Annual Report 2012

INDESIT company

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-up
Tax Code/VAT no. 00693740425
Ancona Companies Register no. 9677

Approach taken

The Group reporting to 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 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, 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[1] and EBITDA[2] utilized 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 the various criteria for the determination of taxable income, or the amount and characteristics of capital invested. The criteria applied by the Group and the Parent 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.

1. EBIT: operating profit reported in the income statement.
2. EBITDA: operating profit reported in the income statement, stated gross of depreciation, amortisation and impairment losses.

Financial highlights

Income statement key data of the accounting period

(million euro)	2012	2011	2010
Revenue	2,886.0	2,825.3	2,877.3
Gross operating profit (EBITDA)	242.6	262.7	309.8
Depreciation and amortisation	(109.9)	(112.4)	(126.0)
Operating profit (EBIT)	132.6	150.3	183.8
Operating profit (EBIT)/Revenue	4.6%	5.3%	6.4%
Profit for the period attributable to the owners of the Parent	62.3	58.8	89.7
Net basic earnings per share (euro)	0.60	0.57	0.87
Net diluted earnings per share (euro)	0.60	0.57	0.87

Balance sheet key data

(million euro)	31.12.2012	31.12.2011	31.12.2010
Net working capital	(47.7)	(25.0)	7.0
Non-current assets	1,190.8	1,067.0	1,081.1
Non-current liabilities	407.1	413.6	398.1
Equity attributable to the owners of the Parent	635.8	554.1	572.9
Net financial indebtedness	256.4	218.2	178.9
Net financial indebtedness/Equity	40.3%	39.4%	31.2%

Cash flow

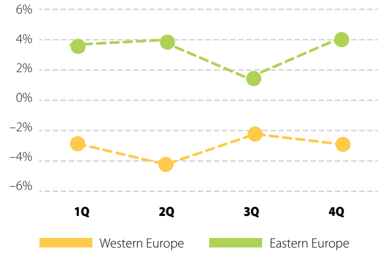
(million euro)	2012	2011	2010
Operating cash flow	128.2	113.5	201.6
Cash flow from investing activities	(142.6)	(121.8)	(74.7)
Cash flow from financing activities	(77.2)	20.2	(95.2)
Free Cash Flow	(38.1)	(39.3)	111.4

Report on operations at 31 December 2012

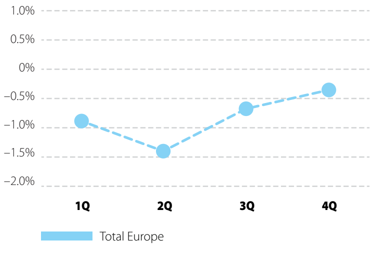
Market trends

The household appliances market (industry shipments) declined by 3.0% in Western Europe, compared to 2011, but expanded by 3.3% in Eastern Europe. Overall, demand in Greater Europe fell by 0.8%.

Change in industry shipments by segment 2012/2011



Change in industry shipments 2012/2011



Currency movements

With respect to 2011, the euro[3] depreciated by 6.6% against the British pound, 2.3% against the Russian ruble and 1.0% against the Turkish lira, but appreciated by 1.6% against the Polish zloty.

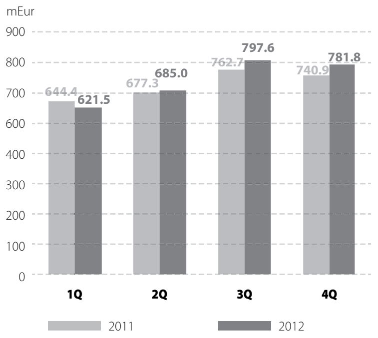
Exchange rates vs euro		31.12.2012	31.12.2011	Change %	Effect on revenue	Effect on profitability
GBP	Year	0.811	0.868	-6.6%	positive	positive
	Closing	0.816	0.835	-2.3%		
RUR	Year	39.926	40.881	-2.3%	positive	positive
	Closing	40.330	41.765	-3.4%		
PLN	Year	4.185	4.120	1.6%	negative	negative
	Closing	4.074	4.458	-8.6%		
TRY	Year	2.314	2.338	-1.0%	positive	positive
	Closing	2.355	2.443	-3.6%		

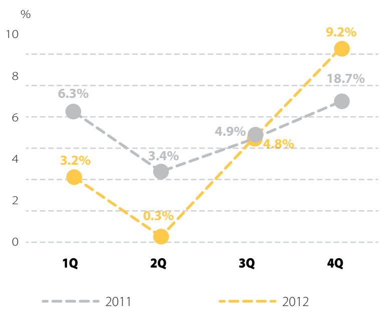
3. Determined with reference to the average monthly rates reported by the European Central Bank.

Consolidated results

Revenue

Total revenue & % change 2012/2011





Group revenue amounted to 2,886.0 million euro (2,825.3 million euro), up by 2.1% compared with 2011. Revenue from finished products rose by 1.6%, due to the beneficial effect of currency movements (2.4%) and a rise in sales volume (1.8%). These effects were partially offset by a 2.6% decline attributable to adverse changes in the price/mix ratio.

Revenue from services was 9.3% higher, essentially due to the increased sales of extended warranties in the UK, where demand is greatest.

Total revenue is analysed below and the related changes are compared with the percentage changes in EBIT.

(million euro)	2012	2011	Change %
Revenue from finished products	2,656.8	2,615.7	1.6%
Revenue from service operations	229.2	209.6	9.3%
Total revenue	**2,886.0**	**2,825.3**	**2.1%**

(million euro)	2012	2011	Change %
Home Care	1,196.7	1,160.4	3.1%
Food Treatment	1,414.0	1,417.2	-0.2%
Service and Consumer Care	275.3	247.7	11.1%
Total revenue	**2,886.0**	**2,825.3**	**2.1%**

Product cost

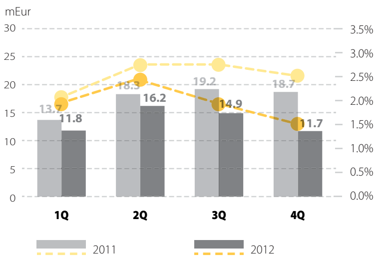
At constant exchange rates, product cost fell by 0.6% during 2012 with respect to 2011. This was due to reductions in both sourcing costs (-0.4%) and manufacturing costs (-0.2%).

The quarterly percentage changes in product cost are analyzed in the following table:

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012
Sourcing cost	-0.7%	-0.5%	-0.7%	-0.5%	-0.4%
Manufacturing cost	1.1%	0.5%	0.2%	-2.2%	-0.2%
Total product cost	**0.4%**	**0.0%**	**-0.5%**	**-2.7%**	**-0.6%**

Other operating costs

Advertising & promotion expenses



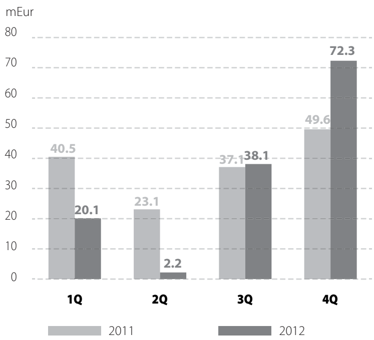
At current exchange rates, advertising and promotion expenses totaled 54.7 million euro (69.9 million euro).

Logistics costs were 9.2 million euro (about 4.1%) higher than in 2011, due to a change in network logistical flows and an increase in customs duties.

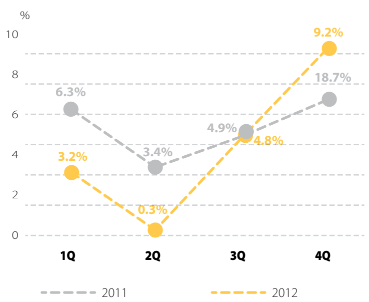
Compared with the prior year, the cost of Service activities was higher due, in the main, to the revision of insurance costs.

Operating profitability

Operating profit



Operating margin %



Gross operating profit (EBITDA) was 242.6 million euro (262.7 million euro), representing 8.4% (9.3%) of revenue, and 221.1 million euro (253.7 million euro) before non-recurring items, representing 7.7% (9.0%) of revenue.

Operating profit (EBIT) was 132.6 million euro (150.3 million euro), representing 4.6% (5.3%) of revenue, and 110.1 million euro (141.6 million euro) before non-recurring items, representing 3.8% (5.0%) of revenue.

The incidence of depreciation and amortisation was 3.8% (4.0%).

Compared with 2011, the principal changes in the components of operating profit (EBIT) are indicated below:

(million euro)		**2012**
Positive (at constant exchange rates)	Exchange rate	42
	Advertising & promotion	16
	Non-recurring items	11
	Sales volume	10
	Sourcing cost	7
	Manufacturing cost	5
Negative (at constant exchange rates)	Price/Mix	(91)
	Distribution cost	(7)
	Bad debts	(5)

Operating profit (EBIT), excluding non-recurring items, is analysed by quarter in the following chart:

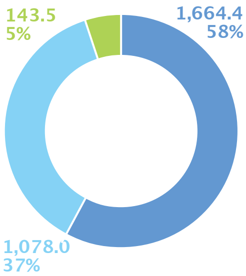
Results by geographical segment

The following geographical areas have been identified as representative of the Group's operating segments: Western Europe[4], Eastern Europe[5] and International[6].

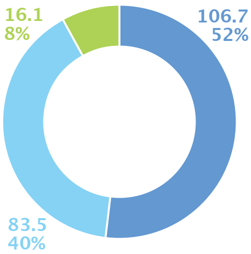
The costs not allocated to the various areas principally comprise corporate costs and net restructuring charges, essentially of an industrial nature.

Year 2012 (million euro)	Western Europe	Eastern Europe	International	Costs not allocated	Total
Total revenue	1,664.4	1,078.0	143.5	0.0	2,886.0
Operating costs	(1,557.8)	(994.5)	(127.5)	(73.6)	(2,753.3)
Operating profit	**106.7**	**83.5**	**16.1**	**(73.6)**	**132.6**

Revenue by segment 2012 (mEur & %)

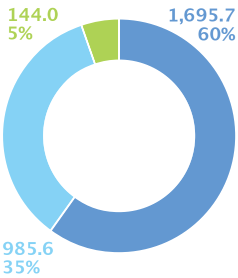


Operating profit by segment * 2012 (mEur & %)

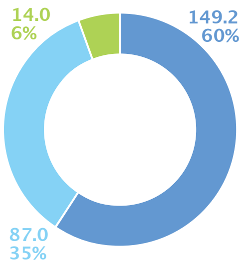


Year 2011 (million euro)	Western Europe	Eastern Europe	International	Costs not allocated	Total
Total revenue	1,695.7	985.6	144.0	0.0	2,825.3
Operating costs	(1,546.5)	(898.6)	(130.0)	(99.9)	(2,675.0)
Operating profit	**149.2**	**87.0**	**14.0**	**(99.9)**	**150.3**

Revenue by segment 2011 (mEur & %)



Operating profit by segment * 2011 (mEur & %)

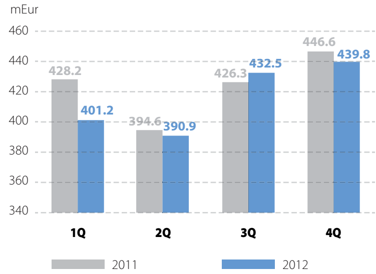


* Before not allocated costs

4. This includes: Italy, the UK and Ireland, France, the Netherlands, Spain, Portugal, Germany, Austria, Switzerland, Belgium, Scandinavia.
5. This includes: Russia and the Asian Republics, Belarus, Kazakhstan, Poland, Ukraine, Moldova, Czech Republic, Hungary, Romania, Greece, the Baltic States, Caucasian Republics, Slovak Republic, Turkey, Bulgaria and the Balkans.
6. This includes all other non-European markets.

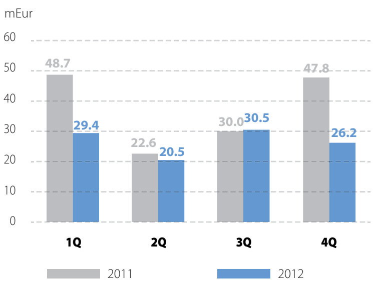
Western Europe

Change %2012/2011 - Revenue

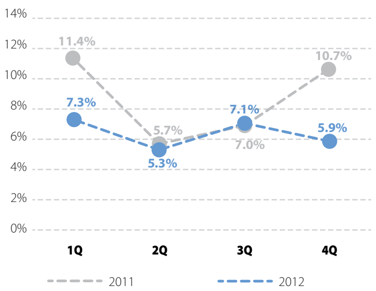


(million euro)	2012	2011	Change	Change %
Revenue	1,664.4	1,695.7	(31.3)	(1.8)
Operating profit	106.7	149.2	(42.5)	(28.5)
Operating margin %	6.4%	8.8%	-2.4 p.p.	

Operating profit



Operating margin %



Revenue

Revenue fell by 1.8% compared with the prior year.

Revenue from finished products fell due to a reduction in the volume of sales and adverse price/mix changes.

By contrast, there was a beneficial effect deriving from the appreciation of the British pound.

There was a general downward trend in sales within the **Western Europe Area** (with the exception of the **UK** and **Northern Europe**).

In particular, demand in **Italy** fell by 9.3%.

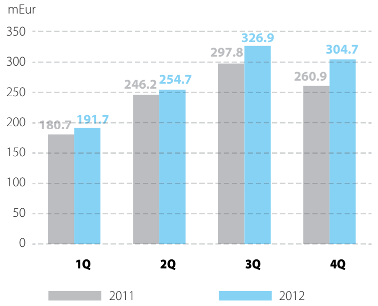
Profitability

Area profitability was lower than in the prior year due to an especially adverse price/mix effect and the reduction in sales volume.

The negative effects of these drivers were partly offset by the change in the euro/sterling exchange rate and the rationalization of advertising and promotion costs.

