waste Electrical and Electronic Equipment) Directive in December 2002, which makes manufacturers responsible at a European level for the recovery and disposal of waste products.

At the start, the Directive established different levels of responsibility, for products put on the market up to 13 August 2005 (old waste) and for those put on the market subsequently (new waste).
For the first (*old waste*), manufacturers were required to incur the related disposal costs on a collective basis. Compliance with this obligation involved:

- the creation of consortiums dedicated to the collection and disposal of waste products;
- the reallocation of the related consortium costs in proportion to the market share of each manufacturer in the year in which such costs were incurred;
- and the possibility of financing disposal activities, for a transitional period of 8 years (from 2005), by uplifting the selling prices of products by a so-called visible fee.

For the second (*new waste*), the principle of individual responsibility was applied, making each manufacturer responsible for the cost of disposing of the products that it put on the market.

On implementing the WEEE Directive, the regulations governing the treatment of new waste in numerous EU countries maintained the principle of individual responsibility established in the Directive, but allowed compliance via a system of collective disposal using a mechanism that is essentially consistent with that applied for the disposal of old waste. Accordingly, manufacturers have been allowed to delegate the collection and disposal of new waste to consortiums, that allocate their costs using criteria in line with those mentioned above in relation to old waste. In Italy, a Decree approved during 2010 finally established how to introduce individual responsibility for the collection and disposal of new waste, allowing manufacturers to comply with the obligations by registering with a collective system.
The Company has taken advantage of this opportunity by electing to manage its collection and disposal activities via the collective system operated by the ECODOM consortium.

Other provisions
Provisions are recorded for other future charges deriving from court cases, disputes and other obligations when the requirements for the recognition of a liability are met, being in the year in which such charges become known and measurable reliably.

Income

Revenue
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer. Revenue from the sale of goods is generally recognised when they are handed over to the transport firms which, under the terms of current contracts, marks the time when the above risks and rewards are transferred. Revenue is not recognised if its recoverability is considered to be uncertain.
Revenue is stated net of discounts, allowances, rebates, returns and expenses incurred on promotional actions that, in substance, represent commercial discounts. This caption does not include proceeds from the disposal of raw materials and scrap. Revenue from services is recorded in the income statement based on their stage of

completion at the reporting date, determined with reference to the work performed or, alternatively, to the percentage of completion with respect to the total.

Dividends
Collectible dividends are recognised as revenue when they are declared at the related shareholders' meeting.

Grants
Grants from the Government or other bodies, recognised in the form of direct payments or tax benefits, are recognised as deferred income in the statement of financial position, among other liabilities, at the time their collection becomes reasonably certain and when compliance with all the requirements to obtain them is assured. They are recognised as revenue in the income statement on a systematic basis in order to match the accounting recognition of the costs for which such grants were made (capital grants).
Operating grants are taken to the income statement at the time the requirements for their recognition are met, and when it becomes certain that they will be recognised in order to offset the eligible costs.

Other revenue and income
Other income includes all forms of non-financial revenue not covered above and is recognised on the basis described in relation to revenue from goods sold and services rendered. This includes the capitalisation of internal development costs, where appropriate and any internal construction costs.

Expenses
The costs of purchasing goods and services are recognised when the amounts concerned can be determined reliably. The costs of purchasing goods are recognised on delivery which, under the terms of current contracts, marks the time when the related risks and rewards are transferred. The costs of services are recognised on an accruals basis with reference to the time they are received.

Materials, services, leases and rentals
This caption comprises the cost of purchasing raw materials, components, outsourced direct and indirect processing, and production, commercial, distribution and administrative services.

Payroll costs
Payroll costs comprise remuneration, social security charges, charges in relation to defined benefit and/or defined contribution plans - principally represented by the provision for severance indemnities - benefits, and the cost of leaving and redundancy incentives.

Depreciation, amortization and impairment losses
This caption comprises the charges for the depreciation and amortization of property, plant and equipment and intangible assets over their useful lives, and the related impairment losses determined on the basis described in the Impairment of assets paragraph.

Provisions and other operating expenses
This caption comprises the provisions for specific risks and the allowance for doubtful accounts, as well as such other expenses as indirect taxation, general expenses, losses of the disposal of property, plant and equipment and donations.

Financial income
Financial income includes the interest income earned on all forms of loans, cash discounts allowed by suppliers for early payment with respect to the agreed terms of purchasing, financial income from cash and cash equivalents, exchange rate gains and the economic effects recorded in the income statement of measuring the transactions that hedge interest rate and currency risks.

Financial expenses
Financial expenses include the interest charged on all forms of borrowing, cash discounts allowed to customers for early payment with respect to the agreed terms of sale, exchange rate losses and the economic effects recorded in the income statement of measuring the transactions that hedge interest rate and currency risks.

Income tax
Income tax is recognised in the income statement, except for that relating to transactions recognised directly in equity, in which case it is also recognised in equity. Income tax includes current taxes and the changes in deferred tax assets and liabilities. Current taxes are based on an estimate of the amount that Indesit Company S.p.A. expects will be paid, determined by applying the tax rate in force at the reporting date.
Deferred tax asset and liabilities are recognized using the liability method, considering all the temporary differences that emerge between the tax value of assets and liabilities and their carrying amounts in the Company's separate financial statements. Deferred tax assets and liabilities are not recognised in respect of goodwill or those assets and liabilities that do not affect taxable income.
Income taxes deriving from the distribution of dividends are recognised at the time the related payable is recognised. The recoverability of deferred tax assets is verified at each reporting date and any amounts for which recovery is no longer probably are charged to the income statement.
Deferred tax assets and liabilities are recognised using the tax rates expected to be in force in the tax periods when the related temporary differences are forecast to reverse or expire.
Deferred tax assets are recognised to the extent it is probable that sufficient future taxable income will be available to recover them. Current and deferred tax assets and liabilities are offset when due to the same tax authority, if the periods of reversal are the same and a legal right to offset exists.
Deferred taxation is recorded in relation to the distributable retained earnings of subsidiaries if there is an intention to distribute such profits.

Non-current assets held for sale and discontinued operations

Assets held for sale are measured at the lower of their carrying amount at the time their sale was decided or their fair value, net of estimated selling costs. All costs, income and impairment losses, if any, are recorded in the income statement and reported separately.

Operating activities that represent a separate major line of business or geographical area of operations are classified separately in the income statement and the statement of financial position at the time of disposal, or when they meet the conditions for classification as assets held for sale.

Earnings per share

Earnings per share is calculated and presented at Group level. See note 9.19 to the consolidated financial statements.

5.2 Amendments and revised accounting standards applied for the first time by the Company

On 6 May 2010, the IASB issued *Improvements to IFRS*. The accounting standards and related improvements are presented below.

IAS 1 – Presentation of Financial Statements. The improvement requires the changes in each component of equity to be reconciled in the notes or on the face of the financial statements.

IAS 34 – Interim Financial Reporting. The improvement clarifies the disclosures required in relation to: changes during the period with an effect on the fair value of financial instruments; transfers between levels in the fair value hierarchy used to measure financial instruments; changes in the classification of financial instruments as a result of changes in their use and their purpose; changes in contingent assets and liabilities.

5.3 Amendments and interpretations applicable from 1 January 2010 but not relevant to the Company

On 6 May 2010, the IASB issued *Improvements to IFRSs*. The accounting standards and related improvements are presented below.

IFRS 1 - First-time Adoption of International Financial Reporting Standards. The improvement exempts first-time adopters from disclosing certain information about the changes in accounting policy in both their annual and interim financial statements.

IFRIC 13 – Customer Loyalty Programmes. The improvement clarifies that if the fair value of award credits is measured with reference to the amount for which they could be sold separately, such value must also take account of expected losses and any discounts or incentives that may be offered to customers that have not yet earned the awards concerned.

IFRS 3 – Business Combinations. The improvement clarifies that the measurement of non-controlling interests at fair value, or in proportion to their interest in the net identifiable assets of the acquired entity, is limited solely to instruments giving them current rights equivalent to those of ordinary shares including, in particular, the right to obtain a proportionate share of its net assets on liquidation. All other components of

the non-controlling interests (for example, preference shares or warrants issued to NCIs by the acquired entity) must be measured at fair value, or in accordance with the applicable accounting standards.
The improvement also provides accounting guidance on how to replace the acquired entity's share-based incentive plans with those of the acquirer.
In addition, the updated version of IFRS 3 introduced changes regarding:

- the rules for the step acquisition of subsidiaries;
- the possibility of measuring at fair value any non-controlling interests purchased in a partial acquisition;
- the charge to the income statement of all transaction costs associated with the business combination;
- the recognition at the acquisition date of the liability for contingent consideration.

5.4 New accounting standards and amendments not applicable in 2010 and not adopted early

On 28 January 2010, the IASB issued *Amendment to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* in order to exempt first-time adopters from the additional disclosures required by the amendment to IFRS 7 – fair value hierarchy issued on 5 March 2009.

On 6 May 2010, the IASB issued *Improvements to IFRSs*. The accounting standards and related improvements are presented below.

IFRS 7 – Financial Instruments: Disclosures. The improvement relates to the interaction between the qualitative and quantitative disclosures required by the standard regarding the nature and extent of the risks inherent in the financial instruments concerned. In addition, disclosure is no longer required about financial assets that have matured, but which have been renegotiated or written down, or about the fair value of collateral.

IAS 21 – The Effects of Changes in Foreign Exchange Rates, IAS 28 – Investments in Associates, IAS 31 – Interests in Joint Ventures. The improvements relate to the prospective application of amendments made in 2008.

On 28 September 2010, the IASB published a document entitled *"Conceptual Framework for IFRS"*. This is the result of the first of eight stages in the joint project between the IASB and the FASB to revise and implement the Framework underlying the international accounting standards.
In particular, the first stage of the project produced the chapters entitled "The Objective of General Purpose Financial Reporting" and "Qualitative Characteristics of Useful Financial Information".
The second stage of the project will concentrate on the types of information considered useful by (current and potential) investors, providers of finance and interested parties in general.
The final stage will examine what constitutes a reporting entity for the purposes of financial reporting.

On 8 December 2010, the IASB issued an IFRS *Practice Statement: Management Commentary*. The IASB defines the *Management Commentary* as a detailed account of the context within which the entity's financial position, financial performance and cash flows may be interpreted. It provides management with an opportunity to explain its objectives and its strategies for achieving them.

In addition, the IASB has started a process for the replacement of IAS 39, concerning the accounting treatment of financial assets and liabilities.
The objective of the project to replace IAS 39, known as *"Relevant project 2: Financial Instruments/IAS39"*, is to improve the decision usefulness of financial statements for users by simplifying requirements for the classification and measurement of financial instruments.

Relevant project 2 comprises three phases:

- classification and measurement of financial instruments;
- impairment methodology;
- hedge accounting.

On 28 October 2010, the IASB issued IFRS 9, being the final result of the first phase. The results of the second and third phases, to be included in the new standard, are expected to become available during 2010.

IFRS 9 eliminates the classification of financial assets into four categories in the statement of financial position: *held for trading* (with measurement at fair value through profit or loss); *held to maturity* (with measurement at amortised cost), *loans and receivables* (with measurement at amortised cost) and *available for sale* (with measurement at fair value in the statement of financial position), establishing just two methods of measurement:

- fair value through profit or loss;
- amortised cost.

Amortised cost will only be used if two requirements are met:

- the objective of the entity's business model is to hold financial instruments in order to benefit from the contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All equity instruments must be measured at fair value since, because they do not normally generate cash flows, they are not compatible with the amortised cost criterion.

In addition, there are two important changes relating to:

- identification of changes in fair value attributable to changes in the credit risk of the liability;
- elimination of the option to measure financial liabilities at cost if they consist of derivatives that envisage the delivery of unquoted equity instruments.

IFRS 9 must be applied from 1 January 2013.

On 7 October 2010, the IASB issued *Amendments to IFRS 7.* These amendments will apply from 1 July 2011. Earlier adoption is allowed.

Additional disclosures are required if financial assets are transferred at particular times (for example, close to the end of the financial year).
The amendments to IFRS 7 specify that the disclosure requirements apply to total or partial transfers of financial assets, if the entity:

- transfers its contractual rights to receive the cash flows from a financial asset;
- retains its contractual rights to receive the cash flows from a financial asset, but gives a contractual undertaking to pay over such cash flows to another beneficiary.

On 20 December 2010, the IASB issued a document entitled *“Deferred Tax: Recovery of Underlying Assets (proposed amendments to IAS 12)”*.
The amendments introduce the presumption that deferred tax assets will be recovered entirely from the sale of the underlying assets, unless there is clear evidence that they may be recovered from use.
In addition to investment property, this presumption also applies to underlying assets consisting of property, plant and equipment, and intangible assets recorded or measured at fair value.
As a consequence of these amendments, SIC 21 - Income Taxes - Recovery of revalued non-depreciable assets will be withdrawn.
These amendments must be applied on a retrospective basis in the accounting periods that begin on or after 1 January 2012. Earlier adoption is allowed.

On 20 December 2010, the IASB issued a document entitled *“Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)”*.
The purpose of removing specific dates from IFRS 1 is to allow first-time adopters of IAS/IFRS to apply the simplifications envisaged for entities that made the transition to international accounting standards in 2005. With regard to entities that present IFRS financial statements for the first time after being prevented from doing this by a period of hyperinflation, the amendments envisage an exemption from the retrospective application of the IFRS on the equivalent of first-time adoption, allowing such entities to use fair value to replace the cost of all the assets and liabilities held at the functional currency normalisation date.

6. Notes to the Income statement, Statement of financial position and Cash flow statement

INCOME STATEMENT

6.1. Revenue from sales and services

Revenue from the sale of goods and the provision of services is analysed as follows:

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Revenue from sale of finished products and spare parts	1.216,7	1.285,8
Revenue from provision of services	21,5	20,3
Total	***1.238,2***	***1.306,1***

Revenue from Italian customers was 467.9 million euro (432.1 million euro), while revenue from foreign customers was 770.3 million euro (874.0 million euro), of which 687.8 million euro (765.2 million euro) was from subsidiaries.