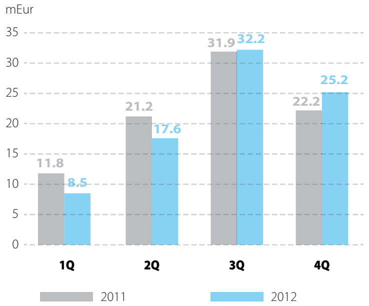
Eastern Europe

Change % 2012/2011 - Revenue

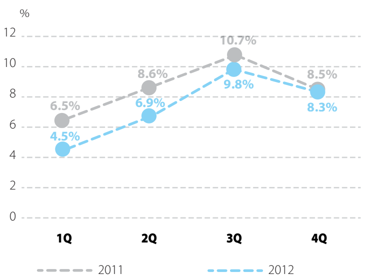


(million euro)	2012	2011	Change	Change %
Revenue	1,078.0	985.6	92.4	9.4
Operating profit	83.5	87.0	(3.6)	(4.1)
Operating margin %	7.7%	8.8%	-1.1 p.p.	

Operating profit



Operating margin %



Revenue

Revenue was 9.4% higher than in 2011.

Revenue from finished products rose due to an increase in the volume of sales and the performance of the Russian ruble.

By contrast, changes in the price/mix had an adverse effect.

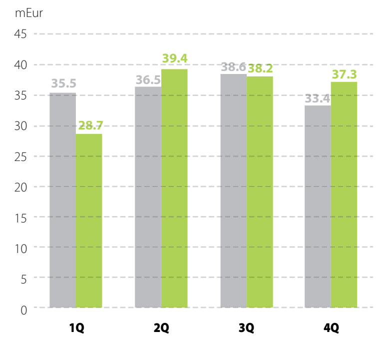
Profitability

The operating margin fell by 4.1%.

The higher volume of sales, the appreciation of the Russian ruble and the containment of manufacturing costs all mitigated the decline in Area profitability, correlated with the performance of price/mix.

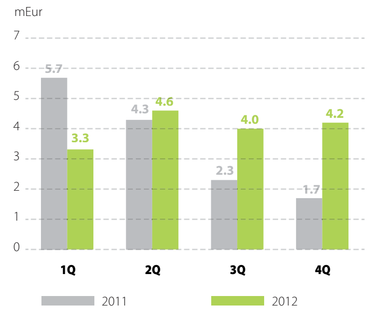
International

Change % 2012/2011 - Revenue



(million euro)	2012	2011	Change	Change %
Revenue	143.5	144.0	(0.4)	(0.3)
Operating profit	16.1	14.0	2.1	15.0
Operating margin %	11.2%	9.7%	1.5 p.p.	

Operating profit



Revenue

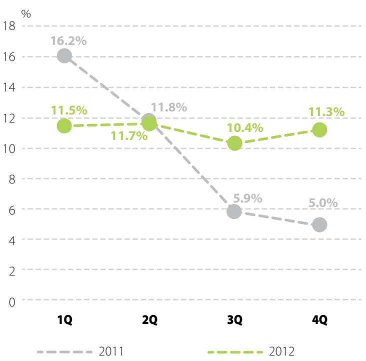
Revenue from finished products fell compared with 2011 due to the lower volume of sales.

This effect was partially offset by an improvement in the price/mix and by exchange rate movements.

Profitability

Area profitability improved by 15% with respect to 2011, due to a positive price/mix effect and a reduction in logistics costs (including customs duties).

Operating margin %



Non-recurring items

Net non-recurring income amounted to 22.5 million euro (8.8 million euro).

The principal effect on non-recurring items by about 44.0 million euro, was a reduction in the inflation parameters used to calculate pension benefits under the plan operated by Indesit Company UK Ltd. This positive effect was partially offset by the use of the restructuring fund relating to the closure of the plant in None,

Net profit

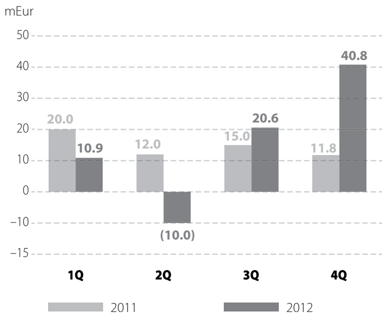
Net **financial charges** amounted to 30.4 million euro (37.2 million euro).

The reduction was due to favourable exchange rate movements and management of the related hedges.

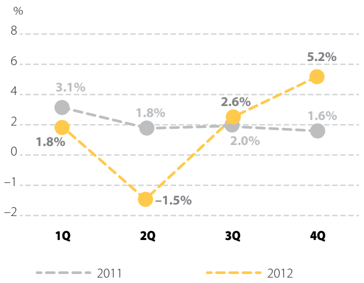
Taxation amounted to 40.0 million euro (54,2 million euro) in 2012.

Group net profit for 2012 was 62.3 million euro (58.8 million euro), representing 2.2% (2.1%) of revenue.

Operating profit



Operating margin %



Cash flows

(million euro)	2012	2011
EBITDA	242.6	262.7
Change in NWC	22.6	32.0
Other operating flow	(142.1)	(176.8)
Operating cash flow	**123.0**	**117.9**
Net capex	(137.4)	(126.3)
Cash flows before financing activities	**(14.4)**	**(8.4)**
Dividends paid and financing transactions	(23.7)	(31.0)
Free cash flow	**(38.1)**	**(39.3)**

The cash flow[7] generated from operating activities totaled 123.0 million euro (117.9 million euro). The improvement with respect to 2011 was due to the contribution from other operating flows.

This outcome benefited from exchange rate movements and the change in the hedging reserve.

The Free Cash Flow[8] absorbed was 38.1 million euro (39.3 million euro), resulting in an increase in net financial indebtedness by the same amount since 31 December 2011.

7. The change in net working capital reported in the above cash flow statement includes the change in trade payables incurred for investment purposes (net of the exchange rate effect), negative for 4.0 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.
8. Free Cash Flow: the cash flow from/absorbed by operating and investing activities, net of dividend payments and capital increases.

Consolidated statement of financial position [9]

(million euro)	31.12.2012	31.12.2011
Trade receivables	465.3	440.5
Inventories	331.8	323.2
Trade payables	(844.8)	(788.8)
Net working capital	**(47.7)**	**(25.0)**
Non-current assets	1,189.2	1,065.5
Other current assets and liabilities and non-current liabilities	(249.3)	(268.1)
Net invested capital	**892.2**	**772.4**
Net financial indebtedness	256.4	218.2
Equity attributable to the owners of the Parent	635.8	554.1
Non-controlling interests	0.0	0.0
Equity and financial liabilities	**892.2**	**772.4**

The reduction in net working capital since 31 December 2011 reflects an improvement in the management of trade payables.

Certain trade receivables (UK and Poland) have been sold without recourse. The amounts sold but not collected at 31 December 2012 total 30.8 million euro (23.4 million euro for UK)

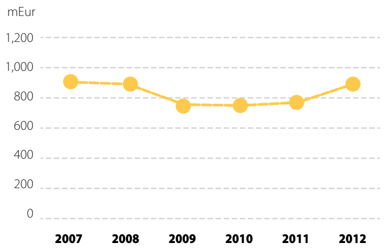
Net invested capital amounts to 892.2 million euro (772.4 million euro). This increase mainly reflects the growth in non-current assets, which more than offset the containment of commitments in Net working capital.

In particular, the rise was partly due to the increase in the UK pension fund surplus (see note 9.5 for further information).

The Group's ROI (before tax) was slightly below the average for the past 5 years, due to the higher than average level of net invested capital.

9. 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 analyzed in the following table. "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.

Net invested capital



	Average 2007-2011	2012
ROI %	19.3%	14.9%
Asset turnover	3.6	3.2

The **Equity** attributable to the owners of the Parent has increased by 81.7 million euro since 31 December 2011.

This increase primarily reflects the positive change in the translation reserve, 37.4 million euro, and the net profit earned by the Group, 62.3 million euro. Consolidated equity was reduced by the payment of dividends to owners totaling 23.7 million euro.

(million euro)	**31.12.2012**	**31.12.2011**
Current financial assets	29.4	20.9
Cash and cash equivalents	142.8	234.4
Banks and other financial payables	(197.8)	(228.7)
Net financial indebtedness position - short term	**(25.6)**	**26.6**
Medium/long-term financial payables	(232.3)	(246.3)
Net financial position *	**(257.9)**	**(219.7)**
Other non-current financial assets	1.5	1.5
Net financial indebtedness	**(256.4)**	**(218.2)**

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

Net financial indebtedness has increased by 17.5% since 31 December 2011 to 256.4 million euro.

Gross financial indebtedness totals 430.1 million euro (475.0 million euro), of which 54.0% is classified as medium/long term (51.9% at 31 December 2011).

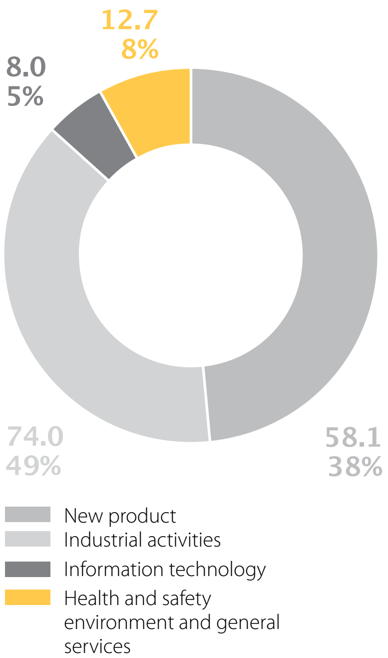
Investments

Net investments during the year amounted to 137.4 million euro, or 4.8% of revenue (128.5 million euro, 4.5% of revenue), of which 101.4 million euro (98.4 million euro) for property, plant and equipment and 36.1 million euro (30.2 million euro) for intangible assets.

Net investments are stated after disposals totaling 15.4 million euro (12 million euro), of which 15.1 million euro reflects non-current assets that have been reclassified as other assets available for sale.

Gross investment therefore amounted to 152.8 million euro (140.5 million euro).

Gross investment 2012 by destination (mEur & %)



The 58.1 million euro invested in **new products** is analyzed below[10]:

- 35% in the washing sector (20 million euro). The principal projects comprise the development of a new look for washing machines and the expansion of the washing machine range at the Lipetzk factory (Russia);
- 15% in the cooking sector (9 million euro);
- 33% in the cooling sector (19 million euro). The principal projects comprise completion of the new 70 cm platform at the Manisa factory (Turkey), completion of the new built-in fridge platform at the Carinaro plant (Italy), and addition of the new no-frost range at the Lipetzk factory (Russia);
- 11% in the dishwasher sector (6 million euro). The principal project relates to the development of a new platform for 45 and 60 cm dishwashers at the Radomsko factory (Poland);
- 6% (3 million euro) in the small household appliances sector.

The 74.0 million euro allocated to **industrial activities** relates to actions taken to expand, rationalize, maintain and increase the efficiency of the Group's plant. The principal investments related to:

- an increase in the productive capacity of the Russian factories (washing and cooling sectors), 24 million euro;
- the completion of a new factory for the production of cooker hoods in Poland, 14 million euro (production expected to start during the first quarter of 2013);
- rationalization of the Italian factories pursuant to the business plan discussed with and approved by the various social partners, 5 million euro;
- improvements and adaption to the "lean production" concept at all Group factories, 3 million euro.

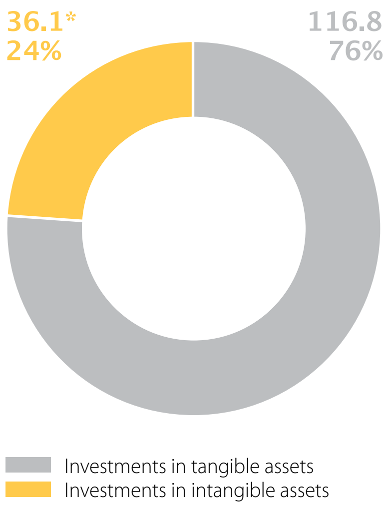
10. The above amounts invested have been rounded to millions of euro.

Other investments, totalling 20.7 million euro, mainly related to:

- **Health and Safety work** at factories (5 million euro), with particular emphasis on the improvement of working conditions and the reduction of noise in production departments, and actions aimed to minimize the potential environmental impact of the Group's factories (including the investment of 3 million euro to complete the elimination of asbestos from the large majority of sites);
- improvement of the **Information Technology** infrastructure and services (including 8 million euro spent on licences and software);
- other activities of a general nature.

Research and development activities

Gross investment 2012 (mEur & %)



* Of which 26 million euro related to R&D activities, prototypes and new product samples.

Innovation is a priority for the Group in order to create value and achieve sustainable growth. The ability to innovate and develop leading-edge solutions addresses the primary need to guarantee consumers the best quality lifestyle. Accordingly, Indesit's household appliances are designed with a focus on the environment, ease of use, ergonomics, flexibility and appearance.

The process of innovation takes two separate paths that subsequently join together.

On the one hand:

- analysis of consumers; observation of their habits and the challenges faced each day when using appliances (identifying the directions in which innovation may offer business potential).

On the other:

- studies, research and development of new technologies that might respond to consumer needs and create new opportunities for appliance business and operations.

A substantial percentage of total annual investments is dedicated to the research and development of new products. The number of patents filed is growing at 30% p.a. on average, due to the efforts made by more than 600 persons active in this area, many of whom work in Italy.

Financial position of the Parent Indesit Company S.p.A.

The schedules presented and discussed below are based on the Parent's separate financial statements at 31 December 2012, 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 for art. 9 of Legislative Decree no. 38/2005.

Key financial indicators of the Parent

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's income statement reports a profit for the year of 45.9 million euro (10.4 million euro), up 35.5 million euro.