Revenue from sales to subsidiaries is analysed as follows:

(million euro) **Revenue from sale of finished products to Subsidiaries**	**Dec. 31, 2010**	**Dec. 31, 2009**
Indesit Company Portugal Electrodomesticos Sa	17,5	17,6
Indesit Electrodomesticos (Spain) Sa	20,2	23,1
Indesit Company France Sa	137,1	255,5
Indesit Company Deutschland Gmbh	9,7	10,4
Indesit Company Nederland	23,5	22,7
Indesit Company Polska Spz oo	46,4	31,6
Indesit Company International Business Sa	103,5	136,6
Indesit Company Beyaz Esya Sanayi Ve Ticaret As	31,2	21,9
Indesit Company Magyarorszag Kft	21,6	30,0
Indesit Company UK Ltd	170,9	177,5
Argentron Sa	9,1	9,1
Closed Joint Stock Company Indesit International	7,1	11,7
Indesit Österreich Ges.m.b.h.	19,4	17,5
Indesit Rus LLC	70,6	-
Total subsidiaries	**687,8**	***765,2***

As in prior years, the Group's transfer prices were determined using the cost-plus method, which envisages the application of an uplift with respect to production cost. The fairness of such transfer prices was checked by applying the *Transactional Net Margin Method* (TNMM), as required by the regulations, normal practice in Italy and the OECD Guidelines (or Directives).

Commencing from 2010, sales to Group companies are made in euro while, until 2009, they were generally invoiced in the functional currency of the recipient. This change was made to simplify the management of currency risk for intra-Group transactions.
In 2010, the volume of Group sales of household appliances manufactured at Italian factories was essentially the same as in the prior year. Accordingly, ignoring negligible changes in inventory levels, the change in the revenue from sales to subsidiaries was due entirely to changes in logistical flows and, therefore, in intra-Group invoicing. In

particular, following the closure of the Basse-Ham warehouse in France, in 2010 Indesit Company France Sas began to purchase products directly from the Group's production units abroad, and no longer exclusively from Indesit Company S.p.A. (owner of the above warehouse) as had been the case until the end of 2009.
In addition, the formation of Indesit Rus LLC, a new trading company in Russia, resulted in the generation of revenues by that subsidiary of 70.6 million euro in 2010 (the company did not exist in 2009) and, at the same time, a reduction in the revenues earned by Indesit Company International Business Sa.

Revenue from the provision of services relates to services provided to customers (transport) and to end consumers (after-sales maintenance), and to the sale of extended warranties beyond the legal minimum period.

6.2. Change in work in progress, semi-finished and finished products

The change in inventories of semi-finished and finished products and spare parts is summarised below:

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Semi-finished products	(0,1)	(0,8)
Finished products and spare parts	(2,7)	(56,9)
Total	***(2,9)***	***(57,8)***

The change in inventories of raw materials, semi-finished and finished products, and spare parts is reported net of the change in the provision for obsolescence, which has decreased by 1.1 million euro (1.4 million euro).

6.3. Other revenue and income

Other revenue and income are analysed as follows:

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Capitalization of internal work	14,2	14,9
Insurance reimbursement	0,1	0,1
Recharge of services and royalties	60,8	49,9
Capital gains	0,6	-
Operating grants	4,3	2,0
Capital grants	1,3	1,4
Steel grants for export	1,1	0,8
Other income	4,2	4,3
Total	***86,5***	***73,5***

The increase in intangible assets by internal work principally relates to the capitalisation of development costs.

The recharge of services and royalties relates to the reallocation of the cost of IT, commercial and logistical services incurred by the Company on behalf of Group companies (*cost sharing*), as well as to income deriving from the concession of rights to use the Hotpoint and Indesit brands to manufacturing subsidiaries (*royalties)*.

The Recharge of services and royalties caption is analysed by company in the following table.

(million euro)		
Recharge of services and royalties to Subsidiaries	**Dec. 31, 2010**	**Dec. 31, 2009**
Indesit Company Portugal Electrodomesticos Sa	0,8	0,7
Indesit Electrodomesticos (Spain) Sa	1,0	1,0
Indesit Company France Sa	4,8	4,4
Indesit Company Deutschland Gmbh	0,3	0,3
Indesit Company Nederland	0,5	0,5
Indesit Company Polska Spz oo	20,3	18,1
Indesit Company International Business Sa	3,4	2,6
Indesit Company Beyaz Esya Sanayi Ve Ticaret As	9,6	7,7
Indesit Company Magyarorszag Kft	1,2	1,6
Indesit Company UK Ltd	11,2	5,7
Closed Joint Stock Company Indesit International	7,6	7,0
Wuxi Indesit Home Appliances	-	0,4
Total Subsidiaries	***60,8***	***49,9***

The increase was mainly due to:

- an increase in the cost-sharing charges made to Indesit Company UK Ltd, following redefinition of the related parameters given that the UK subsidiary is increasingly becoming a distributor of products designed and developed in Italy;
- a rise in the royalties charged to foreign manufacturing subsidiaries, especially Indesit Company Polska Sp. z o.o. (Poland) and Indesit Company Beyaz Esya Sanayi Ve Ticaret A.s. (Turkey), following a generalised increase in the volume of local production.

The Operating grants caption reflects grants received from European organisations and other entities[21].

6.4. Raw materials, services and utilization of third party assets

This caption comprises:

[21] Including, in particular, participation as part of the CO-ENV consortium in the research project entitled "CO-ENV: Environments and innovative instruments for the collaborative design and development of configurable manufacturing products" authorised by concession decree no. 01396 dated 28.10.2008, project no. D05/0572/00/X08, Law no. 46/82 – TIF – Strategic Business Processes, incurring pre-competitive industrial research and development costs of 0.3 million euro during the year. The project commenced on 03.05.2007 and was completed on 02.05.2010, at a total cost of 2.2 million euro.

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Purchase of raw materials, components	(858,3)	(859,4)
Maintenance	(10,3)	(9,9)
Distribution expenses	(72,5)	(69,2)
Advertising	(31,1)	(16,2)
Technical assistance	(10,5)	(10,5)
Services	(22,5)	(19,3)
Remuneration paid to statutory auditors	(0,1)	(0,1)
Utilities	(9,6)	(8,4)
Use of third parties	(9,5)	(11,5)
Insurance	(1,6)	(1,8)
Other expenses	(39,5)	(32,2)
Revenue from the sale of raw material, components and goods	37,7	35,9
Revenue from the recharge of expenses	12,9	10,7
Total	***(1.014,8)***	***(992,0)***

This caption includes the cost of purchasing finished products and, to a lesser extent, raw materials and services from subsidiaries, as analysed below.

(million euro) **Purchase of finished products,raw materials and services to Subsidiaries**	**Dec. 31, 2010**	**Dec. 31, 2009**
Indesit Company Domestic Appliances Hellas Mepe (Greece)	(1,9)	(1,8)
Indesit Company Osterreich GES.M.B.H (Österreich)	(1,8)	(1,6)
Indesit Company Bulgaria Ltd	(1,2)	(1,0)
Indesit Company Norge Ltd	(0,9)	(1,8)
Indesit Company International Business Sa	(0,9)	(1,0)
Indesit Company UK LTD	(15,2)	(18,3)
Indesit Company Portugal Electrodomesticos Sa	(0,9)	(1,1)
Indesit Electrodomesticos (Spain)	(0,1)	(0,3)
Indesit IP S.p.A.	(0,1)	(0,1)
Indesit Company France Sa	(1,1)	(3,0)
Indesit Company Deutschland Gmbh	(0,7)	(0,9)
Indesit Company Beyaz Esya Sanayi Ve Ticaret As	(0,6)	(1,0)
Indesit Company Beyaz Esya Pazarlama As	(40,5)	(61,4)
Indesit Company Polska Spzoo	(114,8)	(144,1)
Closed Joint Stock Company Indesit International	(0,2)	(0,2)
Aeradriatica S.p.A.	(2,6)	(1,4)
Indesit Company Nederland	(0,1)	(0,1)
Indesit Company Magyarorszag Kft	(0,2)	(0,5)
Wuxi Indesit Home Appliances	-	(6,4)
Wuxi Indesit Domestic Technology CO LTD	(0,4)	-
Total Subsidiaries	***(184,1)***	**(246,1)**

In order to improve the presentation of financial information, directors' remuneration has been reclassified as a payroll cost with effect from 1 January 2010. For consistency, the comparative amounts for 2009 have also been reclassified.
Revenue from the sale of raw materials principally relates to the outsourcing to third parties of certain stages of production. This caption also includes revenue from sales made to subsidiaries.
These are analysed by Group company in the following table.

(million euro) **Revenue from the sale of raw materials to subsidiaries**	**Dec. 31, 2010**	**Dec. 31, 2009**
Indesit Company Polska Spz oo	3,6	6,7
Indesit Company Beyaz Esya Sanayi Ve Ticaret As	0,1	0,3
Indesit Company UK Ltd	-	0,1
Closed Joint Stock Company Indesit International	0,2	0,3
Indesit Company Beyaz Esya Pazarlama As	-	0,1
Total Subsidiaries	***3,8***	***7,4***

The Revenue from the recharge of expenses caption relates to amounts, other than cost sharing and royalties, recharged to Group companies and the Parent Company. These are analysed by subsidiary and Parent Company in the following table.

(million euro) **Revenue from the recharge of expenses to subsidiaries**	**Dec. 31, 2010**	**Dec. 31, 2009**
Indesit Company Portugal Electrodomesticos Sa	0,3	0,3
Indesit Electrodomesticos (Spain) Sa	0,4	0,4
Indesit Company France Sa	1,3	0,9
Indesit Company Deutschland Gmbh	0,1	0,1
Indesit Company Nederland	0,3	0,3
Indesit Company Polska Spz oo	0,7	0,7
Indesit Company International Business Sa	2,0	1,5
Indesit Company Beyaz Esya Sanayi Ve Ticaret As	0,3	0,3
Indesit Company Magyarorszag Kft	2,0	1,2
Indesit Company Ceska Sro	-	0,1
Indesit Company UK Ltd	1,0	1,4
Indesit Company Osterreich GES.M.B.H (Österreich)	0,1	0,1
Closed Joint Stock Company Indesit International	2,8	3,5
Aermarche S.p.A.	0,1	-
Indesit Rus LLC	1,6	-
Total Subsidiaries	**12,9**	**10,7**
Parent company		
Fineldo S.p.A.	0,1	-
Parent company	**0,1**	**-**
Total Subsidiaries and parent company	**12,9**	**10,7**

6.5. Payroll costs

Payroll costs are analysed as follows:

(million euro)	**Dec. 31, 2010**	**Dec. 31, 2009**
Wages and Salary	(161,5)	(146,5)
Social contributions	(47,8)	(39,0)
Employee severance indemnities	(10,0)	(10,1)
Other expenses	(3,7)	(6,1)
Total	**(223,0)**	**(201,6)**

The increase in payroll costs relates to the relief available under Italian legislation that benefited 2009 to a greater extent than 2010 (e.g. the assistance introduced by Law 103/2008 for the areas affected by the 1997 earthquake, 7.0 million euro).
The Social security contributions caption principally comprises payroll contributions amounting to 47.8 million euro (39.0 million euro).

The Other costs caption comprises employee insurance, 1.3 million euro (1.1 million euro), temporary workers, 1.5 million euro (0.5 million euro), leaving incentives and redundancy costs, 1.8 million euro (6.7 million euro), accident and illness costs, 1.1 million euro (1.1 million euro), other payroll costs, 0.7 million euro (0.3 million euro) and amounts recharged to Group companies, 2.7 million euro (3.6 million euro).

Employees are analysed by category below:

Qualification	**Subordinate Dec. 31, 2010**		**Subordinate Dec. 31, 2009**		**Monthly average 2010**
	permanent	***temporary***	***permanent***	***temporary***	
Executives	103		105		102
Managerial staff	270		230		269
Clerical staff	1.007	62	1.004	64	1.034
Factory workers	3.405	9	3.557	21	3.444
Total	**4.785**	**71**	**4.896**	**85**	**4.849**

6.6. Depreciation, amortization and impairment losses

(million euro)	**Dec. 31, 2010**	**Dec. 31, 2009**
Depreciation of property, plant and equipemnt	(43,5)	(41,7)
Amortization of intangible assets	(26,1)	(25,6)
Total	***(69,6)***	***(67,4)***

The Depreciation caption includes an impairment loss of 8.5 million euro on the Brembate and Refrontolo buildings recorded as a consequence of the restructuring plans currently implemented. The amount was determined with reference to an appraisal prepared by an independent expert.

6.7. Change in inventories of raw, ancillary and consumable materials and goods

The change in inventories of raw materials is reported net of the change in the provision for obsolescence, which reflects the utilisation of 0.2 million euro (provision of 1.0 million euro).

6.8. Provisions and other operating expenses

Provisions and other operating expenses are analysed in the following table.

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Provision for doubtful accounts	(4,6)	(1,8)
Liberal disbursement	(0,8)	(0,8)
ICI (local property tax)	(0,8)	(0,8)
Associative contribution	(1,1)	(1,0)
Expenses for licences and brands	(4,7)	(4,2)
Provisions and other operating expenses	(34,4)	(26,5)
Total	***(46,3)***	***(35,2)***

The increase in Provisions and other operating expenses mainly reflects the recognition of provisions for restructuring totalling 16.3 million euro, with particular regard for the closure of the Brembate and Refrontolo factories (17.3 million euro, relating in particular to the reorganisation of production at the None factory); provisions for disputes, 2.6 million euro (3.1 million euro), provisions for environmental risks, 5.0 million euro (2.6 million euro), and the provision for fiscal risks, 4.2 million euro. The provision for fiscal risks is discussed further in note 6.31.

6.9. Operating profit and non-recurring items

As required by Consob Communication DEM/6064293 dated 28 July 2006, significant non-recurring income and expense are detailed in the following table.

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Redundancies charges	(1,7)	(6,2)
Restructuring charges	(25,5)	(23,6)
Benefits for earthquake grants Law no. 103/2008	-	7,0
Environmental clean up	(8,2)	-
Other non recurring expenses	(1,1)	(0,3)
Total	**(36,5)**	**(23,0)**

The increase in net non-recurring expenses reflects the recognition of additional restructuring charges relating to the closure of the Brembate and Refrontolo factories in Italy, the environmental clean up provisions recorded to cover the replacement of asbestos roofing at the Italian factories, and the loss of earthquake relief from payroll contributions (Law 103/2008).
The decrease in redundancy costs was mainly due to the recognition of lower non-recurring expenses associated with the leaving incentives paid to employees in 2010.