The principal economic indicators are summarised below:

Income statement key data of the accounting period

(million euro)	2012	2011	2010
Revenue	1,017.5	1,108.1	1,238.2
Gross operating profit (EBITDA)	27.8	55.7	34.8
Depreciation and amortisation	(59.0)	(59.3)	69.6
Operating profit (EBIT)	(31.2)	(3.5)	(34.8)
Operating profit (EBIT)/revenue	-3.1%	-0.3%	-2.8%
Profit for the year of Parent	45.9	10.4	55.9

Statement of financial position key data

(million euro)	31.12.2012	31.12.2011	31.12.2010
Net working capital	117.0	113.5	95.2
Non-current assets	952.9	790.5	786.6
Non-current liabilities	305.6	320.7	278.3
Equity	509.3	487.7	512.5
Net financial indebtedness	417.7	232.9	149.4
Net financial indebtedness/Equity	82.0%	47.8%	29.2%

Cash flows

(million euro)	31.12.2012	31.12.2011	31.12.2010
Operating cash flow	3.2	(25.5)	203.2
Cash flows from(for) investing activities	(163.6)	(51.5)	(86.5)
Cash flows from(for) financing activities	161.4	77.6	(116.6)

Revenue was 8.2% lower following a 10.7% decrease in revenue from third parties and a 6.3% reduction in intercompany revenue.

Gross operating profit (EBITDA) amounted to 27.8 million euro (55.7 million euro), representing 2.7% (5.0%) of revenue. The reduction was due to the negative trend in demand and additional non-recurring charges recognised during the year. Before non-recurring items, EBITDA was 43.2 million euro (59.1 million euro). As a percentage of revenue: 4.1% (5.3%).

The operating loss (EBIT) was 31.2 million euro (3.5 million euro), representing -3.1% of revenue (-0.3%).

Net financial income was 76.9 million euro (30.7 million euro). The change mainly reflects an increase in dividends received, net of impairment losses on equity investments of 100.0 million euro (51.0 million euro).

Profit before taxation (PBT) was 45.7 million euro (27.2 million euro), representing 4.5% (2.5%) of revenue. The tax income amounted to 0.2 million euro (accruals totaling 16.7 million euro).

Cash flows [11]

(million euro)	2012	2011
EBITDA	27.8	55.7
Change in NWC	(3.5)	(18.2)
Other operating cash flows	(29.2)	(53.3)
Operating cash flow	**(4.9)**	**(15.8)**
Investments net of proceeds from the disposal of property, plant and equipment and intangible assets	(50.9)	(58.5)
Cash flows before financing activities	**(55.8)**	**(74.3)**
Investments net of proceeds from the disposal of financial assets	(109.0)	(2.8)
Dividend received/paid and other changes in equity	84.9	(6.5)
Free cash flow	**(79.8)**	**(83.6)**

Operating cash flow, lower than the 2011, was negative for 4.9 million euro (negative for 15.8 million euro).

Dividends received/paid and other changes in equity increases reflect dividends received net of those paid, together with changes in the hedging reserve.

Free Cash Flow[12] reflects the use of 79.8 million euro (83.6 million euro).

11. The change in net working capital reported in the above cash flow statement includes the decrease in trade payables incurred for investment purposes, 3.7 million euro (9.7 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 for operating activities and for other operating cash flows.
12. Free Cash Flow: cash flows for operating activities and investing activities, net of dividends collected/paid, the hedging reserve and share capital increases.

Summary of the financial position of the Parent

The financial position of the Parent is summarized in the following table:

(million euro)	2012	2011
Trade receivables	418.3	406.0
Inventories	90.3	107.6
Trade payables	(391.6)	(400.2)
Net working capital	**117.0**	**113.5**
Non-current operating assets	952.5	740.5
Other current assets and liabilities and non-current liabilities	(142.4)	(133.4)
Net invested capital	**927.1**	**720.6**
Net financial indebtedness	417.7	232.9
Equity	509.3	487.7
Equity and financial liabilities	**927.1**	**720.6**

Net financial indebtedness amounts to 417.7 million euro (232.9 million euro).

Equity amounts to 509.3 million euro (487.7 million euro), up 21.6 million euro.

The payment of dividends totaling 23.7 million euro and a reduction in the hedging reserve for 0.5 million euro partially offset the profit for the year of 45.9 million euro.

Reconciliation between equity and profit for the year of the Parent

In accordance with Consob regulations[13] the equity and profit for the year of the Parent are reconciled below with the related consolidated amounts:

	31.12.2012		31.12.2011	
(million euro)	**Profit (Loss)**	**Equity**	**Profit (Loss)**	**Equity**
Financial statements of the Parent Company	**45.9**	**509.3**	**10.4**	**487.7**
Consolidation adjustments				
Difference between carrying amount and equity of Group companies	293.8	137.2	171.4	76.4
Dividends received from subsidiaries	(275.6)	-	(123.0)	-
Effect of aligning separate financial statements with Group accounting policies	0.2	2.9	(0.2)	4.1
Elimination of intercompany profits	(0.8)	(12.5)	0.4	(14.2)
Tax and other effects	(1.3)	(1.1)	(0.2)	0.2
Total consolidation adjustments	**16.3**	**126.5**	**48.4**	**66.5**
Consolidated financial statements	**62.3**	**635.8**	**58.8**	**554.2**

13. Consob Communication DEM/6064293 dated 28 July 2006

Corporate governance and ownership structure

The Corporate Governance structure adopted by Indesit Company S.p.A. is essentially consistent with the principles established in the Code of Conduct for Listed Companies (the Code) and with international best practice. On 21 March 2013, the Board of Directors approved the 2012 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"[14]. 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 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 the Board of Directors meetings.

During the meetings held in February 2012, the Board of Directors acted on a recommendation of the Remuneration Committee and approved a Remuneration Policy. This was consistent with the provisions of the Code and the regulations issued by Consob. Pursuant to current legislation, the Remuneration Policy is the first section in the Remuneration Report and will be presented for examination at the Shareholders' Meeting called to approve the 2012 Annual Report. In addition, with support from the relevant committees, the Board of Directors analyzed the principles and criteria that were revised or updated in the latest edition of the Code, having regard for the way they are implemented by the Group.

14. At the address www.indesitcompany.com/inst/en/vision/corporate_governance/cGHome.action.

Intercompany and related party transactions, and significant, non-recurring, atypical or unusual transactions

Transactions between Group companies are settled on an arms' length basis, having regard for the quality of the goods and services provided. Note 12 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[15], Attachments 3 and 4 to the consolidated financial statements and Attachments 2 and 3 to the separate financial statements present both 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 a mark up on 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 of the Group. There were no atypical or unusual transactions during 2012.

Further information on the procedures adopted by the Group with regard to significant and related party transactions can be found in the 2012 Annual Report on corporate governance and the ownership structure, prepared pursuant to art. 123-*bis* of the TUIF and approved on 21 March 2013.

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 the Remuneration Report.

15. Consob Decision 15519 dated 27 July 2006 and Consob Communication DEM/6064293 dated 28 July 2006.

Information on Company bodies

Board of Directors	
Chairman	Andrea Merloni
Chief Executive Officer and General Director	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	Marco Reboa
Auditors	Andrea Amaduzzi
	Luigi Biscozzi
Alternate Auditors	Michele Casò
	Francesco Nobili
Human Resources and Remuneration 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 the savings shareholders	
	Adriano Gandola
Independent Auditors	
	KPMG S.p.A.
Manager charged with preparing the Company's financial reports	
	Stefano Cavacini

Stock option plans

No new plans were authorized during 2012 and no stock options were granted, while 105,000 stock options expired. 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

Indesit Company S.p.A. did not purchase or sell any treasury shares or shares of its Parent during the year, whether directly or via third parties. Information on the treasury shares held by the Parent 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 established 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[16]).

With regard to these companies:

- all Significant non-EU Companies prepare reporting packages for the purpose of preparing the consolidated financial statements;
- the statements of financial position and income statements of such companies are made available to the owners of Indesit 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 the Parent's audit company with the information needed in order to audit the annual and interim financial statements of the Parent;
  - apply an administrative-accounting system capable of providing the regular economic and financial information needed by Indesit's management and independent 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 regularly providing the economic and financial information needed by management and the independent auditors of Indesit Company S.p.A. for the preparation of the consolidated financial statements, and that such information flows do actually occur through meetings with both that company's independent auditors and the management and local independent auditors of the significant non-EU companies.

16. 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 S.A., Indesit Rus Llc, Indesit Company Beyaz Esya Pazarlama A.S. and Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.

Information about employees

The number of employees at 31 December 2012, 16,331, is 219 units more than at the end of last year.

Composition of the work force

Employment is analysed as follows: 72% factory workers, 27% clerical employees and 1% executives and foreign equivalents.

In geographical terms, 27% of employees are based in Italy, 29% in the Russian Federation, 19% in Poland, 15% in the UK and Ireland, 6% in Turkey and the remaining 4% in other Group locations.

In organisational terms, 67% are employed in the Industrial area, 14% in Sales; 11% in the Service area, 4% in the Home Care and Food Treatment divisions, and 4% in Support functions.

34% of employees are female.

Training, organisation and remuneration policies

Training for recruits and the development of personnel (In Indesit Induction, In Tune, In Spire and In Action and Minimaster) carried out a total of 303 participants during 2012. The catalog of training at Group level addresses the areas for improvement identified through performance assessments. Such training involved 1,428 participants.

A further 479 persons attended training in support of the Group's medium-term development plans. 13,753 particípiants attended technical courses, training on safety at work, quality etc.

A total of 20,755 particípiants benefited from training in 2012.

Remuneration policies are designed to support the organisational development of the Group. In all areas, the pay rises granted during 2012 reflected conditions in the reference job markets, inflation trends and any applicable local agreements. Further information is provided in the Remuneration Report.

Safety at work

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 Organisation) guidelines on health and safety at work. An international standard for managing the health and safety of workers has been adopted in order to guarantee the attainment of these objectives (OHSAS - Occupational Health and Safety Assessment Series). Almost every Group site and the related employees obtained certification under OHSAS 18001 during 2011. As a consequence, exceptional results were achieved in 2012 in terms of reducing the number and seriousness of accidents. Effective involvement at each level of the organisation has increased the number of near-miss situations that have been identified, thus boosting prevention-related activities. A program has been implemented to improve the ergonomics of workstations, with special reference to repetitive movements and the manual handling of loads. Particular attention has also been given to improving the comfort of the working environment, with a series of projects relating to heating and humidity, lighting and noise.

Privacy

The “Data Protection Document” required by Legislative Decree 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 operation. 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 production, facilities and materials marketing and communications. Although subsidiaries maintain their operational and managerial autonomy, the above enables them to achieve economies of scale via recourse to professional skills and specialist services of ever-increasing 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

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, 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 2012 are discussed in the section entitled “Outlook”.

Strategic and operational risks

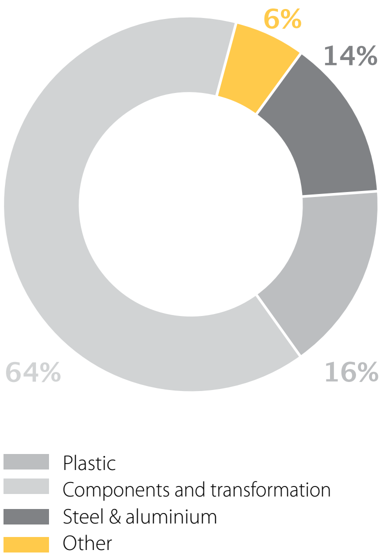
Demand trends: the household appliances sector is part of the broader category of Consumer Durables and business is cyclical. Contractions in the property market, in consumer confidence, in the availability of consumer credit and, more generally, in the GDP growth rate have a rapid effect on the level of market demand and may result in lower sales and, consequently, in lower profits. Depending on the availability of data, each month or each quarter, Indesit monitors the trends in industry shipments, retail sales (sell out), retail prices, market share in volume/value terms, and other relevant parameters, 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.

Predictability of demand: Indesit mainly distributes its products via chain retailers, wholesalers and the manufacturers of fitted kitchens. The order backlog is typically at 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.

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.

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 aluminum. In 2012, the Group's costs for the consumption of raw materials, components and consumables totaled 1,657.6 million euro, including 229.0 million euro for steel and aluminum, 261.3 million euro for plastics, 1,067.8 million euro for components and outsourced production, and 99.4 million euro for other materials.

Exposure to the prices of raw materials and components



Normally, with regard to the purchase of steel, the Group's objective is to sign annual contracts at fixed prices for the materials requirement estimated when preparing the budget for the following year. The 2013 objective of signing annual contracts at fixed prices with all steel vendors in the European market (including Service Centers and Steelworks) and to the Turkish market was achieved at the end of 2012. For the Russian market, prices will again be fixed quarterly during 2013 due, in part, to normal contractual practice there; accordingly, the steel price for just the first quarter of 2013 was fixed at the end of 2012.

For non-ferrous metals (nickel, copper and aluminum), the supply agreements for 2013 are partly annual and partly six-monthly (nevertheless with the fixing of prices), depending on the strategies agreed with the various vendors.

Lastly with regard to plastics, as usual the Group has signed fixed price contracts for 2013 covering about 30% of its requirement, while the prices for the remaining 70% are indexed to sector parameters. The duration of these supply contracts is either quarterly or half-yearly, depending on the negotiating strategies established with the vendors of the various commodities.

Country risk: a significant and growing part of the Group's production and sales activities takes place outside of the OECD. 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:

- restrictive policies on the import of components and/or the export of finished products;
- limitations on investment/divestments by non-resident parties;
- the convertibility and/or transferability of the local currency;
- the introduction of restrictive laws and/or regulations, including the risks of nationalisation or expropriation.

Other operating 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 writedowns recognised in 2012.

Financial risks

The principal financial risks faced by the Group are: liquidity risk; market risk (currency risk, interest rate risk, commodity price risk) and 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.

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 actions aimed 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 2012 are sufficient to cover the requirements arising from operations, capital expenditure and the repayment of borrowing upon maturity.

Currency risk: the Group's economic and financial results and equity are influenced by changes in the rates of exchange for foreign currencies (especially the British pound, the Russian ruble, the Polish zloty and the Turkish lira). The Group identifies three types of risk: competitive risk, economic risk and translation risk. 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.

Interest rate 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 of the Treasury policy. As a policy, the Group prefers borrowing at floating rates, limiting the conversion from floating rate to fixed rate within the notional, maturity and market limits defined in the policy.

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 categories described below.

General risks associated with changes in the regulatory environment: 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 or valuation.

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.