Non-recurring items included in the various income statement captions are detailed below:

(million euro)	Dec. 31, 2010					
	Balances	Redundancies	Restructuring charges	Other non-recurring income (expenses)	Enviromental clean up	**Total non-recuring items**
Revenue from sales and services	1.238,2					**-**
Change in work in progress, semi-finished and finished products	(2,9)					**-**
Other income and expenses	86,5					**-**
Purchase of raw materials, services and costs for utilization of third party assets	(1.014,8)				(3,1)	**(3,1)**
Payroll costs	(223,0)	(1,7)		(0,1)		**(1,9)**
Depreciation, amortization and impairment losses	(69,6)		(9,2)			**(9,2)**
Change in raw materials, auxiliary and components	(3,1)					
Provisions and other operating charges	(46,3)		(16,3)	(0,9)	(5,0)	**(22,3)**
Operating profit	**(34,8)**	**(1,7)**	**(25,5)**	**(1,1)**	**(8,2)**	**(36,5)**

Isolating the effect of recognising non-recurring items, the operating profit from continuing activities is indicated below:

(million euro)	**Dec. 31, 2010**	**Dec. 31, 2009**
Revenue	1.238,2	1.306,1
Operating profit (loss)	**(34,8)**	**5,4**
Operating margin %	**(2,8%)**	**0,4%**
Non recurring items	(36,5)	(23,0)
Operating profit of recurring activities	1,7	28,4
Operating margin of recurring activities %	**0,1%**	**2,2%**

The operating loss (EBIT) was 34.8 million euro (profit of 5.4 million euro), representing -2.8% of revenue (0.4% positive).
Net non-recurring items totalled 36.5 million euro (23.0 million euro).
Before non-recurring items, operating profit was 1.7 million euro (28.4 million euro).
The change in operating profit is analysed in the Report on operations.

Attachment 2 (Income statement for the year ended 31 December 2010, prepared pursuant to Consob Resolution 15519 dated 27 July 2006 and Consob Communication DEM/6064293 dated 28 July 2006) to these notes summarises the overall effect of non-recurring expenses on the income statement.
Non-recurring items have an immediate cash flow effect, except for redundancy and restructuring costs whose cash flow effect is spread over a number of years consistent with the release of the related provisions in accordance with the matching principle and accrual basis of accounting.

6.10. Dividends from subsidiaries, associates and others

The dividends collected by the Company are detailed in the following table:

(million euro) **Subsidiaries**	**Dec. 31, 2010**	**Dec. 31, 2009**
Closed Joint Stock Company Indesit International	34,5	44,6
Indesit Company UK Finance LLP	-	11,8
Indesit Company Luxembourg Sa	85,0	-
Total subsidiaries	**119,6**	**56,4**

In 2010, Indesit Company S.p.A. received dividends from subsidiaries totalling 119.6 million euro (56.4 million euro).

6.11. Other financial income from subsidiaries

The other financial income deriving from subsidiaries is detailed in the following table.

(million euro) **Subsidiaries**	**Dec. 31, 2010**	**Dec. 31, 2009**
Indesit Company International Business Sa	0,5	2,9
Indesit Company France Sa	1,0	0,7
Indesit Company Portugal Electrodomesticos Sa	-	0,2
Indesit Company UK Ltd	-	0,1
Indesit Company Beyaz Esya Pazarlama As	-	0,1
Indesit Company Beyaz Esya Sanayi Ve Ticaret As	0,3	0,8
Indesit Company Magyarorszag Kft	0,1	0,2
Indesit Company Polska Sp.z.o.o.	1,2	4,3
Other subsidiaries	0,2	-
Total subsidiaries	**3,3**	**9,4**

The principal change in the Other financial income from subsidiaries caption relates to the reduction in income from Indesit Company Polska Sp.z o.o., due to lower average borrowing, and from Indesit Company International Business Sa, due to the fall in income from derivative transactions. This latter reduction was caused by the decline in market rates, which had an adverse effect on the interest rate swap hedging floating-rate debt. This lower hedging income was offset by the lower cost of floating-rate debt. See note 7 for further information about derivative transactions.

6.12. Financial income from third parties

There was no financial income from third parties in 2010 (0.1 million euro).

6.13. Financial expenses from subsidiaries and associates

The financial expenses from subsidiaries and associates are detailed in the following table.

(million euro) **Subsidiaries**	**Dec. 31, 2010**	**Dec. 31, 2009**
Indesit Company International Business Sa	(12,2)	(16,0)
Indesit Company Luxembourg Sa	(5,5)	(9,7)
Other Subsidiairies	(0,2)	(0,3)
Total subsidiaries	**(17,9)**	**(25,9)**

The financial expenses from Indesit Company International Business Sa principally include commissions for the management of currency risk, 0.3 million euro (0.9 million euro) and losses from transactions in derivative instruments of 11.9 million euro, which were fully offset by equivalent gains in the value of the hedged underlyings (11.1 million euro).

6.14. Financial expenses from third parties and the Parent Company

The interest expense incurred in relation to the various sources of finance is analysed in the following table.

(million euro)	**Dec. 31, 2010**	**Dec. 31, 2009**
Interest on medium/long-term bank loans	(0,4)	(0,3)
Interest on short-term borrowing	(1,6)	(4,5)
Other interest expenses	(8,4)	(9,4)
Total	**(10,4)**	**(14,2)**

The Other interest and expenses caption includes charges relating to the securitisation programme, 2.6 million euro (not implemented in 2009); implicit financial expenses on the discounting of severance indemnities, 2.0 million euro (2.3 million euro), and on the discounting of other non-current provisions, 1.5 million euro (1.4 million euro); and other interest expense and commissions, 2.2 million euro (5.7 million euro).

6.15. Exchange rate gains and losses

The following table analyses exchange rate fluctuations, identifying both realised and unrealised gains and losses.

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Realised exchange rate fluctuations, net	0,1	15,5
Unrealised exchange rate fluctuations, net	0,1	(0,5)
Total	**0,2**	**15,0**

The significant reduction in exchange rate gains and losses is mainly due to the adoption of the euro as the currency for intra-Group invoicing.

6.16. Reversal of impairment losses on investments

No such impairment losses were reversed in 2010 or 2009.

6.17. Impairment losses on investments

The impairment losses on investments reflect the impairment losses on the investment in Indesit Electrodomesticos Sa, a subsidiary, by 1.5 million euro. Further information is provided in note 6.22.

6.18. Income tax

The taxation charged to the income statement is analysed below.

(million euro)	Dec. 31, 2010	Dec. 31, 2009
IRES	(2,0)	(2,1)
IRAP	(5,6)	(5,3)
Deferred tax assets, net	3,7	4,7
Prior year taxes	1,7	(3,9)
Other income taxes	(0,1)	(0,1)
Total	**(2,2)**	**(6,7)**

The following table reconciles the theoretical tax charge, determined using the reference tax rate, with the reported tax charge.

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Profit before tax	58,1	44,1
Theoretical tax charge (27,5%)	(16,0)	(12,1)
Actual tax charge	(2,2)	(6,7)
Total Difference	**13,8**	**5,4**
Reconciliation		
Irap (current and deferred)	(5,7)	(5,0)
Dividends	28,2	12,8
Effect of transactions in partecipation exemption	(0,4)	-
Prior year items and undeductible expenses	(1,2)	(3,9)
Fiscal effect on other permanent charges	(5,6)	2,1
Other effects	(1,6)	(0,6)
Total Difference	**13,8**	**5,4**

Taxation represents 3.8% (15.3%) of profit before taxation (PBT).

STATEMENT OF FINANCIAL POSITION

6.19. Property, plant and equipment

The changes in property, plant and equipment are analysed in the table presented on the following page.

The changes in property, plant and equipment reflect additions of 44.0 million euro to extend and renew the range of products and retirements, net of the related accumulated depreciation, of 0.8 million euro.

The depreciation and impairment losses for the year were 35.0 million euro and 8.5 million euro respectively.

Outstanding orders placed for the supply of property, plant and equipment amount to 6.7 million euro.

The ownership of property is not restricted by liens and charges and there are no significant finance lease commitments.

(million euro)

Description	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
Opening balances at 01/01/2009						
Historical cost	138,8	337,8	303,9	40,4	11,9	832,7
Accumulated depreciation	(51,2)	(265,8)	(262,3)	(35,1)	-	(614,4)
Total 01/01/2009	***87,6***	***72,0***	***41,6***	***5,2***	***11,9***	***218,4***
CHANGES						
Purchases	3,4	3,5	5,7	0,4	4,8	17,9
Reclassifications	0,2	2,5	8,5	0,1	(11,2)	-
Disposals	-	(12,9)	(33,5)	(0,2)	-	(46,7)
Use of accumulated deprecation	-	12,7	29,9	0,2	-	42,7
Depreciation for the year	(3,8)	(17,3)	(18,7)	(1,9)	-	(41,7)
Total	**(0,2)**	**(11,5)**	**(8,3)**	**(1,4)**	**(6,4)**	**(27,8)**
Balances at 31/12/2009						
Historical cost	142,4	330,8	284,4	40,7	5,6	804,0
Accumulated depreciation	(54,9)	(270,4)	(251,1)	(36,9)	-	(613,3)
Total 31/12/2009	**87,4**	**60,4**	**33,3**	**3,9**	**5,6**	**190,6**
CHANGES						
Purchases	4,7	6,4	3,5	0,7	28,7	44,0
Reclassifications	1,0	2,8	1,4	0,1	(5,2)	-
Disposals	(0,5)	(1,3)	(8,9)	(2,8)	-	(13,5)
Use of accumulated deprecation	-	1,3	8,8	2,6	-	12,7
Depreciation for the year	(3,5)	(14,9)	(15,1)	(1,5)	-	(35,1)
Historical cost Impairment losses	(11,7)	-	-	-	-	(11,7)
Depreciation Impairment losses	3,2	-	-	-	-	3,2
Total	**(6,9)**	**(5,7)**	**(10,2)**	**(1,0)**	**23,5**	**(0,4)**
Balances at 31/12/2010						
Historical cost	135,8	338,7	280,5	38,7	29,0	822,8
Accumulated depreciation	(55,2)	(284,0)	(257,4)	(35,8)	-	(632,5)
Total 31/12/2010	**80,5**	**54,7**	**23,1**	**2,9**	**29,0**	**190,3**

6.20. Other intangible assets with a finite life

Other intangible assets with a finite life are analysed as follows:

(million euro)

Description	**Development costs**	**Industrial patents and intellectual property rights**	**Concessions, licences and trademarks**	**Other**	**Assets under development**	**Total**
Opening balances at 01/01/2009						
Historical cost	68,3	46,8	13,3	0,5	9,2	138,1
Accumulated amortization	(35,1)	(17,3)	(6,1)	(0,4)	-	(58,9)
Totale 01/01/2009	***33,2***	***29,4***	***7,3***	***0,1***	***9,2***	***79,2***
CHANGES						
Purchases	11,8	3,3	0,2	-	5,4	20,7
Reclassifications	6,8	0,5	-	-	(7,2)	-
Disposals	(13,7)	(6,4)	(2,1)	(0,4)	-	(22,6)
Use of accumulated amortization	13,5	6,4	2,1	0,4	-	22,4
Amortization of the year	(16,4)	(7,8)	(1,4)	(0,0)	-	(25,6)
Total	**2,1**	**(4,1)**	**(1,2)**	**(0,0)**	**(1,9)**	**(5,1)**
Balances at 31/12/2009						
Historical cost	73,2	44,1	11,4	0,1	7,4	136,2
Accumulated amortisation	(37,9)	(18,7)	(5,4)	(0,0)	-	(62,1)
Total 31/12/2009	***35,3***	***25,4***	***6,0***	***0,0***	***7,4***	***74,1***
CHANGES						
Purchases	4,0	5,5	0,6	-	13,1	23,3
Transfer	1,6	2,6	0,8	-	(4,9)	-
Disposals	(13,1)	(2,1)	(0,0)	-	-	(15,2)
Use of accumulated amortization	13,1	1,8	0,0	-	-	14,8
Amortization of the year	(15,5)	(8,9)	(1,7)	(0,0)	-	(26,1)
Total	***(9,9)***	***(1,1)***	***(0,3)***	***(0,0)***	***8,2***	***(3,1)***
Balances at 31/12/2010						
Historical cost	65,7	50,1	12,8	0,1	15,6	144,3
Accumulated amortization	(40,3)	(25,8)	(7,1)	(0,1)	-	(73,3)
Total 31/12/2010	***25,4***	***24,2***	***5,8***	***0,0***	***15,6***	***71,0***

Development costs totalling 4.0 million euro (11.8 million euro) were capitalised during the year. These mainly related to the new washing machine platform at the Comunanza factory, the new Hotpoint LUCE ovens at the Albacina and Lodz Cooking factories, the new *DIRECT FLAM* hob at the Melano Cooking factory, the new Margherita 2.0 washing machine (all Laundry factories) and the new *No Frost Essentia* refrigerator at the Lodz Cooling factory.
The elimination of assets resulted in the cancellation of historical costs totalling 13.1 million euro (13.7 million euro).
The amortization charge for the year was 15.5 million euro (16.4 million euro).

The increases in the industrial patents and intellectual property rights caption, 5.5 million euro (3.3 million euro), reflect the costs incurred to develop and enhance software programs. The elimination of fully amortised assets resulted in the cancellation of historical costs totalling 2.1 million euro (6.4 million euro). The amortization charge was 8.9 million euro (7.8 million euro).

The Group's principal brands, Hotpoint and Indesit, are not recorded in the financial statements. The right to use the Hotpoint brand in the UK and Ireland is owned by Indesit Company UK Ltd, while the right to use it in all other countries where the Group owns the brand is held by Indesit Company Luxembourg Sa. The Hotpoint brand is used under licence by Indesit Company S.p.A.
Although the right to use the Indesit brand is owned by Indesit Company S.p.A., it was removed from the financial statements in 2005, on the transition to international

financial reporting standards, since it had already been fully amortised. The only brand recognised is therefore the Star brand, acquired on the absorption of that company in 2003. The historical cost recognised, 0.1 million euro, has been fully amortised.

Capitalised licences, with a total historical cost of 12.8 million euro, mainly relate to the right to use the Ariston brand, 6.8 million euro (accumulated amortization of 3.3 million euro at 31 December 2010), and the software, licences 6.0 million euro. The increase during the year was 0.6 million euro in relation to software licences (SAP, Microsoft, etc.).

The total amortization charge for trademarks and licences was 1.7 million euro (1.4 million euro).

Other intangible assets relate to leasehold improvements. This caption is fully amortised.

Assets under development principally comprise development costs of 12.9 million euro (4.0 million euro) and software and licences amounting to 2.7 million euro (3.4 million euro).

6.21. Investments in associates

Investments in associates are analysed below:

(million euro) Company name	%	Dec. 31, 2010	Dec. 31, 2009
Trade Place Bv	20,00	0,5	0,5
Total associates		***0,5***	***0,5***

6.22. Investments in subsidiaries and other investments

Investments in subsidiaries and other investments comprise investments in subsidiaries, investments in companies which generally represent less than 20% of their equity capital or voting rights, and other non-current financial assets.

Investments in direct and indirect subsidiaries and other companies are analysed in the table below, which indicates the direct interest held.