In the EU and Turkey, refrigerators must be classified as class A+ or better as from 1 July 2012, while the washing machine and dishwasher cycles whose consumption is reported on the related energy labels must be identified as their "standard" cycles as from 1 December 2012. For these categories, the labeling of Group products placed on the European market has complied with the new regulations from the time they came into effect.

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 evaluated 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.

The two categories of risk described above, whether real or considered probable at 31 December 2012, 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 the separate financial statements (6.31) for further information.

Significant events during the year and subsequent to year end

In October, following the discussions with social partners that began several months earlier, the Group signed an agreement at the Ministry for Economic Development that has resulted in the shutdown of production at the None factory, in the province of Turin, Italy.

This agreement confirms the continuation of R&D activities at None and the promotion of efforts to find work for redundant personnel and reindustrialize the site (as already achieved at Brembate and Refrontolo). An application has been filed for special government-assisted layoffs (CIGS) covering all former factory workers at None for 24 months. In addition, with a view to facilitating the management of redundant personnel, the Group has also confirmed its willingness, within 12 months of the start of the CIGS procedure, to establish a logistics hub and after-sales service center there.

Production activities ceased during December 2012.

In October 2012, the Company informed the members of the UK defined-benefit pension scheme (DB Scheme) about the decision to change the inflation parameter used to revalue their pensions, moving from the RPI (retail price index) to the CPI (consumer price index) inflation index. The two inflation indices have historically given different results, with the RPI being higher than the CPI.

The communication to persons with current and deferred pensions took immediate effect, while a consultation period of 60 days was established for active members.

The consultation ended in December 2012 and the change in the revaluation criteria was implemented. This modification reduced the DB Scheme's deficit and resulted in a credit in profit or loss of about 44.0 million euro, reflecting the change in past service benefit, due to the change of the constructive obligation to fund members, occurred during 2012.

From 1 January 2013, the Group will adopt the new version of IAS 19 with retrospective effect.

This standard prevents use of the corridor method currently applied by the Group (see the basis of consolidation and accounting policies described in note 4.1 in the consolidated financial statements).

It also requires application of the same discount rate to the net assets and liabilities of the pension fund when calculating net interest expense (income), thus eliminating use of the expected return on the assets servicing the plan.

Starting from 2013, the changes in the pension fund relating to service costs and net interest (e.g. curtailment) will be reflected in profit or loss, while the changes due to remeasurement (e.g. changes in actuarial assumptions) will be reported in the statement of comprehensive income.

The Group will include actuarial gains (losses) in the effects of remeasuring the net assets and liabilities of the pension funds. The effect of such recognition will be to increase the liability associated with the pension fund by about 39.7 million euro, decrease the non-current assets relating to the surplus by about 63.3 million euro and reduce the deferred tax liability by about 23.9 million euro. Consequently, consolidated equity will decline by about 79.0 million euro (retrospective application of the standard).

The introduction of the net interest calculation and elimination of the amortisation of the corridor difference will reduce profit for the year by 0.6 million euro (net of tax effect).

The following schedule summarises the reclassifications expected as a result of adopting *IAS 19 Revised*:

Income statement	**IAS 19** **2012**	**IAS 19 Revised** **2012 Revised**	**Note**
EBIT	132.6	135.8	Elimination of amortization on the excess corridor
Financial expenses	(30.4)	(34.3)	Effect of the net interest calculation
Income taxes	(40.0)	(39.8)	
Net profit	62.3	61.7	

Balance sheet	**IAS 19** **31.12.2012**	**IAS 19 Revised** **31.12.2012 Revised**	**Note**
Non-current assets	1,190.8	1,136.8	
Of which:			
- Other non-current assets	92.0	28.7	Elimination of surplus pension fund
- Deferred tax assets	77.7	87.0	
Non-current liabilities	407.1	432.2	
Of which:			
- Liabilities for employee benefits	44.7	84.4	Elimination of corridor
- Deferred tax liabilities	50.2	35.5	

Equity	**IAS 19** **31.12.2012**	**IAS 19 Revised** **31.12.2012 Revised**	**Note**
Group shareholders' equity	635.8	556.8	
Of which:			
- Reserve of remeasurement	0.0	(7.5)	Elimination of corridor and introduction of net interest
- Translation reserve	(97.7)	(97.7)	
- Net profit	62.3	61.7	

In addition to the above, there were no additional significant events subsequent to year end.

Outlook

The Group expects demand from distributors (Industry Shipments) in Greater Europe to be stable at 2012 levels during 2013.

Trends are expected negative in Italy and France.

In 2012 an improvement is expected in Eastern Europe, particularly in Turkey, Russia and UK.

Retail prices should be similar to those in 2012.

The harsh macroeconomic environment shows no signs of improvement in the near future. Accordingly, in 2013 the Group will continue to implement the various actions envisaged in its long-term strategic plans. These are designed to maintain financial solidity and profitability over the medium and long term.

In particular, we note the following items::
- manufacturing costs should fall slightly, to transfer production and operating efficiencies;
- moderate increase in sourcing costs for the continuing pressure on prices of plastics;
- the launch, during the second quarter of 2013, of a new range of small household appliances under the Hotpoint brand should help to improve percentage profitability, albeit only to a small extent;

Significant risks and uncertainties in 2013

Considering the elements mentioned above, it is also necessary to note a number of specific risks and uncertainties that, during 2013, might generate adverse effects and have a significant impact on the Group's economic and financial results.

In particular:
- depreciation of the British pound, the Turkish lira and/or the Russian ruble against the euro, if this exceeds the averages recognised during the final quarter of 2012 and built into the budget for 2013. The effect would be to erode revenue and, holding costs constant, operating profit;
- a change in the prices of raw materials, beyond the estimates currently made, could adversely affect the costs of production;
- lower demand in Western Europe might not be sufficiently offset by higher volumes in Russia, Turkey and Ukraine;
- increased competitive pressure, fueled by fragmentation and the perpetuation of excess production capacity, might place additional downward pressure on current price levels.

Proposed allocation of profit for the year

Shareholders,

the Parent's separate financial statements at 31 December 2012 report a profit for the year of 45,929,359 euro.

The Parent is not required to allocate any profit for the year to the legal reserve since such reserve already exceeds 1/5 of share capital.

At the date of this report, the share capital is 102,759,269.40 euro with 114,176,966 shares outstanding with nominal value of 0,90 euro, of which:

- 113,665,684 ordinary shares with one vote right for each in the shareholders' meeting;
- 511,282 savings shares without voting right.

This number might increase prior to the shareholders' meeting, pursuant to the stock options plan, due to the possible exercise of 147,000 options granted to Group executives and managers, with the resulting issue of the same number of ordinary shares.

The Board of Directors therefore proposes the declaration of a dividend of 0.20 euro per ordinary share outstanding and 0.218 euro per savings share outstanding, used for this purpose, the operating profit of the year up to a maximum of 20,704,688.92 euro.

The Parent holds 11,039,750 ordinary shares (representing 9.71% of the ordinary share capital), the voting rights of which are therefore suspended.

The Board of Directors therefore proposes:

- a dividend of 0.20 euro for each 102,625,934 ordinary share different for treasury share;
- a dividend of 0.218 for each 511,282 saving share;
- to assign the residual operating profit of the year to the extraordinary reserve.

The dividends will be payable from 23 May 2013 with detachment of the related coupons on 20 May 2013.

In 2013 the payable dividends will receive, under the fiscal view, the benefit of the article 1, comma 3 of the decree of the 2 April 2008 (Finance and economics minister) because the Indesit Company S.p.A has got payable reserves constituted before 31 December 2007.

Milan, 21 March 2013

For the Board of Directors

The Chairman
Andrea Merloni

Consolidated financial statements at 31 December 2012

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Consolidated income statement for the year ended 31 December 2012 [1]

(million euro)	Note	2012	2011
Revenue	8.1	2,886.0	2,825.3
Cost of sales	8.2	(2,177.5)	(2,098.4)
Selling and distribution expenses	8.3	(466.6)	(462.9)
General and administrative expenses	8.4	(109.3)	(113.6)
Operating profit	**8.5**	**132.6**	**150.3**
Interest expenses	8.6	(25.8)	(19.6)
Interest income	8.6	2.9	1.9
Exchange rate differences and other net financial expenses	8.6	(7.9)	(20.4)
Share of profit (losses) of associates and other	8.6	0.3	0.9
Profit before tax		**102.3**	**113.2**
Income taxes	8.7	(40.0)	(54.2)
Profit for the year		**62.3**	**59.0**
Attributable to non-controlling interests	**8.8**	**(0.0)**	**0.2**
Attributable to the owners of the Parent		**62.3**	**58.8**
Basic earnings per share (euro)	9.11	0.60	0.57
Diluted earnings per share (euro)	9.11	0.60	0.57

Consolidated statement of comprehensive income for the year ended 31 December 2012

(million euro)	Note	2012	2011
Profit (loss) for the year (A)		**62.3**	**59.0**
Cash flow hedges	9.11	5.7	(8.3)
Exchange rate differences on translating foreign operations	9.11	37.4	(38.3)
Total other comprehensive income/(loss), net of tax (B)		**43.1**	**(46.6)**
Total comprehensive income/(loss) (A + B)		**105.4**	**12.3**
Attributable to non-controlling interests		**(0.0)**	**(0.2)**
Attributable to owners of the Parent		**105.4**	**12.2**

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 8.5 and 12, respectively.

Consolidated statement of financial position as at 31 December 2012 [2]

(million euro)	Note	31.12.2012	31.12.2011
Assets			
Property, plant and equipment	9.1	673.1	623.2
Goodwill and other intangible assets with an indefinite useful life	9.2	242.2	236.5
Other intangible assets with a finite useful life	9.3	103.8	100.1
Investments in associates	9.4	0.5	0.5
Other non-current assets	9.5	92.0	41.0
Deferred tax assets	9.6	77.7	64.3
Other non-current financial assets	9.13.5	1.5	1.5
Total non-current assets		**1,190.8**	**1,067.0**
Inventories	9.7	331.8	323.2
Trade receivables	9.8	465.3	440.5
Current financial assets	9.13.1	29.4	20.9
Tax receivables	9.9	20.3	12.9
Other receivables and current assets	9.10	75.4	67.8
Cash and cash equivalents	9.13.2	142.8	234.4
Assets held for sale	9.21	20.4	11.8
Total current assets		**1,085.4**	**1,111.4**
Total assets		**2,276.1**	**2,178.5**
Equity			
Share capital	9.11	92.8	92.8
Reserves	9.11	(24.1)	(67.2)
Retained earnings	9.11	504.8	469.7
Profit attributable to owners of the Parent	9.11	62.3	58.8
Equity attributable to owners of the Parent		**635.8**	**554.1**
Non-controlling interests	9.12	0.0	0.0
Total equity		**635.8**	**554.2**
Liabilities			
Medium and long-term loans and borrowings	9.13.4	232.3	246.3
Employee benefits	9.14	44.7	45.4
Provisions for risks and charges	9.15	50.1	48.6
Deferred tax liabilities	9.16	50.2	38.4
Other non-current liabilities	9.17	29.9	34.9
Total non-current liabilities		**407.1**	**413.6**
Banks and other short-term loans and borrowings	9.13.3	197.8	228.7
Provisions for risks and charges	9.15	64.4	58.6
Trade payables	9.18	844.8	788.8
Tax payables	9.19	23.6	27.6
Other payables	9.20	102.7	107.2
Total current liabilities		**1,233.1**	**1,210.7**
Total liabilities		**1,640.3**	**1,624.3**
Total equity and liabilities		**2,276.1**	**2,178.5**

2. 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 4 and in note 12.

Consolidated cash flow statement for the year ended 31 December 2012 [3]

(million euro)	Note	2012	2011
Profit for the year	10.1	62.3	59.0
Income taxes	10.1	40.0	54.2
Depreciation and amortisation	10.1	109.9	112.4
Other non-monetary income and expenses, net	10.2	32.3	(6.3)
Change in trade receivables	10.3	(24.8)	57.6
Change in inventories	10.3	(8.6)	2.8
Change in trade payables	10.3	61.2	(32.9)
Change in other assets and liabilities	10.4	(84.9)	(61.7)
Taxes paid	10.1	(47.8)	(56.7)
Interest paid	10.2	(24.0)	(29.8)
Interest received	10.2	12.6	14.8
Cash flows from/(used in) operating activities		**128.2**	**113.5**
Acquisition of property, plant and equipment	10.5	(121.9)	(105.9)
Proceeds from sale of property, plant and equipment	10.5	15.0	14.2
Acquisition of intangible assets	10.6	(36.1)	(30.2)
Proceeds from sale of intangible assets	10.6	0.4	-
Cash flows from/(used in) investing activities		**(142.6)**	**(121.8)**
Increase in share capital		-	-
Dividends paid	10.7	(23.7)	(31.0)
New medium/long-term financial liabilities		-	193.0
Repayments of medium/long-term financial liabilities and bond issue	10.8	(9.5)	(195.6)
Change in short, medium and long-term financial liabilities	10.9	(44.0)	53.7
Cash flows from/(used in) financing activities		**(77.2)**	**20.2**
Net cash flows from/(used in)		**(91.6)**	**11.8**
Cash and cash equivalents, start of year	9.13.2	234.4	222.7
Cash and cash equivalents, end of year	9.13.2	142.8	234.4
Total change in cash and cash equivalents		**(91.6)**	**11.8**

3. Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the financial effects of related party transactions are disclosed in note 12. In addition, the financial effects of non-recurring transactions are described in note 8.5.