(million euro)			
Company name	**%**	**Dec. 31, 2010**	**Dec. 31, 2009**
Subsidiaries:			
Aermarche S.p.A.	100,00	20,5	20,5
Aeradriatica S.p.A.	3,00	0,2	0,2
Argentron SA	100,00	68,1	68,1
Indesit Company UK Holding Ltd	19,60	13,6	13,6
Merloni Domestic Appliances Ltd	0,01	-	-
Indesit Company Portugal Electrodomesticos SA	78,95	-	-
Indesit Electrodomesticos Sa (Spain)	100,00	3,8	3,8
Indesit Company Beyaz Esya Pazarlama As	47,36	22,2	22,1
Indesit Company Beyaz Esya Sanayi As	100,00	-	-
Indesit Company Ceska S.r.o.	100,00	-	-
Indesit Company Bulgaria Ltd	100,00	182,3	133,5
Indesit Company UK Finance LLP	100,00	0,1	-
Indesit Company RUS Ltd	100,00	143,2	143,2
Closed Joint Stock Company Indesit International	100,00	-	-
Indesit IP Srl	100,00	0,1	-
Total subsidiaries		***454,1***	***405,0***
Other companies:			
Consorzio CONAI	0,07	-	-
Consorzio Ecodom	5,00	-	-
Consorzio delle Dennie	14,28	-	-
Distretto dell'elettrodomestico SCARL	6,45	-	-
Emittente Titoli S.p.A.	1,10	0,1	0,1
UNIFABRIANO Scarl	10,41	-	-
Radio A Korasidis AE	3,80	-	-
Total other companies		***0,1***	***0,1***
Total invest. in subsidiaries and other investments		***454,3***	***405,2***

The companies listed as subsidiaries despite being less than 50% owned are, via other subsidiaries, subject to the indirect control of the majority of their voting rights.
Further information about the overall control percentages is provided in Attachment 1 (List of companies consolidated on a line-by-line basis) to the consolidated financial statements.

The investments held by Indesit Company S.p.A. in other companies related to unlisted companies whose securities are not traded in a regulated market. Accordingly, their fair value cannot be determined reliably since there were no transactions involving these securities during the past year. The cost of the securities held is analysed below.

The composition of and changes in investments are analysed below:

(million euro)

Description	**Subsidiaries**	**Other companies**	**Total**
OPENING BALANCES at 01/01/2009			
Historical cost	593,0	0,9	593,8
Accumulated depreciation	(66,7)	(0,7)	(67,4)
Total 01/01/2009	***526,3***	***0,1***	***526,5***
CHANGES			
Purchases	48,8	-	48,8
Reclassifications	(1,9)	-	(1,9)
Impairment losses	(0,5)	-	(0,5)
Reversal of impairment losses	-	-	-
Disposal/delate historical cost	(180,6)	-	(180,6)
Disposal/delate fund	12,9	-	12,9
Total	**(121,3)**	**-**	**(121,3)**
BALANCES at 31/12/2009			
Historical cost	461,2	0,9	462,0
Accumulated depreciation	(56,2)	(0,7)	(56,9)
Total 31/12/2008	**405,0**	**0,1**	**405,2**
CHANGES			
Purchases	51,2	-	51,2
Reclassifications	(1,5)	-	(1,5)
Impairment losses	(0,6)	-	(0,6)
Reversal of impairment losses	-	-	-
Disposal/delate historical cost	-	-	-
Disposal/delate fund	-	-	-
Total	***49,1***	***-***	***49,1***
BALANCES at 31/12/2010			
Historical cost	512,4	0,9	513,3
Accumulated depreciation	(58,3)	(0,7)	(59,0)
Total 31/12/2010	***454,1***	***0,1***	***454,3***

The increases in investments reflect a payment made on capital account to Indesit Company Polska Sp. z o.o., 48.8 million euro; an increase in the capital of Indesit Electrodomesticos Sa, 2.1 million euro; the purchase of Indesit Rus LLC from Indesit Company Luxembourg Sa, 0.1 million euro, and the set up of Indesit Ukraine LLC, 0.1 million euro.

Indesit Electrodomesticos Sa, a subsidiary, was impaired by 2.1 million euro as a result of losses incurred, of which 1.5 million euro was covered by a provision for risks recorded previously and 0.6 million euro was expensed in 2010. A further provision for risks on investments of 0.9 million euro has also been recorded to reflect the Company's interest in the negative equity of Indesit Electrodomesticos Sa.

Impairment losses recorded are analysed in the following table.

(million euro)

Company name	**Dec. 31, 2010**	**Dec. 31, 2009**
Indesit Company Beyaz Esya Pazarlama A.S.	4,3	4,3
Merloni Domestic Appliances Ltd	10,6	10,6
Indesit Elettrodomesticos Sa (Spain)	43,4	41,3
Radio A Korasidis AE	0,7	0,7
Total	***59,0***	***56,9***

There is no basis for the reversal of these impairment losses at the reporting date.
The carrying amount of investments is compared with their equity value in Attachment

5. The negative differences identified by that comparison essentially relate to Indesit Company Luxembourg Sa which, operating as a sub-holding company, holds control over, among others, the principal companies operating in the UK market. Their recoverable amount has been verified by impairment testing of the UK CGU, as discussed in the analyses of intangible assets with an indefinite useful life and of goodwill, presented in note 9.10 to the consolidated financial statements. Taking account of the results of these analyses, the difference between the carrying amount of the investment in Indesit Company Luxembourg Sa and its measurement using the equity method is deemed to be recoverable.

6.23. Deferred tax assets

Deferred tax assets at 31 December 2010 amount to 20.5 million euro (17.9 million euro).
The analysis of deferred taxation and information about the deferred tax assets offset against deferred tax liabilities are provided in note 6.32.

6.24. Inventories

Inventories are analysed as follows:

(million euro)	**Dec. 31, 2010**	**Dec. 31, 2009**
Raw materials	35,7	39,0
Obsolescence provision	(1,3)	(1,5)
Total raw materials	**34,4**	**37,5**
Finished and semi-finished products	62,2	64,6
Obsolescence provision	(3,0)	(3,8)
Total finished and semi-finished products	**59,2**	**60,8**
Spare parts	14,0	15,5
Obsolescence provision	(0,9)	(1,2)
Total spare parts	**13,1**	**14,4**
Total inventories	**106,7**	**112,7**

Closing inventories include raw materials, finished products and purchased spare parts that have not yet been received (in transit) but belong to the Company, together with raw materials on consignment.
The provision for obsolescence totals 5.2 million euro (6.5 million euro) and net utilisations during the year amounted to 1.3 million euro (0.4 million euro).

6.25. Trade receivables

Trade receivables comprise amounts due from customers as a result of commercial transactions and the provision of services, 465.5 million euro (542.7 million euro), stated net of the allowance for doubtful accounts of 16.3 million euro (15.5 million euro).

As part of its policy to diversify the sources of finance, the Indesit Group has devised a securitisation programme for the Company and Indesit Company France Sas.

The securitisation involves the without-recourse sale of trade receivables, on a revolving basis, by the Company and Indesit Company France Sas. The receivables are acquired by the vehicle companies, which are financed by the issue of securities

whose repayment is guaranteed by the cash flows generated by the portfolio of receivables sold (*asset-backed securities*). There are two classes of asset-backed security: senior securities are placed in the market and subscribed for by financial investors; junior securities, whose repayment is subordinated to that of the senior securities, are taken up by Indesit Company International Business Sa, a subsidiary.
Control over the receivables is not transferred in full to the vehicle companies (the vehicle company that acquires the receivables of Indesit Company S.p.A. is Olympia Finance S.r.l.), since the use of such receivables by the vehicle company is restricted by the fact that they represent collateral for the redemption of the asset-backed securities issued to finance the securitisation programme. Accordingly, the trade receivables sold are not derecognised as assets and, at 31 December 2010, total 67.5 million euro; Other financial payables include the related financial liability to Olympia Finance S.r.l., the vehicle company, of 101.0 million euro. The financial liability at 31 December 2010 exceeds the amount of the receivables sold but not derecognised, since it includes about 33.5 million euro received from the customers of Indesit Company S.p.A. but not yet paid over to Olympia Finance S.r.l. This amount was paid to Olympia Finance S.r.l. in early 2011.

Advances to suppliers at 31 December 2010 amount to 2.1 million euro (3.7 million euro).

The movements in the allowance for doubtful accounts are analysed in the following table:

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Opening balance	15,5	20,0
Provision	4,6	1,8
Utilisation	(3,8)	(6,3)
Closing balance	**16,3**	**15,5**

Amounts due from subsidiaries are detailed below:

(million euro)

Trade receivables from Subsidiaries	**Dec. 31, 2010**	**Dec. 31, 2009**
Fabrica Portugal Sa	0,4	0,4
Indesit Company UK Ltd	52,9	57,5
Indesit Company Portugal Electrodomesticos Sa	7,4	18,3
Indesit Electrodomesticos (Spain) Sa	8,2	8,2
Indesit Company France Sa	73,5	156,7
Indesit Company Deutschland Gmbh	1,9	2,7
Indesit Company Nederland	6,4	8,5
Indesit Company International BV	0,8	0,7
Indesit Company Bulgaria Ltd	-	0,1
Indesit Company International Business Sa	36,8	15,2
Indesit Company Ceska Sro	-	0,2
Indesit Company Magyarorszag Kft	8,5	11,0
Indesit Company Polska Spz oo	52,9	64,8
Indesit Company Beyaz Esya Sanayi Ve Ticaret As	39,0	39,3
Indesit Company Beyaz Esya Pazarlama As	0,4	0,2
Indesit Company Norge Ltd	0,2	0,5
Indesit Company Domestic Appliances Hellas Mepe (Greece)	0,1	0,1
Argentron Sa	1,4	0,2
Aermarche S.p.A.	5,6	15,1
Closed Joint Stock Company Indesit International	-	0,5
Indesit Company Belgium	-	0,2
Indesit Company GDA Holdings	5,6	7,2
Indesit Company Osterreich Gmbh	17,2	-
Other receivables towards Subsidiaries	0,2	-
Total subsidiaries	**319,5**	**407,9**

With regard to the analysis by geographical area, the receivables from non-Group counterparts in Italy and abroad (including the portfolio of notes not yet collected, net of the allowance for doubtful accounts and credit notes to be issued) total respectively 126.8 million euro (113.9 million euro) and 19.0 million euro (20.7 million euro).

6.26. Tax receivables

Tax receivables are due from the tax authorities in relation to advance taxation. These amounts are analysed below.

(million euro)	Dec. 31, 2010	Dec. 31, 2009
IRES	6,3	4,3
IRAP	0,6	2,0
IRPEF on advances of termination benefits	0,7	1,3
Advance taxation	0,9	0,9
Total	**8,4**	**8,5**

6.27. Other receivables and current assets

Other receivables and current assets are analysed as follows:

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Due from employees	0,8	0,8
Grants due from public bodies	4,7	5,2
Due from social security and pension institutions	2,5	3,5
Credit for funded training courses	0,5	0,7
VAT credit	8,0	13,1
Operating grants	4,3	1,1
Other receivables	0,4	0,4
Total	**21,3**	**25,0**

Grants receivable from public bodies include 2.0 million euro in reimbursements for steel exports (2.4 million euro) and 2.8 million euro in start-up grants to be collected (2.8 million euro).

The operating grants were received for the application of innovative technology to new products and products that are already on sale.

6.28. Equity

The statement of changes in equity is presented in a separate schedule.

Share capital comprises ordinary shares and savings shares, as analysed below.

Description	Dec. 31, 2010		Dec. 31, 2009	
	Number	Euro	Number	Euro
Ordinary shares	113.665.684	102.299.116	113.630.684	102.267.616
Savings shares	511.282	460.154	511.282	460.154
Total	**114.176.966**	**102.759.269**	**114.141.966**	**102.727.770**

The exercise of stock options during the year resulted in the issue of 35,000 ordinary shares. No new stock options were granted during the year.

The number of shares reported in the table is stated gross of the treasury shares held Net of the treasury shares held directly by Indesit Company S.p.A., 11,039,750, there are 102,625,934 ordinary shares outstanding.

The nominal value of the ordinary and savings shares is 0.90 euro.

The holders of ordinary shares and savings shares enjoy the ownership and participation rights granted under Italian law and the articles of association of Indesit Company S.p.A.
In addition to the right to participate in the division of profits and the return of capital, the ordinary shares also carry the right to vote at ordinary and extraordinary shareholders' meetings. The savings shares, on the other hand, have greater ownership rights but reduced administrative rights.
The greater ownership rights comprise:
1) the right to an allocation of net profit for the year (after allocating 5% to the legal reserve) representing up to 5% of the nominal value of the savings shares;
2) the right, if a dividend of less than 5% of their nominal value was paid in a given year, to collect this shortfall in the preference dividend in the following two years;
3) the right, if a dividend is declared at the shareholders' meeting, to receive a total dividend that is higher than that paid on the ordinary shares by 2% of the nominal value of the savings shares.
In addition, in the event of a share capital reduction to cover losses, the nominal value of the savings shares is only reduced by the amount of the losses that exceed the total nominal value of the other shares.
The lesser administrative rights with respect to the ordinary shares consist of the absence of voting rights at ordinary and extraordinary shareholders' meetings.

The following table analyses the share capital structure, including the treasury shares, and indicates the stock options that have been authorised (amounts in euro).

	Authorised share capital	**Authorised no. of shares**	**Issued and fully-paid share capital**	**No. of shares issued and fully paid**
Share capital following the conversion of savings shares into ordinary shares in 2001	98.832.569	109.813.966	98.832.569	109.813.966
1st and 2nd stock option plans for employees authorised on 19 September 1998 and 23 October 2001 respectively	5.400.000	6.000.000	2.486.700	2.763.000
1st stock option plan for Directors authorised on 23 October 2001	1.260.000	1.400.000	1.260.000	1.400.000
2nd stock option plan for Directors authorised on 6 May 2002	180.000	200.000	180.000	200.000
	105.672.569	**117.413.966**	**102.759.269**	**114.176.966**

With regard to the 1st and 2nd employee stock option plans, the residual 3,237,000 options authorised are analysed as follows: 269,500 granted, 3,002,500 not granted.

Considering the amounts reported in the statement of comprehensive income, the increase in the cash flow hedges during 2010 by 2.9 million euro relates entirely to transactions that are still outstanding at 31 December 2010.

The description of, changes in and restrictions applying to the principal equity reserves are described below. The detailed analysis of these changes is presented in a separate schedule.

Reserves

f) Share premium reserve: this reserve amounts to 35.9 million euro following an increase of 0.1 million euro during 2010 on the exercise of stock option rights.
g) Legal reserve: this reserve, 22.7 million euro, reflects allocation of 5% of the profit earned each year. The reserve has exceeded the legal threshold of one fifth of the nominal value of share capital.
h) Other reserves, 305.2 million euro. The other reserves are analysed as follows:

(million euro)

Description	**Dec. 31, 2010**	**Dec. 31, 2009**
Retained earnings	289,3	267,4
Stock Options Reserve	0,4	0,4
Reserve under Par. 14 L. 64/86	2,2	2,2
Grants L. 29/05/82 no. 308	0,1	0,1
Adjustment to plant costs (Casmez) - L. 218/78	0,7	0,7
Reserve par. 21 L. 219 of 14/5/81	4,0	4,0
Grants L. 488/92	11,2	11,2
Merger surplus	1,4	1,4
Reserve mark to market derivatives of cash flow hedge	(4,1)	(7,0)
Total	**305,2**	**280,4**

Retained earnings have increased by 21.9 million euro following the allocation of 37.4 million euro from 2009 net profit, net of the distribution of dividends totalling 15.5 million euro.

The total includes 5.3 million euro that is restricted in relation to the investment required in the territorial agreement for the factory at Comunanza, together with 13.0 million euro restricted in order to obtain industrial investment grants for Albacina pursuant to Law 488/92.

The reserve pursuant to art. 14 of Law 64/82 reflects grants from the Ministry for Industry following the final acceptance testing of investment at the Comunanza factory. This reserve was unchanged in 2010.

The grants under Regional Law 308/82 relate to investment in energy savings and recycling. This reserve was unchanged in 2010.
The reserve pursuant to Law 218/78 relates to capital grants collected for investment at the Comunanza and Acerra factories and totals 0.7 million euro. This reserve was unchanged in 2010.

The reserve pursuant to art. 21 of Law 219/81 represents the (tax-free) capital grants received for investment to repair and make functional improvements to the factories situated in Southern Italy that were damaged in the 1980 earthquake.

The merger surplus reserve was formed on the merger of Merloni Brembate S.p.A. in 2003 and Wrap S.p.A. in 2007.

The reserve for derivative financial instruments recognised as cash flow hedges reflects the change in fair value of these instruments. This negative reserve has decreased by 2.9 million euro.

During 2010, the dividends paid on ordinary shares amounted to 15.4 million euro (no dividend) and those paid on savings shares in accordance with the articles of association amounted to 0.1 million euro (2009 dividend of 0.045 euro per share).
The Board of Director's meeting held on 22 March 2011 approved these separate financial statements and recommended that the shareholders' meeting resolve to allocate of a dividend of 0.30 euro per ordinary share and 0.318 euro per savings share.

The way the reserves can be utilised is analysed in Attachment 6.

6.29. Net Financial Position

The net financial position and net financial indebtedness of the Company are analysed below.
Non-current financial assets have been included in the calculation of net financial indebtedness in order to represent fairly the overall exposure.

(million euro)	Note	Dec. 31, 2010	Dec. 31, 2009
Current financial assets	6.29.1	230,8	132,8
Cash and cash equivalents	6.29.2	8,5	8,3
Banks and other loans and borrowings	6.29.3	(263,3)	(146,7)
Net financial indebtedness - short term		**(24,1)**	**(5,6)**
Medium/long-term financial payables	6.29.5	(175,4)	(332,7)
Net financial position [1]		**(199,4)**	**(338,3)**
Other non-current financial assets	6.29.4	50,1	50,0
Net financial indebtedness		**(149,4)**	**(288,3)**

(1) Consob Communication Definition DEM/6064293 of 28 July 06 in application of recommendations CESR 10 February 05.

The decrease in net financial indebtedness was mainly due to the reduction in net working capital, largely following the decrease in trade receivables.

The changes in liquidity during the year are analysed in the consolidated cash flow statement.

6.29.1. Current financial assets

Current financial assets comprise the intercompany current accounts with Indesit Company International Business Sa totalling 138.9 million euro (126.6 million euro), together with amounts due from factoring companies, 5.8 million euro (4.8 million euro), and dividends resolved by and receivable from Indesit Company Luxembourg Sa, 85.0 million euro (none in 2009).

6.29.2 Cash and cash equivalents

Cash and cash equivalents, 8.5 million euro (8.3 million euro) comprise bank and postal deposits, and cash and cash equivalents on hand.

6.29.3 Current financial payables

Current financial payables comprise amounts due within one year.

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Short-term advances from banks	67,9	95,4
Short-term advances for factoring of receivables	101,0	1,0
Current portion of loans MCC	7,9	7,9
Current portion of other medium/long-term loans	0,3	0,3
Liability from the measurement of derivative instruments	2,3	4,7
Financial payables due to Indesit Company International Business Sa	-	11,8
Financial payables due to Indesit Company Luxembourg Sa	83,8	25,6
Total	***263,3***	***146,7***

Short-term advances from banks include draw downs against committed lines of credit totalling 40.1 million euro.

Short-term advances for factoring of receivables reflect the payable arising in relation to the securitisation programme. The financial liability at 31 December 2010 exceeds the amount of receivables sold but not derecognised, since it includes about 33.5 million euro received from the customers of Indesit Company S.p.A. but not yet paid over to Olympia Finance S.r.l. This amount was paid to Olympia Finance S.r.l. in early 2011. Further information about the securitisation programme is provided in note 6.25 on Trade receivables. The increase in the amount due to Indesit Company Luxembourg Sa mainly relates to the classification as current of two tranches of a loan that are repayable in 2011.

6.29.4 Other non-current financial assets

Other non-current financial assets include 50.0 million euro due from Indesit Company Luxembourg Sa following the subscription for profit-participating bonds.

6.29.5 Medium and long-term interest-bearing loans and borrowings

Medium and long-term interest-bearing loans and borrowings are analysed as follows:

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Loans and borrowings from Indesit Company Luxembourg Sa	162,2	214,9
Due to banks	6,3	114,1
Due to other financial payables	3,1	2,2
Liability from the measurement of derivative instruments	3,8	1,5
Total	***175,4***	***332,7***

The decrease in the amount due to Indesit Company Luxembourg Sa mainly relates to the classification as current of two tranches of a loan that are repayable in 2011.

Amounts due to banks include loans from MCC S.p.A. totalling 6.3 million euro (14.1 million euro) to finance the factories in Russia and Poland, the last instalments of which fall due in 2013.
Indesit Company S.p.A. has a syndicated revolving line of credit for 216.3 million euro expiring in 2012 (not used) and two lines of credit totalling 115 million euro (40 million euro drawn down at 31/12/2010), of which 40 million euro expires in 2011 and 75 million euro in 2018.
The Company is obliged to comply with certain financial covenants, calculated with respect to the consolidated financial statements, in relation to the loans from MCC S.p.A. and the syndicated revolving line of credit. The financial parameters applying at the reporting date are set out below:

Covenants		**Covenant limit**
EBITDA /Net financial expenses	≥	3,5
Net borrowing / EBITDA	≤	3,0
Equity	≥	320 milion euro

In addition to the financial covenants, the above lines of credit require Indesit Company S.p.A. and, in certain cases, a number of Group companies to comply with other affirmative and negative covenants that are consistent with market standards for transactions of a similar nature, amount, maturity and risk profile.
Failure to comply with these financial covenants would, following the elapse of a given period of time available to correct such non-compliance, give the counterpart a right to the early repayment of the related borrowings.

The above covenants are monitored constantly by the Group. All covenants are met at 31 December 2010.

Medium and long-term payables are analysed by maturity in the following table.

(million euro)	**Medium/long-term financial liabilities**	**Due between 1 and 5 years**	**Due beyond 5 years**
Loans and borrowings from Indesit Company Luxembourg	162,2	141,4	20,8
Due to banks	6,3	6,3	-
Due to other financial payables	3,1	2,0	1,1
Liability from the measurement of derivative instruments	3,8	3,8	-
Total	***175,4***	***153,5***	***21,9***

	Medium/long-term financial payables	2012	2013	2014	2015	2016	2017	2018	TOTAL
Bonds	**162,2**	0,0	0,0	141,4	0,0	20,8	0,0	0,0	**162,2**
Due to banks and other financial payables	**13**	8,1	2,9	0,8	0,3	0,4	0,3	0,3	**13,0**
TOTAL	**175,2**	**8,1**	**2,9**	**142,2**	**0,3**	**21,2**	**0,3**	**0,3**	**175,2**

6.30. Employee benefits

The liability for employee benefits totals 40.9 million euro (42.9 million euro) and comprises the provision for severance indemnities.

The following schedule reconciles the assets and liabilities recorded in relation to defined benefit plans and the charges made to the income statement, and presents the principal actuarial assumptions.

	Employee severance indemnities	
	Dec. 31, 2010	**Dec. 31, 2009**
Present value of the defined benefit obligation (start of year)	41,5	43,4
Provision for benefits earned during the year	-	-
Financial expenses	2,0	2,3
Contributions from plan participants	-	-
Actuarial (gains)/losses	1,5	1,6
Benefits paid by the plan/company	(4,1)	(6,4)
Curtailment of plan	0,1	0,6
Changes in exchange rates	-	-
Present value of the defined benefit obligation (end of year)	**41,1**	**41,5**
Fair value of plan assets (start of year)	-	-
Expected yield from plan assets	-	-
Actuarial (gains)/losses	-	-
Employer's contributions	-	-
Employees' contributions	-	-
Benefits paid	4,1	6,4
Expenses	(4,1)	(6,4)
Change in exchange rates	-	-
Fair value of plan assets (end of year)	**-**	**-**
Present value of defined benefit obligation under funded plans	-	-
Fair value of plan assets	-	-
Deficit (surplus) of funded plans	**-**	**-**
Present value of defined benefit obligation under unfunded plans	41,1	41,5
Actuarial (gains)/losses not recognised	(0,1)	1,4
Pension (cost) of unrecognised post service	-	-
Unrecorded assets (limit described in IAS 19)	-	-
Recorded net liabilities/(assets)	**40,9**	**42,9**
Pension cost of work performed during the year	-	-
Total operating costs	**-**	**-**
Interest expense	2,0	2,3
Expected yield from plan assets	-	-
Total financial expenses	**2,0**	**2,3**
Profit/Loss on curtailment	0,1	0,4
Total charge to the income statement	**2,1**	**2,7**
Assumptions used to determine defined benefit obligations		
Discount rate	4,75%	5,20%
Salary increases	0,00%	0,00%
Inflation rate	2,00%	2,00%
Assumptions used to determine pension cost		
Discount rate	5,20%	5,75%
Expected yield from plan assets	N/A	N/A
Expected salary increases	N/A	N/A
Inflation rate	2,00%	2,00%

6.31. Provisions for risks and charges

The provisions for risks and charges cover estimated current and non-current liabilities the exact timing and/or extent of which are uncertain.
This caption is analysed as follows:

(million euro)

2010	Opening balance	Provisions	Utilisations	Closing balance	*Current portion*	*Non current portion*
Provision for warranties	27,4	4,2	(7,3)	**24,4**	**10,8**	**13,5**
Provision for agents' termination indemnity	1,5	0,2	(0,2)	**1,5**	**-**	**1,5**
Provisions for restructuring	17,3	18,9	(5,9)	**30,3**	**10,1**	**20,1**
Provision for WEEE	2,6	5,0	-	**7,7**	**5,0**	**2,6**
Provision for disputes and other risks	19,8	8,0	(15,1)	**12,7**	**7,0**	**5,6**
Other risk provisions	-	-	-	**-**	**-**	**-**
Total	**68,7**	**36,3**	**(28,5)**	**76,5**	**33,0**	**43,5**

(million euro)

2009	Opening balance	Provisions	Utilisations	Closing balance	*Current portion*	*Non current portion*
Provision for warranties	28,8	9,3	(10,6)	**27,4**	**13,0**	**14,5**
Provision for agents' termination indemnity	1,4	0,2	(0,1)	**1,5**	**-**	**1,5**
Provisions for restructuring	-	17,3	-	**17,3**	**6,4**	**10,9**
Provision for WEEE	-	2,6	-	**2,6**	**-**	**2,6**
Provision for disputes and other risks	18,7	17,3	(16,2)	**19,8**	**17,7**	**2,1**
Other risk provisions	0,1	-	(0,1)	**-**	**-**	**-**
Total	**49,0**	**46,7**	**(27,0)**	**68,7**	**37,1**	**31,6**

The provision for warranties represents the estimated costs to be incurred for work under warranty on products sold. The reduction reflects the steady improvement in the quality of products and, therefore, the lower expected volume of under warranty work.

The provision for agents' termination indemnity, determined with reference to the commissions earned in accordance with art. 1751 of the Italian Civil Code and collective agreements, represents the estimated liability for payments to agents should their mandates be terminated (for reasons not attributable to them) by Indesit Company S.p.A.

The provision for restructuring covers the estimated costs to be incurred on the reorganisation of the None factory in Italy, and for the closure of the Brembate and Refrontolo factories in Italy.

The provision for WEEE covers plant exposed to environmental risks including, in particular, the replacement of asbestos roofing at the Italian factories.

The provision for disputes and other risks reflects the best possible estimate of the probable liability based on the information available.
In particular, it includes a provision for fiscal risks of 4.2 million euro to cover possible additional tax charges and penalties. This provision was recorded in relation to Inspection Minutes notified to Indesit Company S.p.A. by the Marche Regional Tax Office for Major Taxpayers on 19 October 2010, containing the matters identified during the tax audit covering IRES, IRAP and VAT performed recently in relation to the 2007 tax year.

The issues raised predominantly relate to the methodology used when determining transfer prices for the intercompany movement of finished products and intangible assets, and the interest charged on the commercial deferral of payments allowed to Group companies. A minor issue also relates to the interest charged on the commercial deferral of payments by Group companies, but this time in relation to its allocation between accounting periods. At this time, the above-mentioned issues concerning the 2007 tax year have not resulted in notification of the assessment of additional taxation.
Indesit believes that the procedures adopted for the management of relations between Group companies are appropriate and, consequently, that the considerations made by the inspectors with regard to the determination of transfer prices are largely unfounded. Nevertheless, in order to manage appropriately the potential risks associated with this area, Indesit has commenced an in-depth analysis, with support from economists and tax experts, that focuses in particular on the aspects to be considered when determining transfer prices, to which most of the issues raised relate. Based on the analysis performed and the information currently available, and considering the marked subjectivity of the transfer pricing issue, Indesit has identified the matters raised that could probably result in a liability if formally disputed by the tax authorities and, accordingly, has deemed it appropriate to set aside an adequate provision against the risk of additional taxation and penalties. This provision mostly relates to the issue raised about the interest charged on the commercial deferral of payments allowed to Group companies.

Total payables and provisions for non-recurring transactions at 31 December 2010 amount to 38.6 million euro (31.8 million euro) and the cash flow absorbed by them was 23.1 million euro (3.3 million euro).