Statement of changes in consolidated equity as at 31 December 2012

Note 9.11 (million euro)	**Opening balances**	**Other profit/losses, net of taxation**	**Profit for the year**	**Income (expenses) recognised directly in equity**	**Dividends paid**	**Exercise of stock option rights**	**Allocation of profit for the year**	**Total effects of transactions with owners of the Parent**	**Closing balances**
Statement of changes in consolidated equity as at 31 December 2012									
Share capital	**92.8**	-	-	-	-	-	-	-	**92.8**
Share premium reserve	**35.9**	-	-	-	-	-	-	-	**35.9**
Legal reserve	**22.7**	-	-	-	-	-	-	-	**22.7**
Translation reserve	**(135.1)**	37.4	-	37.4	-	-	-	-	**(97.7)**
Other reserves	**9.3**	5.7	-	5.7	-	-	-	-	**15.0**
Retained earnings	**469.7**	-	-	-	(23.7)	-	58.8	35.1	**504.8**
Profit attributable to owners of the Parent	**58.8**	-	62.3	62.3	-	-	(58.8)	(58.8)	**62.3**
Equity attributable to owners of the Parent	**554.1**	**43.1**	**62.3**	**105.4**	**(23.7)**	**-**	**0.0**	**(23.7)**	**635.8**
Non-controlling interests	**0.0**	-	0.0	0.0	-	-	-	-	**0.0**
Total equity	**554.2**	**43.1**	**62.3**	**105.4**	**(23.7)**	**-**	**0.0**	**(23.7)**	**635.8**
Statement of changes in consolidated equity as at 31 December 2011									
Share capital	**92.8**	-	-	-	-	-	-	-	**92.8**
Share premium reserve	**35.9**	-	-	-	-	-	-	-	**35.9**
Legal reserve	**22.7**	-	-	-	-	-	-	-	**22.7**
Translation reserve	**(96.8)**	(38.3)	-	(38.3)	-	-	-	-	**(135.1)**
Other reserves	**17.7**	(8.3)	-	(8.3)	-	-	-	-	**9.3**
Retained earnings	**410.9**	-	-	-	(31.0)	-	89.7	58.8	**469.7**
Profit attributable to owners of the Parent	**89.7**	-	58.8	58.8	-	-	(89.7)	(89.7)	**58.8**
Equity attributable to owners of the Parent	**572.9**	**(46.6)**	**58.8**	**12.2**	**(31.0)**	**-**	**-**	**(31.0)**	**554.1**
Non-controlling interests	**(0.2)**	-	0.2	0.2	-	-	-	-	**0.0**
Total equity	**572.8**	**(46.6)**	**59.0**	**12.3**	**(31.0)**	**-**	**-**	**(31.0)**	**554.2**

Consolidated financial statements at 31 December 2012
Notes

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) that is listed on the Milan Stock Exchange.

The Group 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, combined washer-dryers, dryers and dishwashers).

The Group operates mainly in Europe, Russia and Turkey.

The Group's operating segments, as defined in IFRS 8 - *Operating Segments* comprise the geographical areas which, in organisational terms, generate revenue and costs that are periodically reviewed by chief operating decision makers in order to evaluate performance and decide on the allocation of resources, and for which separate financial information is available.

The household appliances sector is highly seasonal, which affects all the main economic and financial parameters.

The reporting by segment required by IFRS 8 is provided in note 7.

2. Approval of the consolidated financial statements at 31 December 2012

The consolidated financial statements at 31 December 2012 were approved by the Board of Directors on 21 March 2013; they have been audited and will be presented to the Annual Shareholders' Meeting.

3. Significant events subsequent to year end

From 1 January 2013, the Group will adopt the new version of IAS 19 with retrospective effect.

This standard prevents use of the corridor method currently applied by the Group (see the basis of consolidation and accounting policies described in the consolidated financial statements note 4.1).

It also requires application of the same discount rate to the net assets and liabilities of the pension fund when calculating net interest expense (income), thus eliminating use of the expected return on the assets servicing the plan (see the Report on operations and note 9.14 for further information).

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

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

The consolidated 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 financial statements at 31 December 2012 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 consolidated financial statements at 31 December 2012 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 by function. This is deemed to be more meaningful than a classification by type of expenditure, 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 charges not deriving from transactions with owners that were recognised directly in equity. The transactions carried out with owners are presented in the consolidated statement of changes in equity, together with 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 requirements [4], 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, both as an operating company that supplies goods and services to other Group companies, and as the company holding for the equity investments of the Group. In order to ensure consistency for the users of the financial statements, an attachment to the separate financial statements of the Parent classifies its income statement by function, in the format and using the criteria adopted for the preparation of the consolidated income statement.

Accounting policies

4.1 Basis of preparation and accounting policies adopted

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 and assets classified as available for sale, which are stated at their fair value, as well under the going concern assumption.

Basis of preparation

The accounting policies are applied on a consistent basis by all Group companies. There are no financial assets held to maturity. Financial transactions are recognised with reference to the trade date.

4. Consob Resolution no. 15519 dated 27 July 2006.

The accounting policies adopted for the preparation of the consolidated financial statements at 31 December 2012 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 disclosures, 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 recognize allowances for doubtful accounts, provisions for inventory obsolescence, depreciation and amortisation and impairment losses on assets, employee benefits, taxation, and other provisions for 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 summarized 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 to the carrying amount of assets and liabilities in the next accounting period.

Allowance for doubtful accounts

The allowance for doubtful accounts reflects the management's estimate of the losses that may be incurred on trade receivables. Provisions 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 any available guarantees.

Provision for inventory obsolescence

The provision for inventory obsolescence reflects management's estimate of the losses to be incurred on raw materials, semi-finished and finished products, 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 the non-current assets held and used, and of any assets due to be disposed of. This work is performed whenever events and circumstances require such review, and at least 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 losses 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 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.

Realizability of deferred tax assets

The Group recognizes 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 likely. 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.

Consolidation principles

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. Unrealized gains and losses on transactions with subsidiaries are eliminated in full. The equity and results attributable to minority 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 book value 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 accounting reference 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 equity 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 associated company exceed the book value of the related investment, such book value is written off 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. Unrealized 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 the income statement. Where fair value cannot be reliably determined, these investments are measured at cost as adjusted to reflect any impairment losses. Dividends are recognized 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 recognised in the functional currency of the principal operating 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 recognized in the income statement. Non-monetary assets and liabilities recognised 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 operate 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 reference 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 recognized in a specific equity reserve.

On the deconsolidation of an economic entity, the related cumulative translation adjustment (if any) is reclassified from shareholders' equity 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 recognised 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 recognized asset or liability (the underlyings), the gain or loss from subsequent fair-value adjustments to the hedging instrument is recognized 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 recognized asset or liability or a highly probable forecast transaction, the effective part of gains or losses on such financial instrument is recognized in the hedging 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 hedging 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 hedging reserve is released to the income statement in the period when the asset acquired or recognized liability has an effect on the income statement. In other cases, the hedging reserve is released to the income statement in a manner consistent with the hedged transaction i.e. when its economic effects are recognized. 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 hedging 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 of fair value are recognized directly in equity, to the extent that the hedge is deemed to be effective, while the ineffective portion (if any) is recognized 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 recognized 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, labor and a reasonable portion of overheads and related charges, less accumulated depreciation and impairment of value 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 capitalized when it is probable that they will generate measurable economic benefits in the future.

Any borrowing costs incurred on the acquisition or construction of capitalized assets that normally require time before they become available for use or for sale, are also capitalized and amortized 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 leasing of fixed assets
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 recognized 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 life
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 amortized 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 the Hotpoint trademark and goodwill, are not amortized but their recoverability is tested for impairment at least once each year. Subsequent expenditure on recognized intangible assets is capitalized 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 capitalized assets that normally require time before they become available for use or for sale, are also capitalized and amortized 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 recognized using the purchase method of accounting (adopted for all acquisitions made subsequent to 31 December 2002). It is recognised to reflect the positive difference between purchase cost and the value of the Group's equity interest at the time of acquisition, after having recognized all assets, liabilities and identifiable contingent liabilities attributable to both the Group and third parties at their full fair value.

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 recognized 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 capitalized if the innovations made result in technically feasible processes and/or commercially salable 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. Capitalized expenditure includes both internal and external design costs (including payroll and materials used) and the portion of general manufacturing costs reasonably attributable to the projects concerned. Capitalized development expenditure is treated as an intangible asset with a finite life and is amortized over the expected period of economic benefit, which is generally taken to be 5 years. Adjustments are recognised 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 recognised at cost. They are amortized 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 recognised to reflect any impairment losses arising subsequent to initial recognition.

Trade receivables

When first recognised, trade receivables are stated at the fair value of the initial consideration, as 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 amortized cost, being their initially-recognized 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, amortized 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 recognised is partly or fully reversed and the value of the receivable is restored to an amount that does not exceed the amortized cost that would have been reported had the loss not been recognized.

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 amortized 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 recognized directly in equity, except for impairment losses and exchange rate losses which are charged to the income statement. The deferred gains and losses recognized 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 realizable 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 realizable 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, recognised 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 in value.

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 of a cash-generating unit (CGU) have suffered a loss in value, their recoverable value is estimated and any excess carrying value is charged to the income statement. The loss in value of a CGU is allocated first against the related goodwill, if any, and then against the value of its other assets.

The recoverable value 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 value of expected cash flows discounted 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 change 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), which contribute to the preparation of a medium-term plan specifically for the purpose of carrying out impairment tests. This plan is updated annually and approved by the Parent's Board of Directors.

The recoverable value of investments in securities held to maturity and receivables recognised at amortized 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 amortized 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 loss in value of the CGU to which it belongs.

Share capital

Share capital, including the portion represented by savings shares, is stated at nominal value. The buy-back of treasury shares, stated at cost including related charges, is recognised as a change in shareholders' 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 recognized as a liability in the year in which they are declared.

Financial liabilities

Financial liabilities are initially recognized at their fair value, net of related charges, and subsequently measured at amortized cost using the effective interest method. The difference between amortized cost and repayment value is recognized 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 recognised at the fair value of the initial consideration, as increased by the related transaction costs. Following initial recognition, they are measured at amortized 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 recognised 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 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 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 a 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 recognized 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 recognised 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 recognized if it is probable that the related obligations will crystallize 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 recognised as a financial charge.

The principal liabilities covered by provisions are described below.

Warranties

Provisions for legally-required and voluntary warranty costs are recognised at the time the related products are sold. The provision is determined with reference to the call rate for the products still under warranty cover, 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 work

Provisions for restructuring are recognized 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 recognized when the expected benefits are lower than the related costs. They are recognised 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 regimes 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. Italian legislation imposes individual responsibility for the collection and disposal of new waste, allowing manufacturers to comply with their obligations by registering with a collective system. The Parent 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 recognised is discounted over a period of time equal to the life cycles of the products concerned.

Other provisions

Provisions are recognised 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 accounting period in which such charges become known and measurable reliably.

Income

Revenue

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership are transferred to the buyer. Revenue from the sale of goods is generally recognized 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 recognized 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 recognised 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 recognized as revenue when they are declared at the related shareholders' meeting.

Grants

Grants from the Government or other bodies, recognized in the form of direct payments or tax benefits, are recognized as deferred income in the statement of financial position, among other liabilities, at the time their collection become reasonably certain and when compliance with all the requirements to obtain them is assured. They are recognized 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 recognized in order to offset the eligible costs.

Expenses

The costs of purchasing goods and services are recognized when the amounts concerned can be determined reliably. The costs of purchasing goods are recognized 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 recognized 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 capitalized.

Selling, distribution, general and administrative expenses

Selling, distribution, general and administrative expenses comprise all the costs incurred to commercialize 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
Payments made under operating leases are expensed on an accruals basis to match the economic benefits deriving from the leased assets. If such economic benefits are less than the related charges, effectively as a result of loss 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 recognized and of financial charges representing interest on the loan obtained under the lease.

These financial charges 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, exchange differences and other net financial charges
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 gains and losses, as well as the economic effects recognised in the income statement of measuring the transactions that hedge interest-rate and exchange-rate risks.

Income and expense from associates

The share of profits (losses) from associates includes 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 recognized in the income statement, except for that relating to transactions recognized directly in equity, in which case it is also recognized 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 on the accounting reference date in each of the countries concerned.

Deferred tax assets 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 consolidated financial statements. Deferred tax assets and liabilities are not recognized in respect of goodwill or those assets and liabilities that do not affect taxable income. Income taxes deriving from the distribution of dividends are recognized at the time the related payable is recognized.

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 recognized 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 recognized 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 of offset exists.

Deferred tax liabilities are recognized 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 value at the time their sale was decided or their fair value, net of estimated selling costs. All costs, income and write-downs, if any, are recognised 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 profit for the year of the Group and the weighted average number of shares in 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.

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

IAS 12 - Income taxes
The amendment introduced a presumption that deferred tax on investment property measured at fair value in accordance with IAS 40 should be determined taking into account that the carrying amount will be recovered through sale. A consequence of this amendment, SIC-21 - Income taxes - Recovery of revalued non-depreciable asset, will no longer apply. The amendment must be applied retrospectively from 1 January 2012. It should be noted that this case is not regulated by the amendment in the Group.

The relevant accounting standards and related amendments are listed below.

4.3 Amendments and interpretations applicable from 1 January 2013 onwards

IAS 1 - Presentation of Financial Statements
The amendments to IAS 1 are intended to clarify the presentation of those captions representing other components of comprehensive income. This will help users of the accounts to distinguish between the individual captions that subsequently may, or may not, be reclassified to the income statement.

The standard, which will be applied from 1 January 2013, will have no effect on the results of the Group or on consolidated equity.

IAS 19 - Employee Benefits
The amended standard requires the company to determine the present value of its defined benefit obligations and the fair value of plan assets, and to recognize in the statement of financial position the net liability for defined benefits.

The amended standard eliminates the opportunity to apply the corridor method, which is currently used by the Group.

The standard also requires the discount rate on net payables to be applied to defined benefits (assets), in order to calculate the net interest expense (income). In this way, the standard eliminates the use of an expected yield on plan assets.

The changes to the net liability for defined benefits (assets) will be recognized as follows:
- the service cost and net interest in the income statement, and
- subsequent measurement in the statement of comprehensive income.

The standard will have the following impact on the presentation of the results and equity of the Group: all historical actuarial gains and losses will be included in the measurement of the net liability for defined benefits. This will increase Indesit's liability and reduce equity (net of deferred taxation).

Future changes in the net liability for defined benefits due, for example, to changes in the discount rate or the mortality rate will be reported in the statement of comprehensive income.

Please refer to the annual report (paragraph of significant events) for more details about the impact of this amendment on the Group's equity.

IFRS 7 - Financial Instruments: Disclosures
The amendment requires information on the effects or potential effects of the rights to offsetting financial assets and financial liabilities on the balance sheet. This amendment shall be applied for financial years beginning on or after 1 January 2013 and interim periods subsequent to that date. The information must be provided retrospectively. It is believed that the adoption of this standard did not have a material impact on the Group's financial statements.

IFRS 10 - Consolidated financial statements
This standard identifies control as the basis for consolidation in all types of company. It replaces *IAS 27 - Consolidated and separate financial statements* and *SIC 12 - Consolidation - Special purpose entities*.

IFRS 11 - Joint Arrangements - Establishes the disclosures required by parties to joint arrangements. This standard replaces *IAS 31 - Interests in Joint Ventures* and *SIC 13 - Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 - Disclosure of Interests in Other Entities
This standard brings together, improves and replaces the disclosures required about interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The amended versions of IFRS 10, IFRS 11 and IFRS 12 will not have an immediate impact of the results and equity of the Group, but might affect the accounting logic applied for consolidation purposes.

The standards will take effect from January 2014 in the European Union.

IFRS 13 - Fair Value Measurement
The principle clarifies how to determine fair value for accounting purposes and applies to all IFRS that require or permit fair value measurements or the presentation of information based on fair value. The principle is to be applied prospectively from 1 January 2013. It is believed that the adoption of this standard did not have a material impact on the Group's financial statements.

IFRS 9 - Financial Instruments
This standard relates to the classification and measurement of financial instruments. The Group will evaluate the effect of its application on the accounting presentation of financial assets and liabilities.

The IASB has recently modified IFRS 9 and deferred its obligatory effective date to 1 January 2015, although early adoption is allowed.

5. Reclassifications

Commencing from 1 January 2012, certain data has been reclassified in order to improve its accounting presentation: insurance excesses and the uninsured element of third-party liability settlements relating to household appliances (reclassified from selling expenses to cost of sales), as well as certain technical and corporate costs following the organizational changes made.

Overall, these reclassifications have not had any effect on the Group's operating profit (EBIT), profit for the year or consolidated equity.

6. Changes in the scope of consolidation

RTC International Ltd., a dormant company, was liquidated on 24 April 2012.

A number of other dormant companies were liquidated on 8 May 2012: Fixt Ltd., Hotpoint UK Ltd., Hotpoint Sales Ltd., Ariston Group Service Ltd., Indesit Properties Ltd. and Creda Domestic Appliances Service Ltd.

During the second semester, Indesit Company Nordics AB was consolidated on a line-by-line basis for the first time.

7. Operating segments

The following geographical areas have been identified as representative of the Group's operating segments:

- Western Europe Area [5];
- Eastern Europe Area [6];
- International Area [7].

Segment revenue is calculated based on the final destination of the products and segment results take account of all expenses that can be directly allocated to the geographical areas concerned. The costs not allocated to geographical areas include non-recurring industrial charges and corporate costs. Similarly, financial income and expenses and taxation are not allocated to the various 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 geographical areas and reviewed by the most senior decision makers comprise those deriving from the sale of finished products. They do not include receivables deriving from the provision of services (with the exception of UK service activities), advances to suppliers or the effects of any disposals of receivables.

The following tables present the Group's operating information analyzed by geographical area based on the final destination of the products.

5. This includes: Italy, the UK and Ireland, France, the Netherlands, Spain, Portugal, Germany, Austria, Switzerland, Belgium, Scandinavia.
6. This includes: Russia and the Asian Republics, Belarus, Kazakhstan, Poland, Ukraine, Moldova, Czech Republic, Hungary, Romania, Greece, the Baltic States, Caucasian Republics, Slovak Republic, Turkey, Bulgaria and the Balkans.
7. This includes all other non-European markets.

Analysis by operating segment at 31 December 2012

31.12.2012 (million euro)	Western Europe	Eastern Europe	International	Costs not allocated	Total
Total revenue	**1,664.4**	**1,078.0**	**143.5**	**0.0**	**2,886.0**
Cost of sales	(1,240.2)	(832.1)	(108.3)	3.1	**(2,177.5)**
Selling and distribution expenses	(282.9)	(145.6)	(17.6)	(20.4)	**(466.6)**
General and administrative expenses	(34.6)	(16.8)	(1.6)	(56.3)	**(109.3)**
Operating costs	**(1,557.8)**	**(994.5)**	**(127.5)**	**(73.6)**	**(2,753.3)**
Operating profit	**106.7**	**83.5**	**16.1**	**(73.6)**	**132.6**
Interest expenses					**(25.8)**
Interest income					**2.9**
Exchange rate differences and other net financial expenses					**(7.9)**
Share of profit (losses) of associates					**0.3**
Income taxes					**(40.0)**
Profit attributable to owners of the Company					**62.3**

Analysis by operating segment at 31 December 2011

31.12.2011 (million euro)	Western Europe	Eastern Europe	International	Costs not allocated	Total
Total revenue	**1,695.7**	**985.6**	**144.0**	**0.0**	**2,825.3**
Cost of sales	(1,236.3)	(744.0)	(109.5)	(8.6)	**(2,098.4)**
Selling and distribution expenses	(278.6)	(135.8)	(18.8)	(29.7)	**(462.9)**
General and administrative expenses	(31.6)	(18.8)	(1.7)	(61.6)	**(113.6)**
Operating costs	**(1,546.5)**	**(898.6)**	**(130.0)**	**(99.9)**	**(2,675.0)**
Operating profit	**149.2**	**87.0**	**14.0**	**(99.9)**	**150.3**
Interest expenses					**(19.6)**
Interest income					**1.9**
Exchange rate differences and other net financial expenses					**(20.4)**
Share of profit (losses) of associates					**0.9**
Income taxes					**(54.2)**
Profit attributable to owners of the Company					**59.0**

Trade receivables analyzed by operating segment

(million euro)	31.12.2012	% of rolling sales (12 months)	31.12.2011	% of rolling sales (12 months)
Western Europe	221.5	7.7%	220.6	7.8%
Eastern Europe	170.8	5.9%	153.6	5.4%
International	21.9	0.8%	20.6	0.7%
Not allocated trade receivables	51.0	-	45.8	-
Total	**465.3**	**16.1%**	**440.5**	**15.6%**

8. Notes to the consolidated income statement

8.1 Revenue

Revenue is analyzed as follows:

(million euro)	Year 2012	Year 2011	Change %
Revenue from finished products	2,656.8	2,615.7	1.6%
Revenue from service operations	229.2	209.6	9.3%
Total revenue	**2,886.0**	**2,825.3**	**2.1%**

(million euro)	Year 2012	Year 2011	Change %
Home Care	1,196.7	1,160.4	3.1%
Food Treatment	1,414.0	1,417.2	-0.2%
Service and Consumer Care	275.3	247.7	11.1%
Total revenue	**2,886.0**	**2,825.3**	**2.1%**

Revenue from the provision of services relates to services provided to customers (transport) and end consumers (after-sales maintenance), to the sale of extended warranties beyond the legal minimum period, and to the sale of spare parts.

Revenue from finished products increased due to a rise in the volume of sales (+1.8%) and the effect of positive exchange-rate movements (+2.4%). These effects were partially offset by a 2.6% decline attributable to changes in the price/mix.

Revenue from services was 9.3% higher, essentially due to the increased sales of extended warranties in the UK, where demand is greatest.

8.2 Cost of sales

Cost of sales comprises the cost of raw materials and components, external processing, direct and indirect labor, 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 capitalized and all other production overheads.

Cost of sales is analyzed below by nature:

(million euro)	Year 2012	Year 2011
Change in the inventories of finished products	(6.3)	(8.0)
Purchase of raw materials. components, materials and change in inventories	(1,650.7)	(1,597.0)
Services	(147.1)	(141.0)
Payroll costs	(272.9)	(274.6)
Depreciation and amortization	(89.4)	(90.8)
Other expenses	(40.2)	(19.4)
Other income	29.2	32.5
Cost of sales	**(2,177.5)**	**(2,098.4)**

The cost of sales absorbed 75.5% of revenue, compared with 74.3% in 2011.

The change in the incidence of cost of sales revenues compared with the previous year relates mainly to higher costs for the consumption of raw materials, components and supplies due to the increase in raw material prices recognised in 2012.

Other expenses rose by 20.8 million euro, largely because of higher restructuring charges and insurance costs.

Research costs totaling 7.0 million euro (8.3 million euro) were charged to the income statement.

The net non-recurring income included in cost of sales totals 5.5 million euro (net income for 4.8 million euro). Further information is provided in note 8.5.

8.3 Selling and distribution expenses

Selling and distribution expenses comprise all the costs incurred to commercialise products, including advertising and promotion, and provide after-sales services, as well as the cost of distributing products to the Group's warehouses and to customers.

Selling and distribution expenses are analyzed below by nature.

(million euro)	Year 2012	Year 2011
Change in the inventories of finished products	(0.4)	(0.6)
Purchase of raw materials. components, materials and change in inventories	(7.2)	(6.7)
Services	(337.9)	(338.9)
Payroll costs	(93.7)	(96.0)
Depreciation and amortization	(7.5)	(7.1)
Other expenses	(40.5)	(18.5)
Other income	20.5	4.9
Selling and distribution expenses	**(466.6)**	**(462.9)**

The principal services consisted of distribution and storage expenses of about 225.5 million euro (214.6 million euro).

Selling and distribution expenses were essentially in line with those for the prior year.

Other expenses mainly comprise provisions, the impairment losses on receivables and taxes other than income taxes. The increase in this caption principally reflects the impairment losses on receivables recognised by Indesit Company UK for starting of the procedure concorsule of a distributor.

The net non-recurring income included in selling and distribution expenses totals 12.6 million euro (net income for 4.8 million euro). Further information is provided in note 8.5.

8.4 General and administrative expenses

General and administrative expenses include all general management and administrative costs, and all expenditure not directly attributable to production or sales units or to research and development. General and administrative expenses are analyzed below by nature:

(million euro)	Year 2012	Year 2011
Purchase of raw materials. components, materials and change in inventories	0.2	(0.3)
Services	(50.3)	(53.0)
Payroll costs	(54.8)	(55.9)
Depreciation and amortization	(13.0)	(14.5)
Other expenses	(12.1)	(10.4)
Other income	20.7	20.6
General and administrative expenses	**(109.3)**	**(113.6)**

The net non-recurring income included in general and administrative expenses totals 4.4 million euro (net expenses of 0.9 million euro). Further information is provided in note 8.5.

The decrease in service costs mainly reflects the reduction in outsourcing costs and other services obtained from third parties.

The reduction in payroll costs is discussed in the following note.

8.5 Operating profit

Operating profit is analyzed below by type of cost:

(million euro)	Year 2012	Year 2011
Revenue	2,886.0	2,825.3
Change in the inventories of finished products	(6.8)	(8.7)
Purchase of raw materials. components, materials and change in inventories	(1,657.6)	(1,604.1)
Services	(535.3)	(532.9)
Payroll costs	(421.3)	(426.5)
Depreciation and amortization	(109.9)	(112.4)
Other income and expenses	(22.4)	9.6
Operating profit	**132.6**	**150.3**

Operating profit is analyzed further in the Report on operations.

The change in inventories is analyzed by nature below:

(million euro)	Year 2012	Year 2011
Raw materials and semi-finished products	6.0	15.9
Finished products	(6.8)	(8.7)
Total change in inventories	**(0.8)**	**7.2**

Compared with the prior year, the reduction of operating profit is represented by the higher cost of raw materials and semi-finished products due, in the main, to the increased volume of production and the rise in raw material prices.

Payroll costs were about 1.2% higher than in the prior year.

This decrease is attributable to the UK pension fund (as described in note 9.22), containment measures carried out during the year and remuneration trends in variable.

A partial compensation of these effects are to highlight the positive change in production levels (about 2% compared to 2011), the trend of the effects of inflation and currency of the nations in which most of the production facilities of the Group's factories are located (Russia, Poland and Turkey).

The number of employees at 31 December 2012 is 16,331 (16,112).

Employment is analyzed as follows [8]:

	Year 2012	Year 2011
Executives	141	136
Office workers	4,336	4,401
Factory workers	11,854	10,575
Total	**16,331**	**16,112**

In geographical terms, 27% of employees are based in Italy, 29% in the Russian Federation, 19% in Poland, 15% in the UK and Ireland, 6% in Turkey and the remaining 4% in other Group locations.

As required by Consob [9], non-recurring items are detailed in the following tables. They mainly comprise restructuring charges.

(million euro)	Year 2012	Year 2011
Redundancies	(17.7)	(1.0)
Charges for disposal of assets in Industrial areas involved in restructuring plans	(1.4)	(7.4)
Start up charges in new industrial areas	(1.4)	(0.5)
Gain/loss on disposal of non-strategic assets	-	2.2
Gains on pension fund	43.6	15.0
Provisions for legal disputes	0.3	0.3
Other non-recurring income and expenses	(1.0)	0.1
Total non-recurring income and expenses	**22.5**	**8.8**

The non-recurring income relating to the pension fund includes the positive effect of a change in Pension Fund rules at Indesit Company UK Ltd., about 44.0 million euro, following the application of a different inflation adjustment parameter (CPI) when measuring the deferred pension liability.

Redundancies mainly comprise the cost of the actions taken in relation to the None factory.

8. In 2012 was adopted a different classification in relation to Field Service Engineer. Therefore the 2011 data were reconditioned.
9. Consob Communication DEM/6064293 dated 28 July 2006.

The cost of closing activities in certain industrial areas mainly reflects the impairment of property, plant and equipment and other costs associated with factory closures.

Net provisions for legal disputes relate to the litigation in progress.

The 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	Year 2012
Restructuring expenses	(13.7)	(2.9)	(1.1)	(17.7)
Other non-recurring income and expenses	19.2	15.5	5.5	40.2
Total non-recurring income and expenses	**5.5**	**12.6**	**4.4**	**22.5**

(million euro)	Cost of sales	Selling and distribution expenses	General and administrative expenses	Year 2011
Restructuring expenses	1.8	(1.3)	(1.5)	(1.0)
Other non-recurring income and expenses	3.0	6.2	0.6	9.7
Total non-recurring income and expenses	**4.8**	**4.8**	**(0.9)**	**8.8**

Attachment 3 (Consolidated income statement for the year ended 31 December 2012, prepared pursuant to Consob Resolution 15519 dated 27 July 2006 and Consob Communication DEM/6064293 dated 28 July 2006) summarizes the overall effect of non-recurring items on the consolidated income statement.