6.32. Deferred tax liabilities

Deferred tax liabilities (IRES rate 27.5%, average IRAP rate 4.275%) are analysed in the following table. They are stated net of the deferred tax assets, as mentioned in note 6.23.

(million euro)

Deferred taxes	2009 IRES	2009 IRAP	Changes IRES	Changes IRAP	2010 IRES	2010 IRAP
Deferred tax Liabilities						
Reversal of impairment losses on intangible assets	-	-	-	-	-	-
Accelerated depreciation current year	(0,8)	(0,2)	0,7	0,1	(0,2)	(0,2)
Dividends	(6,6)	-	(2,6)	-	(9,2)	-
Building site	(1,9)	(0,3)	-	-	(1,9)	(0,3)
Leased goods	(0,6)	(0,1)	-	-	(0,6)	(0,1)
Changes in severance indemnities	(2,6)	-	0,2	-	(2,4)	-
Other	(2,4)	(0,0)	2,4	0,0	-	-
Total	**(15,1)**	**(0,6)**	**0,8**	**0,1**	**(14,3)**	**(0,5)**
Effect of reducing Ires and Irap rates	-	-			-	-
Deferred tax Assets						
Entertainment expenses	0,2	0,0	(0,1)	(0,0)	0,1	0,0
Remuneration to directors and employees	3,9	-	(2,9)	-	1,0	-
Impairment losses on receivables	2,5	-	0,5	-	3,0	-
Other provisions for risks	12,3	1,1	3,5	(0,2)	15,8	0,9
Provisions for warranties	2,5	0,3	(0,3)	(0,1)	2,1	0,3
Amortisation of intangible assets	0,7	0,1	-	-	0,7	0,1
Tangible assets depreciation	0,0	0,0	-	-	0,0	0,0
Tax losses carried forward	7,1	-	2,7	-	9,7	-
Other	0,1	-	(0,1)	-	-	-
Cash flow hedging reserve	2,6	-	(1,1)	-	1,5	-
Total	**32,0**	**1,5**	**2,1**	**(0,2)**	**34,1**	**1,3**
Effect of reducing Ires and Irap rates	-	-			-	-
Deferred tax assets and liabilities	**16,9**	**0,9**	**2,8**	**(0,2)**	**19,7**	**0,8**
Difference		17,9		2,6		20,5

The change in net deferred tax assets relates to income of 3.7 million euro reflected in the income statement and charges of 1.1 million euro flowed through reserves.

The net deferred tax assets relating to IRES amount to about 19.7 million euro at 31 December 2010, following a net change of 2.8 million euro with respect to the prior year. This balance mainly reflects the deferred taxes calculated on temporary differences arising in relation to the provisions for risks and charges and the provisions to the cash flow reserve.

The increase of 2.7 million euro in the IRES deferred tax assets relating to carried-forward tax losses includes 9.3 million euro calculated on the tax losses for 2010, net of 6.6 million euro released in relation to prior-year losses that are not considered to be recoverable in the foreseeable future.

The net deferred tax assets relating to IRAP amount to about 0.8 million euro. This balance mainly reflects the deferred taxes calculated on temporary differences arising in relation to the provisions for risks and charges.

Deferred tax assets and liabilities have been recorded in relation to all significant temporary differences.

6.33. Other non-current liabilities

Other non-current liabilities comprise deferred grants from the Government and other bodies of 4.9 million euro (6.1 million euro) and the deferred bonuses of directors and employees amounting to 13.6 million euro.
Deferred grants from the government and other bodies comprise grants for the planned investment by "Distretto dell'Elettrodomestico Società Consortile arl" and for the Albacina factory (Law 488).
These grants are subject to restrictions that are currently respected.

6.34. Trade payables

Trade payables comprise all the amounts due for the purchase of goods and services to the Company's suppliers. All payables fall due within one year. No amounts have been discounted. The amounts due to suppliers reported among trade payables comprise without distinction the amounts due to both suppliers of components and raw materials and suppliers of plant.

Trade payables amount to 477.0 million euro (433.3 million euro).

Certain payables are due to subsidiaries, as shown in the following table.

(million euro)

Trade payables due to subsidiaries	Dec. 31, 2010	Dec. 31, 2009
Indesit Company Polska Sp.z.o.o.	38,8	37,5
Indesit Company International Business Sa	1,7	4,6
Indesit Company UK Ltd	10,5	13,2
Indesit Company Nederland	0,1	0,1
Indesit Company Portugal Electrodomesticos Sa	0,5	0,5
Indesit Electrodomesticos (Spain) Sa	0,2	0,3
Indesit Company France Sa	2,2	2,7
Indesit Company Beyaz Esya Pazarlama As	17,8	22,1
Indesit Company Beyaz Esya Sanayi Ve Ticaret As	0,5	1,5
Indesit Company Deutschland Gmbh	0,7	0,8
Indesit Company Domestic Appliances Hellas Mepe	0,6	0,5
Indesit Company Bulgaria Ltd	0,4	0,3
Indesit Company Norge Ltd	0,3	0,5
Indesit Company Osterreich Gmbh	1,7	3,1
Indesit IP Srl	0,1	-
Aeradriatica S.p.A.	0,8	0,9
Wuxi Indesit Home Appliances	-	2,0
Wuxi Indesit Domestic Technology CO LTD	0,2	-
Indesit Company Luxembourg Sa	0,5	0,2
Indesit Company Magyarorszag Kft	0,3	0,4
Closed Joint Stock Company Indesit International	-	-
Total subsidiaries	**77,9**	**91,4**

With reference to the analysis by geographical area, trade payables (excluding the above amounts due to subsidiaries) include 158.6 million euro (128.4 million euro) due to Italian suppliers and 35.8 million euro (24.8 million euro) due to foreign suppliers.

The remainder comprises invoices and credit notes to be received totalling 208.7 million euro (188.7 million euro).

6.35. Tax payables

The amounts due to tax authorities comprise the liability for current taxes and other tax payables. The situation is analysed in the following table.

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Withholding taxes on employees	7,7	9,3
Withholding taxes on consultants	0,3	0,4
Other taxes	0,1	0,1
Total tax payables	***8,1***	***9,8***

6.36. Other payables

Other payables are analysed as follows:

(million euro)	Dec. 31, 2010	Dec. 31, 2009
Due to social security and pension institutions	20,9	21,5
Due to employees	29,9	31,4
Due to Pension funds	1,8	1,8
VAT payable	0,5	3,5
Other payables	2,3	0,7
Total other payables	***55,4***	***58,9***

6.37. Share-based payments (stock options)

Stock option plan for Group executives and managers
The resolutions adopted at the extraordinary meetings held on 19 September 1998 and 23 October 2001 authorised, pursuant to art. 2441 of the Italian Civil Code, two increases in share capital by up to 2,700,000 euro each, via the issue of a combined maximum of 6,000,000 ordinary shares, par value Euro 0.90, to service the stock option plan for the Group's executives and managers. The Board of Directors, in the person of the Chairman, determines the number of options to be granted each year and identifies - on the recommendation of the Chief Executive Officer - the beneficiaries. The options granted on 24 July 2003 (last grant date) envisage a vesting period of 3 years for the first 50% and 4 years for the remaining 50%, while the options granted previously envisaged vesting periods of 2 years and 3 years respectively.

No new plans were authorised during 2010 and 2009, and no stock options were granted.

The parameters used to determine the fair value of stock options at the grant date are set out in the following table.

Parameters	
Exercise price	12,65
Expected volatility	31,39%
Grant date	24-lug-03
No. options	169.500
Duration of options (years)	3,50
Expected dividends	2,97%
Risk-free interest rate	4,00%
Fair value stock option (million euro)	0,1

CASH FLOW STATEMENT

6.38. Profit for the year, Income taxes, impairment losses and reversal of impairment losses on investments and financial assets, Depreciation and amortization, Taxes paid

Profit for the year, income taxes, impairment losses and reversal of impairment losses on investments and financial assets, depreciation and amortization, all non-monetary items, are reported directly on the face of the income statement, to which reference is made.
With regard to the provision for income taxes recorded in 2010, 2.2 million euro (6.7 million euro), tax payments of 4.2 million euro (7.3 million euro) have been made.

6.39. Other non-monetary income and expenses, net, interest paid and received

The other non-monetary income and expenses, net, comprise all non-monetary items recorded in the income statement, except for income taxes, depreciation and amortization, the provisions deducted directly from asset captions (allowance for doubtful accounts and provisions for obsolescence). Accordingly, they include provisions for warranties, provisions for risks and charges, disposal gains and losses, unrealised exchange fluctuations, and accrued interest income and expense.
The interest received and paid, reported separately, was essentially the same as the amounts recorded in the income statement.
This caption also includes dividends from investments.

6.40. Change in trade receivables, inventories, trade payables

This caption reports the cash absorbed or generated by the changes in net working capital, which comprises trade receivables, inventories and trade payables. The changes in trade payables relate solely to the supply of raw materials, goods and services, and exclude the changes in amounts due to suppliers of non-current assets, which are classified in the section of the cash flow statement that reports the cash flows from (used in) investing activities.

6.41. Change in other assets and liabilities

This caption reports the change in all other current and non-current assets and liabilities, net of the effect on them of provisions for non-monetary expenses and income. This represents the changes with a direct effect on the absorption or generation of cash.

6.42. Acquisition of property, plant and equipment and proceeds from their disposal

The cash flows for additions to property, plant and equipment reflects the routine replacement of assets, as analysed in note 6.19. It also includes the change in amounts due to the suppliers of such assets.

6.43. Acquisition of intangible assets and proceeds from their disposal

The cash flow from investment in intangible assets relates both to the purchase of licences and software, and to development costs, which are analysed in note 6.20.
The cash flows from (used in) investing activities include the amounts capitalised since these involve payments for the related internal costs incurred (mainly payroll). These payments essentially reflect the costs capitalised during the year.

6.44. Proceeds from the sale of non-current financial assets and investment in financial non-current assets

The investment in non-current financial assets mainly relates to the payment in capital account made to Indesit Company Polska Sp. z o.o.

6.45. Change in the hedging reserve and Payment of dividends

The change in the hedging reserve reflects the effect of remeasuring the derivatives recognised on a hedge accounting basis. Dividend payments amounted to 15.5 million euro in 2010 (see note 6.28).

6.46. Dividends received

The dividends received were collected from subsidiaries during 2010, as analysed in note 6.10.

6.47. Repayments of medium/long-term loans and borrowings

The repayments of medium/long-term loans and borrowings relate to the reimbursement in 2010 of intercompany loans granted to subsidiaries.

6.48. Change in current financial payables/receivables

The change in current financial payables includes the change in short-term bank borrowings since this represents a technical form of short-term borrowing.

7. Financial instruments

7.1 Management of financial risks

Indesit Company S.p.A. manages its principal financial risks in accordance with the guidelines set out in the Treasury Policy approved by the Board of Directors.
A detailed analysis of the policies and practices adopted for the management of financial risks is presented in the notes to the consolidated financial statements, together with the other information required by IFRS 7.
The following information is presented with regard to Indesit Company S.p.A.: information on the transactions outstanding at 31 December 2010, the carrying amount of the financial assets and liabilities recognized in the statement of financial position, for each of the categories identified in IAS 39, the analysis of financial payables by maturity, and certain quantitative (sensitivity) information about interest rate risk.
With regard to currency risk, there are no significant exposures in currencies other than the euro.

Interest rate risk: sensitivity

A hypothetical upward/downward shift in the interest rate curve by 100 basis points (in parallel along the entire curve) would have the effects indicated below.
The simulation is representative of the effects that would be generated in 2011 if the exposures to risk remained the same as those at 31 December 2010, or the same as the normalised average exposures in the limited cases in which the situation at year end was not representative of that applying throughout the year.

31 December 2010	Variation +100bps		Variation -100bps	
	P&L effect	Equity effect	P&L effect	Equity effect
Net indebtedness of floating rate	(4,6)	-	4,6	-
Derivative instruments hedging of fixed rate loans	-	-	-	-
Derivative instruments hedging of floating rate loans	-	5,6	-	(5,9)
Total	**(4,6)**	**5,6**	**4,6**	**(5,9)**

31 December 2009	Variation +100bps		Variation -100bps	
	P&L effect	Equity effect	P&L effect	Equity effect
Net indebtedness of floating rate	(5,9)	-	5,9	-
Derivative instruments hedging of fixed rate loans	-	-	-	-
Derivative instruments hedging of floating rate loans	2,2	5,1	(2,2)	(5,1)
Total	**(3,8)**	**5,1**	**3,7**	**(5,1)**

Hierarchy of levels in the measurement of fair value

With regard to financial instruments recognised at fair value in the statement of financial position, IFRS 7 requires such values to be classified using a hierarchy of levels that reflect the meaningfulness of the input used for the determination of fair value. The following levels are identified:

- Level 1 – prices quoted in an active market for the asset or liability to be measured;

- Level 2 – input other than the quoted prices referred to above, which is directly (prices) or indirectly (derived from the prices) observable in the market;
- Level 3 – input that is not based on observable market data.

With regard to the derivative instruments outstanding at 31 December 2010:

- all the financial instruments measured at fair value are represented by Level 2 derivatives (same as in 2009);
- there were no transfers from Level 1 to Level 2, or vice versa, during 2010;
- there were also no transfers from Level 3 to other levels, or vice versa, during 2010.

7.2 Categories of financial assets/liabilities

The following tables present, for each of the categories identified in IAS 39, the carrying amount and corresponding fair value of the financial assets and liabilities recognized in the statement of financial position.

Dec. 31, 2010	Loans and receivables	Financial assets measured at fair value through profit or loss		Financial assets available for sale	Financial assets held to maturity	Hedging instruments	**Total Carrying Amount**	**Total Fair value**
		Financial assets measured at fair value upon initial recognition	Financial assets held for trading					
Non-current financial assets	50,0	-	-	-	-	0,1	**50,1**	**50,1**
Trade receivables	465,5	-	-	-	-	-	**465,5**	**465,5**
Current financial assets	230,8	-	-	-	-	-	**230,8**	**230,8**
Cash and cash equivalents	8,5	-	-	-	-	-	**8,5**	**8,5**

Dec. 31, 2009	Loans and receivables	Financial assets measured at fair value through profit or loss		Financial assets available for sale	Financial assets held to maturity	Hedging instruments	**Total Carrying Amount**	**Total Fair value**
		Financial assets measured at fair value upon initial recognition	Financial assets held for trading					
Non-current financial assets	50,0	-	-	-	-	-	**50,0**	**50,0**
Trade receivables	542,7	-	-	-	-	-	**542,7**	**542,7**
Current financial assets	132,6	-	-	-	-	0,2	**132,8**	**132,8**
Cash and cash equivalents	8,3	-	-	-	-	-	**8,3**	**8,3**

Dec. 31, 2010	Financial liabilities measured at fair value through profit or loss		Other financial liabilities held to maturity	Hedging instruments	**Total Carrying amount**	**Total Fair value**
	Financial liabilities measured at fair value upon initial recognition	Financial liability held for trading				
Medium/long term financial liabilities	-	-	171,6	3,8	**175,4**	**175,4**
Trade payables	-	-	477,0	-	**477,0**	**477,0**
Banks and other short term financial liabilities	-	-	261,0	2,3	**263,3**	**263,3**

Dec. 31, 2009	Financial liabilities measured at fair value through profit or loss		Other financial liabilities held to maturity	Hedging instruments	**Total Carrying amount**	**Total Fair value**
	Financial liabilities measured at fair value upon initial recognition	Financial liability held for trading				
Medium/long term financial liabilities	-	-	331,2	1,5	**332,7**	**332,7**
Trade payables	-	-	433,3	-	**433,3**	**433,3**
Banks and other short term financial liabilities	-	-	142,0	4,7	**146,7**	**146,7**

Analysis of financial liabilities by maturity

The following table analyses financial liabilities and trade payables by maturity.