Non-recurring items do not have an immediate cash flow effect with regard to the redundancy incentive costs recognised in accordance with IAS 37 (incurred on average over the twelve months following accounting recognition); the provisions recognised for risks (often not possible to determine when they will crystallize); impairment losses (no cash flow effect), and changes in the pension fund liability as a result of non-recurring phenomena.

8.6 Interest expense, interest income, exchange rate differences, other financial expenses and share of profit/loss of associates and other

Interest expense comprises:

(million euro)	Year 2012	Year 2011
Bond interests	(3.1)	(4.7)
Interest on medium- and long-term bank loans	(1.7)	(0.9)
Interest on short-term bank, loan and borrowings	(11.8)	(6.2)
Other interest expenses	(7.3)	(4.9)
Mark-to-market derivatives related to loans	0.0	(0.9)
Interest expenses on pension funds and post-employment benefits UK	(1.9)	(2.0)
Interest expenses	**(25.8)**	**(19.6)**

This increase was due to higher average borrowing, a broadening of the market spreads for short-term debt and the change of the impact on the income statement of the interest-rate swap, which converted part of the floating-rate debt into fixed-rate debt (see note 11). The reduction in the reference rates made a positive contribution.

Other interest expense was adversely influenced by the decline in long-term interest rates which affected the discounting of the provisions for risks and charges.

Interest income is analyzed below:

(million euro)	Year 2012	Year 2011
Interest income on deposits	2.0	1.5
Interest income on UK pension scheme	1.0	0.3
Interest income	**2.9**	**1.9**

The change in interest income was due to the rise in the average liquidity employed. The rise in interest income relating to the UK pension funds was due to greater remuneration of the assets servicing the pension plan.

Exchange differences and other net financial charges are analyzed below:

(million euro)	Year 2012	Year 2011
Net realised exchange rate differences	(15.7)	(7.6)
Net unrealised exchange rate differences	13.2	(8.8)
Commissions	(5.3)	(4.0)
Exchange rate differences and other financial expenses	**(7.9)**	**(20.4)**

The marked reduction in exchange-rate fluctuations principally reflects the beneficial effect of measuring the currency options recognized as cash flow hedges.

The improvement in the net unrealized exchange rate differences was due to favorable movements in the exchange rates of currencies other than the functional currency including, in particular, the Polish zloty and the Turkish lira. The deterioration in net realized exchange differences was a result of measuring the derivatives that hedge transaction risk.

See note 11 for information about the derivatives outstanding at 31 December 2012.

Income from other investments was as follows:

(million euro)	Year 2012	Year 2011
Other investments	0.3	0.9
Share of profit (loss) of associates and other	**0.3**	**0.9**

8.7 Income taxes

(million euro)	Year 2012	Year 2011
Current taxes	(43.4)	(57.4)
Change in deferred tax assets/liabilities, net	3.4	3.2
Total	**(40.0)**	**(54.2)**

Current income taxes include IRAP of 4.1 million euro (5.6 million euro).

The income tax expense for 2012 was 40.0 million euro (54.2 million euro), with an effective tax rate of 39.1% (47.9%).

The lower incidence of taxation on pre-tax profit was principally attributable to the tax liability of 8.4 million euro recognized in 2011. This was recognised following objections made to Indesit Company S.p.A. by the Marche Tax Authorities about transfer pricing, and the interest charged on the deferred payment terms allowed to Group companies.

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)	**Year 2012**	**Year 2011**
Profit before tax	102.3	113.2
Tax rate	27.5%	27.5%
Theoretical tax charge	(28.1)	(31.1)
Effective tax charge	(40.0)	(54.2)
Difference	**(11.9)**	**(23.1)**
Effects relating to the Parent and companies based in Italy		
IRAP	(4.1)	(5.6)
Effect of taxation on dividends of subsidiaries to be distributed	(0.0)	(2.9)
Other effects	(9.8)	(14.4)
Total effects relating to the Parent and companies based in Italy	**(14.0)**	**(23.0)**
Effects relating to companies operating in other countries and tax differentials with respect to companies based in Italy	**2.1**	**(0.1)**
Total difference	**(11.9)**	**(23.1)**

8.8 Results attributable to non-controlling interests

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

9. Notes to the consolidated statement of financial position

9.1 Property, plant and equipment

During the year 2012, investments were made to 116.8 million euro (110.3 million euro). Investments in tangible fixed assets mainly relate to the replacement of plant and investment in new production lines.

Land and buildings include the fair value of assets recognized on the acquisition of GDAH in 2002. These assets were fully depreciated.

Depreciation, amortization and impairment losses amounted to 79.8 million euro (80.3 million euro).

The amount of orders to suppliers relating to tangible assets not yet fulfilled is equal to 25.3 million euro (49 million euro) relating to the completion of the lines to new projects.

Advances to suppliers of fixed assets not yet delivered or unrealized amounted to 0.2 million euro (0.2 million euro).

The Net disposals and retirements, amounting to 15.3 million euro (12.0 million euro), mainly relate to the different classification of certain tangible assets reclassified as available for sale (for more details, please refer to paragraph 9.21).

Assets under construction, amounting to 50.1 million euro (45.7 million euro), mainly refer to investments made by the Group in respect of new production lines.

There are no liens on the ownership of property.

Property, plant and equipment are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Land and buildings	255.5	248.8
Plant and machinery	251.0	227.6
Industrial and commercial equipment	93.9	80.3
Assets under construction	50.1	45.7
Other assets	22.5	20.7
Total property, plant and equipment	**673.1**	**623.2**

The change in the historical cost of property, plant and equipment is shown below:

(million euro)	31.12.2011	Additions	Depreciation and impairment losses	Decreases	Exchange rate differences	Reclassifi-cations	31.12.2012
Land and buildings	397.0	17.2	-	(26.1)	13.4	5.2	406.7
Plant and machinery	681.2	28.2	-	(13.1)	20.8	21.2	738.3
Industrial and commercial equipment	396.4	20.0	-	(14.0)	1.1	14.5	418.1
Assets under construction	45.7	46.8	-	-	3.8	(46.2)	50.1
Other assets	89.0	4.6	-	(2.4)	0.8	1.1	93.1
Total	**1,609.2**	**116.8**	**-**	**(55.5)**	**39.9**	**(4.2)**	**1,706.2**

(million euro)	31.12.2010	Additions	Depreciation and impairment losses	Decreases	Exchange rate differences	Reclassifi-cations	31.12.2011
Land and buildings	417.1	3.7	-	(15.6)	(13.5)	5.4	397.0
Plant and machinery	721.1	30.8	-	(72.2)	(26.2)	27.6	681.2
Industrial and commercial equipment	409.9	24.6	-	(46.9)	(8.8)	17.6	396.4
Assets under construction	53.8	50.1	-	(5.0)	(1.9)	(51.3)	45.7
Other assets	92.8	1.2	-	(4.2)	(1.6)	0.8	89.0
Total	**1,694.7**	**110.3**	**-**	**(143.8)**	**(52.0)**	**0.0**	**1,609.2**

The changes in the related accumulated depreciation were as follows:

(million euro)	31.12.2011	Additions	Depreciation and impairment losses	Decreases	Exchange rate differences	Reclassifi-cations	31.12.2012
Land and buildings	(148.2)	-	(10.6)	11.2	(3.6)	(0.0)	(151.2)
Plant and machinery	(453.5)	-	(37.9)	12.9	(9.7)	1.0	(487.2)
Industrial and commercial equipment	(316.1)	-	(27.4)	13.9	(0.5)	5.9	(324.2)
Other assets	(68.2)	-	(3.9)	2.2	(0.7)	(0.1)	(70.8)
Total	**(986.0)**	**-**	**(79.8)**	**40.2**	**(14.5)**	**7.0**	**(1,033.4)**

(million euro)	31.12.2010	Additions	Depreciation and impairment losses	Decreases	Exchange rate differences	Reclassifi-cations	31.12.2011
Land and buildings	(145.2)	-	(13.6)	10.2	1.5	(1.1)	(148.2)
Plant and machinery	(499.8)	-	(38.0)	70.9	12.2	1.1	(453.5)
Industrial and commercial equipment	(341.4)	-	(24.9)	46.1	4.1	0.0	(316.1)
Other assets	(71.1)	-	(3.9)	4.7	2.1	(0.0)	(68.2)
Total	**(1,057.5)**	**-**	**(80.3)**	**131.9**	**19.9**	**(0.0)**	**(986.0)**

The changes in the net carrying amount of property, plant and equipment are summarized in the following table:

(million euro)	31.12.2011	Additions	Depreciation and impairment losses	Decreases	Exchange rate differences	Reclassifi-cations	31.12.2012
Land and buildings	248.8	17.2	(10.6)	(14.9)	9.8	5.2	255.5
Plant and machinery	227.6	28.2	(37.9)	(0.2)	11.1	22.1	251.0
Industrial and commercial equipment	80.3	20.0	(27.4)	(0.1)	0.7	20.4	93.9
Assets under construction	45.7	46.8	-	-	3.8	(46.2)	50.1
Other assets	20.7	4.6	(3.9)	(0.2)	0.1	1.0	22.5
Total	**623.2**	**116.8**	**(79.8)**	**(15.3)**	**25.5**	**2.5**	**673.1**

(million euro)	31.12.2010	Additions	Depreciation and impairment losses	Decreases	Exchange rate differences	Reclassifi-cations	31.12.2011
Land and buildings	271.9	3.7	(13.6)	(5.4)	(12.0)	4.2	248.8
Plant and machinery	221.3	30.8	(38.0)	(1.3)	(13.9)	28.8	227.6
Industrial and commercial equipment	68.5	24.6	(24.9)	(0.9)	(4.7)	17.6	80.3
Assets under construction	53.8	50.1	-	(5.0)	(1.9)	(51.3)	45.7
Other assets	21.7	1.2	(3.9)	0.5	0.5	0.7	20.7
Total	**637.2**	**110.3**	**(80.3)**	**(12.0)**	**(32.1)**	**0.0**	**623.2**

Finance leases

The Group was not party to any significant finance leases during 2012.

Non-cancellable operating leases

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

(million euro)	31.12.2012	31.12.2011
Within 1 year	13.4	14.0
Between 1 and 5 years	33.5	33.2
Beyond 5 years	21.4	23.8
Total minimun lease payments	**68.3**	**71.0**

The principal non-cancellable operating leases relate 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 renewal or purchase of the assets concerned.

The income statement reflects rental charges incurred under operating leases on an accruals basis, 20.2 million euro (17.8 million euro).

9.2 Goodwill and other intangible assets with an indefinite useful life

Goodwill and other intangible assets with an indefinite useful life are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Goodwill	135.4	132.3
Brands with an indefinite useful life	106.8	104.2
Other intangible assets with an indefinite useful life	-	-
Total goodwill and other intangible assets with an indefinite useful life	**242.2**	**236.5**

The changes in the net carrying amount of goodwill and other intangible assets with an indefinite useful life are summarized in the following table:

(million euro)	31.12.2011	Impairment losses	Exchange rate differences	31.12.2012
Goodwill	132.3	-	3.1	135.4
Brands with an indefinite useful life	104.2	0.2	2.5	106.8
Total	**236.5**	**0.2**	**5.6**	**242.2**

(million euro)	31.12.2010	Impairment losses	Exchange rate differences	31.12.2011
Goodwill	128.6	(0.2)	3.9	132.3
Brands with an indefinite useful life	101.1	-	3.1	104.2
Total	**229.7**	**(0.2)**	**7.0**	**236.5**

At 31 December 2012 the caption Brands with an indefinite useful life comprises solely the amounts recognised on the acquisition of General Domestic Appliances Holding 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 British pounds, 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 recognized at the time of acquisition using current exchange rates was allocated both to the UK CGU representing the UK market, 33.2 million euro, and to the Group as a whole (Group CGU), 102.2 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)	31.12.2012	31.12.2011
CGU UK goodwill	33.2	32.5
Other Group CGU goodwill	102.2	99.8
Hotpoint brand	106.8	104.2
Total intangible assets with an indefinite useful life	**242.2**	**236.5**

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 2012 and 31 December 2011 did not identify any need to adjust the carrying amount of these assets.

The recoverable value of the CGUs is based on their value in use, determined by applying DCF techniques over a five-year period (2013-2017) and to the terminal value, considering the forecasts prepared by management and approved by the directors at the board meeting held on 21 March 2013.

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

- sales volume are expected to rise at a compound annual growth rate (CAGR) of around 2.0%;
- average unit revenues in euro are expected to be substantially constant (CAGR of 0.2%);
- advertising and promotion expenses are expected to rise during the plan period at a rate of 9.5%;
- annual investment during the plan period is expected to average 120 million euro;
- exchange rates are forecast to remain stable over the plan period at the following levels: GBP/euro at 0.81, RUB/euro at 41.00, PLN/euro at 4.00, TRY/euro at 2.28;
- net working capital is expected to rise during the plan period.

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

- sales volumes are expected to increase slightly to a compound annual growth rate (CAGR) around 0.4%;
- the trend in average unit revenue is expected to be substantially constant (CAGR -0.2%);
- spending on advertising and promotion follows the same trend as the Group CGU;
- the investments are expected on average 31% of the total amount of the CGU Group;
- changes are assumed stable in the plan at the following levels: GBP/euro 0.81, RUB/euro 41.00, PLN/Euro 4.00, TRY/euro to 2.28;
- net working capital is expected to increase during the plan period.

Forecast cash flows have been discounted using a weighted-average cost of capital (WACC) of 8.44% (9.29%) for the Group CGU and 7.05% (7.41%) for the UK CGU. The terminal value of the CGUs was determined by assuming a long-term normalized cash flow based on that generated in the final year of the explicit plan (2017), 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 and selling prices. 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 21 March 2013. An independent, third-party expert has issued a report on the fairness of the valuation methods and parameters used in the impairment testing process.