FINANCIAL LIABILITIES	CARRYING AMOUNT 31.12.2010	Contractual cash flows	Within 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Beyond 5 years
TRADE RECEIVABLES	(477,0)	(477,0)	(88,9)	(240,3)	(147,8)	-	-
BONDS	(14,2)	(14,6)	-	-	(8,2)	(6,5)	-
DUE TO BANKS	(168,9)	(136,8)	(76,4)	(20,2)	(40,2)	-	-
OTHER FINANCIAL PAYABLES	(249,4)	(275,1)	-	(39,2)	(49,8)	(163,1)	(23,1)
TOTAL	**(909,5)**	**(903,5)**	**(165,3)**	**(299,7)**	**(245,9)**	**(169,5)**	**(23,1)**
DERIVATIVE FINANCIAL LIABILITIES	**CARRYING AMOUNT 31.12.2010**	**Contractual financial flows not discounted**	**within 1 month**	**Between 1 and 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Beyond 5 years**
INTEREST RATE SWAP	(6,2)	(6,3)	-	(2,4)	-	(3,9)	-
TOTAL	**(6,2)**	**(6,3)**	**-**	**(2,4)**	**-**	**(3,9)**	**-**

FINANCIAL LIABILITIES	CARRYING AMOUNT 31.12.2009	Contractual cash flows	Within 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Beyond 5 years
TRADE RECEIVABLES	(433,3)	(433,3)	(87,7)	(225,5)	(120,0)	-	-
BONDS	(22,1)	(23,1)	-	-	(8,3)	(14,8)	-
DUE TO BANKS	(195,4)	(195,9)	(60,5)	-	(35,4)	(99,9)	-
OTHER FINANCIAL PAYABLES	(255,8)	(294,4)	(24,6)	(3,4)	(15,2)	(227,1)	(24,1)
TOTAL	**(906,5)**	**(946,7)**	**(172,8)**	**(228,9)**	**(179,0)**	**(341,9)**	**(24,1)**
DERIVATIVE FINANCIAL LIABILITIES	**CARRYING AMOUNT 31.12.2009**	**Contractual financial flows not discounted**	**within 1 month**	**Between 1 and 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Beyond 5 years**
INTEREST RATE SWAP	(6,2)	(6,2)	-	(2,5)	(2,2)	(1,5)	-
FORWARD CONTRACTS ON EXCHANGE RATES							
TOTAL	**(6,2)**	**(6,2)**	**-**	**(2,5)**	**(2,2)**	**(1,5)**	**-**

7.3 Derivative financial instruments outstanding at year end

The derivatives outstanding at 31 December 2010 comprise an IRS with a total notional of 570.9 million euro. This hedges the interest rate risk on an average of about 200 million euro of underlying (short term) payables with the following maturities:

- 220.9 million euro from 31 December 2010 to 17 March 2011;
- 150 million euro from 17 March 2012 to 17 March 2014;
- 150 million euro from 17 March 2014 to 17 March 2015;
- 50 million euro from 17 March 2012 to 17 March 2015.

Financial instruments	Nature of risk hedged	Notional amount at 31.12.2010	Notional amount at 31.12.2009	Fair value of derivatives at 31.12.2010	Fair value of derivatives at 31.12.2009	Change in fair value of derivatives at 31.12.2010 vs 31.12.2009	Change in fair value of underlyings at 31.12.2010 vs inception date	Change in fair value of derivatives at 31.12.2010 vs inception date	31 December 2010 Other non-current financial assets	Current financial assets	Medium/long-term loans and borrowings	Banks and loans and borrowings	Total
Cash flow hedges													
Irs on Short-term borrowings	Interest rate	570,9	370,9	(6,1)	(6,0)	(0,1)	na	na	0,1	-	(3,8)	(2,3)	(6,1)
Total		**570,9**	**370,9**	**(6,1)**	**(6,0)**	**(0,1)**	**na**	**na**	**0,1**	**-**	**(3,8)**	**(2,3)**	**(6,1)**

8. Information required by IAS 24 on the remuneration of management and on related parties

8.1 Remuneration of management

In addition to the executive and non-executive directors and the statutory auditors, the executives with strategic responsibility for operations, planning and control include the Marketing Manager, the Administration, Finance and Control Manager, the Industrial Technical Manager, the Supply Chain Manager and, from 1 February 2010, the Commercial Manager.
The gross remuneration of the above persons, comprising all forms of compensation (gross pay, bonuses, fringe benefits, etc.), is shown in the following table.

Remuneration for Management at 31 December 2010			
(million euro)	**Short-term benefits**	**Long-terms benefits**	**Stock Options**
Directors	5,3	1,7	-
Statutory Auditors	0,1	-	-
Executives	3,4	2,9	-
Total	**8,8**	**4,7**	**-**

Remuneration for Management at 31 December 2009			
(million euro)	**Short-term benefits**	**Long-terms benefits**	**Stock Options**
Directors	6,9	1,5	-
Statutory Auditors	0,1	-	-
Executives	2,8	2,3	-
Total	**9,9**	**3,8**	**-**

8.2 List of related parties

The list of companies (other than subsidiaries) deemed to be related parties pursuant to IAS 24 is presented below. All commercial and financial transactions with these entities were arranged on arms' length terms and in the interests of the Company.

List of related parties	Type of relationship
Faber Factor Spa	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit
Fineldo Spa	Group Parent belonging to Vittorio Merloni
Imat S.p.A.	Other related - Related to a Director of the Indesit Company SPA
LTT Life Tool Technologies Spa	Other related - Related to a member of the Merloni family
Marcegaglia Spa	Other related - Related to a Director of the Indesit Company SPA
Marcegaglia Buildech Srl	Other related - Related to a Director of the Indesit Company SPA
Marcegaglia Poland SP ZOO	Other related - Related to a Director of the Indesit Company SPA
MCP eventi Srl	Other related - Related to a member of the Merloni family
Merloni Vittorio	Other related - Member of the Merloni family
Merloni Progetti Spa	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit
M P & S Srl	Other related - Related to a member of the Merloni family
MPE Energia Spa	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit
Tecnosolare Carinaro Srl	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit
Protecno Sa	Other related - Related to a member of the Merloni family
Tradeplace BV	Associate
Indesit Company UK Ltd Group	Pension fund
Merloni Ireland Pension Plan	Pension fund

In addition to the above companies, certain physical persons are also deemed to be related parties: members of the Board of Directors and the Board of Statutory Auditors, managers with strategic responsibility for management, planning and control activities, and the close family members of one these parties, as defined in IAS 24. Their names are not listed.

Information about subsidiaries is provided in note 6.22 and in the attachments to the financial statements.

Nature of relations with the principal related parties

The Merloni Progetti Group
The Merloni Progetti Group (and, in particular, Merloni Progetti S.p.A. and Protecno Sa) obtains contracts for the construction of plant and leases property to Indesit Company.

Indesit Company UK Ltd Group Personal Pension Plan and Merloni Ireland Pension Plan
Indesit Company UK Ltd, a subsidiary, and the employees concerned contribute to The Indesit Company UK Ltd Group Personal Pension Plan and the Merloni Ireland Pension Plan under the pension rules applicable in the UK. Further information about the pension plans is provided in note 9.22 to the consolidated financial statements.

8.3 Tables summarising the transactions with related parties – Profit and loss

The table on the next page summarises the balances and transactions with the related parties identified above, distinguishing between the transactions with subsidiaries, the Parent Company, associates and other related parties.

Furthermore, in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication DEM/6064293 dated 28 July 2006, Attachments 2 and 3 present the income statement and statement of financial position showing the transactions with related parties separately and indicating their percentage incidence with respect to each financial statement caption.

There have not been any atypical and/or unusual transactions with related parties.

(million euro)

	Dec. 31, 2010	Dec. 31, 2009
Revenue from sales and services		
Subsidiaries	687,8	765,2
Total	**687,8**	**765,2**
Other income and expenses		
Subsidiaries	60,8	49,9
Total	**60,8**	**49,9**
Purchase of raw materials, services and costs for utilization of third party assets		
Subsidiaries	(167,5)	(228,0)
Other related	(9,6)	(15,4)
Parent Company	0,1	0,1
Total	**(177,0)**	**(243,3)**
Payroll costs		
Subsidiaries	2,4	3,4
Other related	(13,5)	(13,7)
Parent Company	0,3	0,3
Total	**(10,8)**	**(10,1)**
Provisions and other expenses		
Other related	(0,2)	(0,2)
Total	**(0,2)**	**(0,2)**
Financial income and expenses		
Subsidiaries	104,9	39,8
Parent Company	-	-
Total	**104,9**	**39,8**

(million euro)

	Dec. 31, 2010	Dec. 31, 2009
Property, plant and machinery		
Other related	-	2,3
Total	**-**	**2,3**
Non-current assets		
Subsidiaries	50,1	50,0
Total	**50,1**	**50,0**
Trade receivables		
Subsidiaries	319,5	407,9
Parent Company	0,2	0,3
Other related	2,4	0,1
Total	**322,1**	**408,2**
Current financial assets		
Subsidiaries	224,1	127,1
Total	**224,1**	**127,1**
Medium and long-term interest-bearing loans and borrowings		
Subsidiaries	(166,0)	(216,4)
Total	**(166,0)**	**(216,4)**
Banks and other loans and borrowings		
Subsidiaries	(86,1)	(42,0)
Total	**(86,1)**	**(42,0)**
Trade payables		
Subsidiaries	(77,9)	(91,4)
Associated	-	-
Other related	(0,1)	(4,4)
Total	**(78,1)**	**(95,8)**

The cash generated by related-party transactions totalled 538.4 million euro (559.4 million euro) and mainly arose from sales made to subsidiaries.

Attachment 1
List of directly and indirectly-held companies

Name	Location	Share capital	Group interest	
			direct	indirect
Indesit Company Luxembourg Sa	Luxembourg	EUR 117.977.729	100,00	-
Indesit Electrodomesticos Sa	Spain	EUR 1.000.000	78,95	21,05
Merloni Domestic Appliances Ltd	Uk	GBP 90.175.500	19,60	80,40
Indesit Company Portugal Electrodomésticos Sa	Portugal	EUR 1.144.100	-	99,44
Indesit Company International Bv	The Netherlands	EUR 272.270	-	100,00
Indesit Pts Ltd	UK	GBP 1.000	-	100,00
Indesit Company France Sas	France	EUR 17.000.000	-	100,00
Fabrica Portugal Sa	Portugal	EUR 11.250.000	-	96,40
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	Turkey	TRY 102.341.573	47,36	52,64
Indesit Company Beyaz Esya Pazarlama A.S.	Turkey	TRY 5.167.994	99,99	-
Indesit IP Srl	Italy	EUR 10.000	100,00	-
Indesit Company Deutschland GmbH	Germany	EUR 550.000	-	100,00
Indesit Company Ireland Reinsurance Ltd	Ireland	USD 750.000	-	100,00
Closed Joint Stock Company Indesit International	Russian Fed.	RUB 1.664.165.000	100,00	-
Indesit Company Polska Sp.z o.o.	Poland	PLN 540.876.500	100,00	-
Indesit Company Magyarország Kft	Hungary	HUF 25.000.000	-	100,00
Indesit Company Ceská s.r.o	Czech Rep.	CZK 1.000.000	100,00	-
Indesit Company International Business Sa	Switzerland	SFR 250.000	-	100,00
Indesit Company Uk Holdings Ltd	UK	EUR 163.000.000	-	100,00
General Domestic Appliances Holdings Ltd	UK	GBP 26.000.000	-	100,00
Aeradriatica SpA	Italy	EUR 23.068.545	100,00	-
Airdum Ltd	UK	GBP 15.000	-	100,00
Cannon Industries Ltd	UK	GBP 1,5	-	100,00
Creda Domestic Appliances Service Ltd	UK	GBP 1.000	-	100,00
Fixt Ltd	UK	GBP 2	-	100,00
General Domestic Appliances International Ltd	UK	GBP 100.000	-	100,00
Hotpoint Sales Ltd	UK	GBP 3,096026	-	100,00
Hotpoint UK Ltd	UK	GBP 50	-	100,00
Jackson Appliances Ltd	UK	GBP 7,5	-	100,00
Indesit Company UK Ltd	UK	GBP 76.195.645	-	100,00
Xpelair Ltd	UK	GBP 8,25	-	100,00
Ariston Group Services Ltd	UK	GBP 100	-	100,00
RTC International Ltd	UK	GBP 50.000	-	100,00
Wuxi Indesit Domestic Appliance Technology Co. Ltd	China	EUR 900.000	-	100,00
Indesit Company Belgium SA	Belgium	EUR 150.000	-	100,00
Indesit Argentina SA	Argentina	ARS 24.070.220	3,00	97,00
Indesit Middle East FZE	UAE	AED 1.000.000	-	100,00
Indesit Rus Llc	Russian Fed.	RUB 4.340.000	100,00	-
Indesit Company Österreich Ges. m.b.h.	Austria	EUR 18.168,21	-	100,00
FCT Cirano	France	-	-	-
Olympia Finance srl - Società Unipersonale	Italy	EUR 12.000	-	-
Indesit Ireland Ltd.	Ireland	EUR 100.000	-	100,00
Indesit Company Bulgaria Srlu	Bulgaria	BGL 7.805.000	100,00	-
Indesit Company Domestic Appliances Hellas Mepe	Greece	EUR 18.000	-	100,00
Indesit Company Norge Ltd	Norway	NOK 100.000	-	100,00
Indesit Company Singapore Pte. Ltd.	Singapore	SGD 100.000	-	100,00
Indesit Ukraine LLC	Ukraine	UAH 585.570	100,00	-
Tradeplace B.V.	The Netherlands	EUR 30.000	20,00	-

Attachment 2
Separate income statement for the year ended 31 December 2010, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

(million euro)

	Dec. 31, 2010			Dec. 31, 2009		
	Balances	of which non-recurring	of which with related parties	Balances	of which non-recurring	of which with related parties
Revenue from sales and services	1.238,2	-	687,8	1.306,1	-	765,2
Change in work in progress, semi-finished and finished products	(2,9)	-	-	(57,8)	-	-
Other income and expenses	86,5	-	60,8	73,5	-	49,9
Purchase of raw materials, services and costs for utilization of third party assets	(1.014,8)	(3,1)	(177,0)	(995,0)	-	(243,3)
Payroll costs	(223,0)	(1,9)	(10,8)	(201,6)	(1,3)	(10,1)
Depreciation, amortization and impairment losses	(69,6)	(9,2)	-	(67,4)	(1,5)	-
Change in raw materials, auxiliary and components	(3,1)	-	-	(17,2)	-	-
Provisions and other operating charges	(46,3)	(22,3)	(0,2)	(35,2)	(20,3)	(0,2)
Operating profit	**(34,8)**	**(36,5)**		**5,4**	**(23,0)**	-
Dividends from subsidiaries, associates and others	119,6	-	119,6	56,4	-	56,4
Interest income from subsidiaries and associates	3,3	-	3,3	9,4	-	9,4
Interest income from third parties	-	-	-	0,1	-	-
Interest expenses from subsidiaries and associates	(17,9)	-	(17,9)	(25,9)	-	(25,9)
Interest expenses from third parties and parent company	(10,4)	-	-	(14,2)	-	-
Exchange rate ganis (losses)	(0,2)	-	-	15,0	-	-
Reversal of impairment losses on investments	-	-	-	-	-	-
Impairment losses on investments	(1,5)	-	-	(2,0)	-	-
Net financial income and expenses	**92,9**			**38,7**	-	-
Profit before tax	**58,1**	-	-	**44,1**	-	-
Income tax expenses [(1)]	(2,2)	11,5	na	(6,7)	7,2	na
Profit for the year	**55,9**	**11,5**		**37,4**	**7,2**	-

Percentage weight over Income Statement items	Dec. 31, 2010			Dec. 31, 2009		
	Balances	of which non-recurring	of which with related parties	Balances	of which non-recurring	of which with related parties
Revenue from sales and services	100%	-	55,5%	100%	-	58,6%
Change in work in progress, semi-finished and finished products	100%	-	-	100%	-	-
Other income and expenses	100%	-	70,2%	100%	-	67,9%
Purchase of raw materials, services and costs for utilization of third party assets	100%	0,3%	17,4%	100%	-	24,5%
Payroll costs	100%	0,8%	4,8%	100%	0,6%	5,0%
Depreciation, amortization and impairment losses	100%	13,2%	-	100%	2,2%	-
Change in raw materials, auxiliary and components	100%	-	-	100%	-	-
Provisions and other operating charges	100%	48,2%	0,4%	100%	57,6%	-
Operating profit	**100%**			**100%**		
		-				
Dividends from subsidiaries, associates and others	100%	-	100,0%	100%	-	100,0%
Interest income from subsidiaries and associates	100%	-	100,0%	100%	-	100,0%
Interest income from third parties	100%	-	-	100%	-	-
Interest expenses from subsidiaries and associates	100%	-	100,0%	100%	-	100,0%
Interest expenses from third parties and parent company	100%	-	-	100%	-	-
Exchange rate ganis (losses)	100%	-	-	100%	-	-
Reversal of impairment losses on investments	100%	-	-	100%	-	-
Impairment losses on investments	100%	-	-	100%	-	-
Net financial income and expenses	**100%**			**100%**	-	-
		-			-	-
Profit before tax	100%	-		100%	-	-
		-				
Income tax expenses	100%	(522,8%)	na	100%	(107,4%)	na
Profit for the year	**100%**			**100%**		

(1) Tax effects calculated referring to IRAP and IRES if applicable.

Attachment 3
Separate statement of financial position at 31 December 2010, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

(million euro)

	Dec. 31, 2010			Dec. 31, 2009		
Assets	Balances	of which with related parties	Weight %	Balances	of which with related parties	Weight %
Property, plant and equipment	190,3	-	0,0%	190,6	2,3	1,2%
Goodwill and other intangible assets with an indefinite useful life	-	-	-	-	-	-
Other intangible assets with a finite life	71,0	-	-	74,1	-	-
Investments in associates	0,5	-	-	0,5	-	-
Investments in subsidiaries and Other investments	454,3	-	-	405,2	-	-
Deferred tax assets	20,5	-	-	17,9	-	-
Other non-current financial assets	50,1	50,1	100,0%	50,0	50,0	100,0%
Total non-current assets	**786,6**	50,1	**6,4%**	**738,2**	52,3	**7,1%**
Inventories	106,7	-	-	112,7	-	-
Trade receivables	465,5	322,1	69,2%	542,7	408,2	75,2%
Current financial assets	230,8	224,1	97,1%	132,8	127,1	95,7%
Tax receivables	8,4	-	-	8,5	-	-
Other receivables and current assets	21,3	-	-	25,0	-	-
Cash and cash equivalents	8,5	-	-	8,3	-	-
Total current assets	**841,1**	546,2	64,9%	**829,9**	**535,4**	**64,5%**
Total assets	**1.627,7**	**596,3**	**36,6%**	**1.568,1**	**587,7**	**37,5%**
					-	
Equity					-	
Share capital	92,8	-	-	92,8	-	-
Reserves	363,8	-	-	338,9	-	-
Profit	55,9	-	-	37,4	-	-
Total equity	**512,5**	**-**	**-**	**469,0**	**-**	**-**
Liabilities						
Medium and long-term interest-bearing loans and borrowings	175,4	166,0	94,6%	332,7	216,4	65,0%
Employee benefits	40,9	-	-	42,9	-	-
Provisions for risks and charges	43,5	-	-	31,6	-	-
Deferred tax liabilities	-	-	-	-	-	-
Other non-current liabilities	18,5	-	-	6,1	-	-
Total non-current liabilities	**278,3**	**166,0**	59,6%	**413,3**	216,4	**52,4%**
					-	
Banks and other loans and borrowings	263,3	86,1	32,7%	146,7	42,0	28,7%
Provisions for risks and charges	33,0	-	0,0%	37,1	-	-
Trade payables	477,0	78,1	16,4%	433,3	95,8	22,1%
Tax payables	8,1	-	-	9,8	-	-
Other payables	55,4	-	-	58,9	-	-
Total current liabilities	**836,9**	164,2	**19,6%**	**685,8**	137,9	**20,1%**
Total liabilities	**1.115,2**	330,2	**29,6%**	**1.099,1**	354,3	**32,2%**
Total equity and liabilities	**1.627,7**			**1.568,1**		

Attachment 4

Separate income statement for the year ended 31 December 2010 classified by nature

(million euro)

	Dec. 31, 2010	Dec. 31, 2009
Revenue	1.238,2	(1.306,1)
Cost of sales	(1.099,7)	(1.161,6)
Selling and distribution expenses	(158,5)	(135,6)
General and administrative expenses	(14,8)	(3,5)
Operating profit	**(34,8)**	**5,4**
Net financial expenses	92,9	38,7
Profit before tax	**58,1**	**44,1**
Income tax expenses	(2,2)	(6,7)
Profit for the year	**55,9**	**37,4**

Attachment 5
List of investments in subsidiaries and associates
(million euro)

ITEMS	LOCATION	SHARE CAPITAL	EQUITY	OF WHICH PROFIT (LOSSES)	PERCENTAGE OF SHARE INVESTMENT	PORTION OF EQUITY IN BALANCE SHEET (A)	CARRYING AMOUNT AMOUNT (B)	MEASUREMENT USING THE EQUITY METHOD ADJUSTMENT (C)	C-B	NOTE
INVESTMENTS IN SUBSIDIARIES										
Indesit Company Luxembourg s.a.	Luxembourg	118	209	4	100,00	209	68	(54)	(123)	
Indesit Company Rus Ltd	Lipetzk (CSI)	0	18	18	100,00	18	0	14	14	
Merloni Domestic Appliances Ltd	Peterborough	105	48	(124)	19,60	9	14	34	21	
Indesit Company Electrodomesticos s.a.	Alcobendas	1	(1)	(2)	78,95	(1)	(1) (**)	(1)	0	
Indesit Company Bulgaria Srlu	Sofia	0	0	0	100,00	0	0	0	0	(*)
Indesit Company Polska Spz oo	Varsavia	136	209	11	100,00	209	182	210	28	
Indesit Company Beyaz Esya Pazarlama A.S.	Istanbul	5	11	3	100,00	11	4	11	7	
Indesit Company Beyaz Esya Sanayi Ve T. A.S.	Manisa	146	102	22	47,36	48	22	48	26	
Indesit Company Ceska	Praga	0	1	0	100,00	1	0	1	1	
Closed Joint Stock Company Indesit International	Lipetzk (CSI)	53	229	38	100,00	229	143	230	87	
Aeradriatica spa	Fabriano (Italy)	23	21	(0)	100,00	21	21	21	1	
Indesit Argentina Sa	Argentina	5	11	3	3,00	0	0	0	0	
Indesit Ukraine LLC	Ukraine	0	0	0	100,00	0	0	0	(0)	
Indesit IP S.R.L.	Fabriano (Italy)	0	0	0	100,00	0	0	0	0	
						756	453	515	62	
INVESTMENTS IN ASSOCIATES										
Trade Place bv	Amsterdam (The Netherlands)	0	(0)	0	20,00	-	1	-	- 1	(*)
						-	1	-	- 1	

(*) Data are referred to balance sheet for the year ended 31 December 2009
(**) Data are referred to the provisions for risk and charges fund against the impairment losses recognised by the Company

Attachment 6

Summary of the availability of reserves

(million euro)

Nature/description	Amount	Possibility to use	Available portion	of which undistributable portion	Summary of utilisations over three years (2007-2005)	
					to cover losses	for other purposes
Share Capital		B				
Share capital	102,8					
Nominal amount of treasury shares	(9,9)			(9,9)		
Equity related Reserves:				-		
Share premium reserve (1)	58,9	A,B	58,9	-	-	-
Share premium owner reserve (2)	(23,0)		-	(23,0)	-	-
Revalutation reserve	-	A,B	-	-	-	-
Reserve for grants (2)	18,1	A,B,C	18,1	18,1	-	-
Surplus fusion reserve	1,4	A,B	1,4	-	-	-
Profit reserve:	-		-	-	-	-
Legal reserve	22,7	B	22,7	-	-	-
Statutary reserves	-	-	-	-	-	-
Stock Options reserve	0,4	A,B	-	-	-	-
Cash flow hedge reserve	(4,1)	A,B	(4,1)	-	-	-
Retained earnings (2)	289,3	A,B,C	289,1	0,2	-	-
Total Share Capital and Reserve	**456,6**		**386,2**	**(14,6)**	**-**	-
Profit/Losses for the year	55,9					
Total Equity	**512,5**					
Restriction pursuant to article 2426 paragraph 5 (4)			(25,4)	(25,4)		
Restriction on unrealized gains one xchange rate fluctuations			-	-		
Net Total			***360,8***	***(40,0)***		

Legend:
A: increase in share capital
B: cover to losses
C: profit distribution

Notes:

(1) Pursuant to article. 2431 C.C., such reserves can be distributed only on condition that the legal reserve reached the limit established by article 2430 C.C. In any case the reserve is restricted to the distribution for 16.401 thousand euro in connection .

(2) Part of the reserves is not distributable because restricted to government grants to be received; Part of the reserves is not available , nor distributable pursuant to article 7, Legislative drecree 38/2005.
(3) It represents the not distributable portion destined to cover the value of treasury shares.
(4) It represents the not distributable portion destined to cover dei long -terms costs not yet ammortised.

Attachment 7
Summary of the fees charged by the Company and members of its network for services provided to the Company during the year, prepared pursuant to art. 149-duodecies of Issuers' Regulation no. 11971 dated 14 May 1999 and subsequent amendments

Services	Service Supplier	Beneficiary	Fees (thousand euro)
Audit	KPMG S.p.A.	Parent Company	1.007
	KPMG S.p.A. (1)	Subsidiaries	351
Other services			
- Agreed-upon procedures	KPMG S.p.A.	Parent Company	78
- Agreed-upon procedures	KPMG S.p.A.	Subsidiaries	12
- Tax and Advisory services	KPMG Network	Parent Company	41
Total			**1.489**

(1) The audit has been carried out by KPMG S.p.A. with the assistance of the KPMG network, present in the countries where the subsidiaries operate.

Milan, 22 March 2011

for the Board of Directors

The Chairman

Andrea Merloni

Attestation in respect of the Separate financial statements at 31 December 2010 pursuant to art. 154-bis of Decree 58/1998

The Chief Executive Officer Marco Milani and the Manager responsible for preparing the Company's financial reports, Andrea Crenna, pursuant to paras. 3 and 4 of art. 154-bis of Decree no. 58/1998, hereby confirm:

- the adequacy with respect to the Company's structure, and
- the effective application

throughout 2010 of the administrative and accounting procedures applied for the preparation of the Separate financial statements.

The undersigned also confirm that the 2010 separate financial statements:
- have been prepared in accordance with International Financial Reporting Standards, endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, dated 19 July 2002;
- are consistent with the underlying accounting records and accounting entries;
- are suitable for the purpose of providing a true and fair view of the financial position and results of operationsof the Company.

The report on operations includes a reliable analysis of the performance, results and financial operations of the Company, as well as a description of the principal risks and uncertainties to which it is exposed.

22 March 2011

The Chief Executive Officer

The Manager responsible for preparing the Company's financial reports

Marco Milani

Andrea Crenna

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Indesit Company S.p.A.

1 We have audited the separate financial statements of Indesit Company S.p.A. as at and for the year ended 31 December 2010, comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 31 March 2010 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the separate financial statements of Indesit Company S.p.A. as at and for the year ended 31 December 2010 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of Indesit Company S.p.A. as at 31 December 2010, the results of its operations and its cash flows for the year then ended.

4 The directors of Indesit Company S.p.A. are responsible for the preparation of a report on operations and a report on the corporate governance and ownership structure published in the "Company" section, subsection "Governance" of Indesit Company S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on the operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no.

58/98 disclosed in the report on the corporate governance and ownership structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and ownership structure are consistent with the separate financial statements of Indesit Company S.p.A. as at and for the year ended 31 December 2010.

Ancona, 30 March 2011

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

www.indesitcompany.com