9.3 Other intangible assets with a finite useful life

Other intangible assets are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Development expenses	42.1	39.5
Licences and software	27.9	29.6
Brands with a finite life	14.3	16.4
Intangible assets under construction	15.4	10.4
Other intangible assets with finite life	4.0	4.1
Total	**103.8**	**100.1**

The changes in the historical cost of other intangible assets with a finite life during the year are shown below:

(million euro)	31.12.2011	Increases	Amortization and impairment losses	Decreases	Exchange rate differences	Reclassifi-cation	31.12.2012
Development expenses	91.6	16.7	-	-	0.1	(4.7)	103.7
Licences and software	82.7	5.8	-	-	0.4	(4.6)	84.3
Brands with a finite life	22.5	-	-	-	1.2	(0.0)	23.7
Intangible assets under construction	10.4	13.2	-	-	0.1	(8.3)	15.4
Other intangible assets	8.0	0.2	-	(0.4)	0.4	(0.2)	8.1
Total	**215.2**	**35.9**	**-**	**(0.4)**	**2.3**	**(17.9)**	**235.2**

(million euro)	31.12.2010	Increases	Amortization and impairment losses	Decreases	Exchange rate differences	Reclassifi-cation	31.12.2011
Development expenses	82.1	14.9	-	(7.3)	(0.3)	2.3	91.6
Licences and software	78.6	6.2	-	(0.1)	(1.2)	(0.8)	82.7
Brands with a finite life	20.9	-	-	-	1.5	-	22.5
Intangible assets under construction	16.6	8.8	-	-	0.8	(15.9)	10.4
Other intangible assets	8.1	0.3	-	(0.0)	(0.4)	(0.0)	8.0
Total	**206.4**	**30.2**	**-**	**(7.5)**	**0.5**	**(14.4)**	**215.2**

The changes in the related accumulated amortization were as follows:

(million euro)	31.12.2011	Increases	Amortization and impairment losses	Decreases	Exchange rate differences	Reclassifi-cation	31.12.2012
Development expenses	(52.1)	-	(16.1)	-	(0.2)	6.8	(61.6)
Licences and software	(53.1)	-	(11.3)	-	(0.4)	8.4	(56.4)
Brands with a finite life	(6.1)	-	(2.5)	-	(0.8)	0.0	(9.3)
Other intangible assets	(3.8)	-	(0.2)	0.0	(0.1)	0.1	(4.1)
Total	**(115.1)**	**-**	**(30.1)**	**0.0**	**(1.5)**	**15.3**	**(131.4)**

(million euro)	31.12.2010	Increases	Amortization and impairment losses	Decreases	Exchange rate differences	Reclassifi-cation	31.12.2011
Development expenses	(52.6)	-	(17.6)	7.3	0.1	10.6	(52.1)
Licences and software	(45.6)	-	(11.6)	0.1	0.2	3.8	(53.1)
Brands with a finite life	(2.6)	-	(2.3)	-	(1.1)	(0.0)	(6.1)
Other intangible assets	(3.6)	-	(0.3)	0.0	0.1	0.0	(3.8)
Total	**(104.5)**	**-**	**(31.8)**	**7.5**	**(0.7)**	**14.4**	**(115.1)**

The changes in the net carrying amount of other intangible assets with a finite life are summarized in the following table:

(million euro)	31.12.2011	Increases	Amortization and impairment losses	Decreases	Exchange rate differences	Reclassifi-cation	31.12.2012
Development expenses	39.5	16.7	(16.1)	-	(0.1)	2.1	42.1
Licences and software	29.6	5.8	(11.3)	-	(0.1)	3.8	27.9
Brands with a finite life	16.4	-	(2.5)	-	0.4	(0.0)	14.3
Assets under construction	10.4	13.2	-	-	0.1	(8.3)	15.4
Other intangible assets	4.1	0.2	(0.2)	(0.4)	0.3	(0.1)	4.0
Total	**100.1**	**35.9**	**(30.1)**	**(0.4)**	**0.8**	**(2.5)**	**103.8**

(million euro)	31.12.2010	Increases	Amortization and impairment losses	Decreases	Exchange rate differences	Reclassifi-cation	31.12.2011
Development expenses	29.5	14.9	(17.6)	-	(0.2)	12.9	39.5
Licences and software	33.0	6.2	(11.6)	-	(1.0)	3.0	29.6
Brands with a finite life	18.3	-	(2.3)	-	0.5	(0.0)	16.4
Assets under construction	16.6	8.8	-	-	0.8	(15.9)	10.4
Other intangible assets	4.5	0.3	(0.3)	(0.0)	(0.4)	0.0	4.1
Total	**101.9**	**30.2**	**(31.8)**	**(0.0)**	**(0.2)**	**0.0**	**100.1**

Including assets in progress, the development expenses capitalized during 2012 totaled 16.7 million euro (14.9 million euro).

The Licences and software caption comprises the capitalized internal and external cost of IT projects carried out by the Group, and the cost of licenses 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 the Cannon brand, recognised on the acquisition of GDAH. The 2012 amortisation charge relating to the above trademark was 2.5 million euro.

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

9.4 Investments in associates

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

9.5 Other non-current assets

Other non-current assets are analyzed below:

(million euro)	31.12.2012	31.12.2011
Non-current Special Economic Zone	27.8	28.7
Surplus on Pension fund	63.3	11.7
Other investments	0.9	0.6
Total other non-current assets	**92.0**	**41.0**

The non-current portion of the tax receivables relating to the Polish Special Economic Zone (incentives for the construction of factories) amounts to 27.8 million euro (28.7 million euro). These receivables are matched by deferred grants from the Government, classified as other non-current liabilities, which are discussed in note 9.17.

This caption also includes the carrying amount, 0.4 million euro (0.6 million euro), of the investments in other companies in which, in general, the Group holds less than 20% of share capital or voting rights.

The surplus on pension fund, 63.3 million euro, relates to the pension fund operated by Indesit Company UK Ltd. (63,1 million euro). It primarily reflects the effect of the actuarial gains and losses (91.8 million euro) not recognized due to application of the corridor method. The net amount exceeds the deficit pension fund (28.7 million euro) [10]. The residual element relates to Indesit Company International B.V., 0.2 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.

10. Further details are provided in note 9.14.

9.6 Deferred tax assets

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

(million euro)	31.12.2011	Taken to income statement	Taken to equity	Exchange rate effect	Other movements	Reclassifi-cation	31.12.2012
Property, plant and equipment	(1.1)	5.3	0.0	(0.1)	0.0	0.0	4.2
Intangible assets	(0.6)	(0.4)	0.0	0.0	0.0	0.0	(1.0)
Inventories	0.4	4.3	0.0	(0.2)	0.0	0.0	4.6
Financial liabilities	0.9	0.9	(1.0)	0.0	0.0	0.0	0.9
Pension fund	1.9	(0.1)	0.1	0.0	0.0	0.0	1.9
Provisions for risks	26.5	(2.7)	0.0	0.3	0.0	0.0	24.1
Tax consolidation and other non-deductible expenses	25.6	(5.0)	0.2	1.1	(0.0)	(3.2)	18.8
Tax losses carried forward	21.8	15.3	0.0	0.3	(3.3)	3.2	37.2
Total	**75.4**	**17.6**	**(0.6)**	**1.6**	**(3.3)**	**0.0**	**90.7**
Amounts offset	(11.1)	(1.9)	0.0	0.0	0.0	0.0	(13.0)
Total net	**64.3**	**15.7**	**(0.6)**	**1.7**	**(3.3)**	**0.0**	**77.7**

The deferred tax assets recognised in relation to carried-forward tax losses have increased by 15.4 million euro. This amount, primarily recognized by the Parent, Indesit Company France S.A. and Indesit Company Polska Sp.zo.o., is stated net of utilizations by Indesit Company International Business S.A., as well as the exchange rate effect.

Other movements include a reduction in deferred tax assets of 3.3 million euro relating to Indesit Company UK Holdings Ltd. This follows utilization of the related tax losses by other UK Group companies belonging to the tax group.

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.

The deferred tax assets recognised in relation to prior-year tax losses amount to 37.2 million euro (21.8 million euro), while those not recognised amount to 22.8 million euro (48.6 million euro). The details are analyzed in the following table:

Company	Tax losses	Recoverability	Tax rate	Deferred tax assets recognised	Deferred tax assets not recognised	Total
Indesit Company S.p.A.	115.2	unlimited	27.5%	25.5	6.2	31.7
Indesit Company Electrodomesticos S.A.	42.4	15 years	30.0%	-	12.7	12.7
Indesit Company France S.A.	17.6	3 years	35.0%	6.1	-	6.1
Indesit Company UK Holdings Ltd.	7.5	unlimited	24.5%	1.8	-	1.8
Indesit Company Polska Sp.zo.o.	17.6	5 years	19.0%	3.4	-	3.4
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	1.5	unlimited	20.0%	-	0.3	0.3
Indesit Ukraine LLC	2.7	unlimited	19.0%	0.5	-	0.5
Indesit Company Portugal Electrodomésticos S.A.	13.6	4/6 years	26.5%	-	3.6	3.6
Total	**218.1**			**37.2**	**22.8**	**60.1**

9.7 Inventories

Inventories are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Raw materials	134.4	123.4
Obsolescence provision	(2.4)	(2.2)
Total raw materials	**132.0**	**121.2**
Finished products and semi-finished products	183.7	185.0
Obsolescence provision	(11.9)	(11.2)
Total finished products and semi-finished products	**171.8**	**173.9**
Spare parts	30.9	30.4
Obsolescence provision	(3.0)	(2.2)
Total spare parts	**28.0**	**28.1**
Total inventories	**331.8**	**323.2**

Inventories have increased overall by 8.6 million euro since the end of 2011, mainly due to the rise in raw material prices.

9.8 Trade receivables

Trade receivables comprise amounts due from customers as a result of commercial transactions and the provision of services, stated net of the allowance for doubtful accounts The allowance for doubtful accounts totals 30.1 million euro (33.6 million euro) at 31 December 2012. The net provisions and losses during the year amounted to 26.6 million euro (7.1 million euro). The increase relates to the losses recognized by Indesit Company UK Ltd. (see the note 8.3).

Trade receivables are analyzed below:

(million euro)	31.12.2012	31.12.2011
Trade receivables	495.4	474.2
Allowance for doubtful accounts	(30.1)	(33.6)
Net trade receivables	**465.3**	**440.5**
Fund % on trade receivables	*6.1%*	*7.1%*

The reduction in the percentage of allowance for doubtful accounts is due to an improvement in the process of granting credit.

As part of the diversification of sources of finance, during the year the Group sold trade receivables in the UK and Poland and maintained the securitization program.

The securitization involves the without-recourse sale of trade receivables, on a revolving basis, by the Parent and by Indesit Company France S.A. The receivables are acquired by 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: the senior securities are placed in the market and subscribed for by institutional investors; the junior securities, whose repayment is subordinated to that of the senior securities, are taken up by the Group. Consistent with SIC 12 - Consolidation - Special-purpose entities ("SPE"), the Group consolidates 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 net financial liabilities to third parties of the consolidated vehicle companies amount to 62.0 million euro at 31 December 2012, comprising senior securities issued on the ABS market, 87.1 million euro, net of the cash held by them, 25.0 million euro.

At the same date, the liability of Group operating companies to vehicle companies for receivables sold but not yet collected amounts to 115.7 million euro, while their financial receivables represented by junior securities total 51.0 million euro.

The without-recourse sale of UK and Polish receivables reduced trade receivables by 30.8 million euro, being the amount sold but not collected by 31 December 2012 (23.4 million euro in UK).

The concentration risk associated with the 10 largest customers is 19.9% (21.3% in 2011) of total gross performing receivables.

Trade receivables are analyzed by maturity below:

(million euro)	**31.12.2012**	**31.12.2011**
Receivables not overdue	**458.4**	**419.0**
Overdue in 1 month	0.3	10.3
Overdue by 1 to 3 months	5.2	9.6
Overdue by 3 to 6 months	1.5	1.7
Total overdue receivables not impaired	**6.9**	**21.5**
Receivables impaired	**30.1**	**33.6**
Trade receivables	**495.4**	**474.2**

9.9 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 analyzed below:

(million euro)	**31.12.2012**	**31.12.2011**
Tax advances paid	16.3	9.2
Current portion of tax receivables relating to the Special Economic Zone	4.0	3.8
Total tax receivables	**20.3**	**12.9**

The receivables relating to advance taxation have increased as a result of the tax repayments requested in Italy and France.

The current portion of the Special Economic Zone tax receivables, deriving from the investments in Poland, has essentially remained stable. These receivables, together with the non-current portion, are matched by deferred Government grants, classified as other non-current liabilities, which are discussed in note 9.17.

9.10 Other receivables and current assets

Other receivables and current assets are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Due from employees	2.1	1.9
Due from social security and pension institutions	3.4	4.5
Grants due from public bodies	3.8	3.6
VAT receivables	52.8	44.6
Other receivables	13.2	13.0
Total other receivables and current assets	**75.4**	**67.8**

9.11 Equity attributable to the owners of the Parent

Share capital comprises ordinary shares and savings shares, as analyzed below inclusive of the treasury shares held:

	31.12.2012		31.12.2011	
Description	**Number**	**Euro**	**Number**	**Euro**
Ordinary shares	113,665,684	102,299,116	113,665,684	102,299,116
Savings shares	511,282	460,154	511,282	460,154
Total	**114,176,966**	**102,759,270**	**114,176,966**	**102,759,270**

102,500 options granted in 2002, at 7.9258 euro each, expired during the year together with 2,500 options granted in 2003 at 12.6479 euro each. 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 the share premium on treasury shares, 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:

- the right to an allocation of profit for the year (after allocating 5% to the legal reserve) representing up to 5% of the nominal value of the savings shares;
- 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;
- 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 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 outstanding stock options include 147,000 already granted and 3,002,500 not yet granted.

Dividend payments during 2012 totaled 23.7 million euro (31.0 million euro).

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

The share premium reserve amounts to 35.9 million euro.

The legal reserve, 22.7 million euro, reflects allocation of 5% of the Parent's net profit each year.

The cumulative translation adjustment or translation reserve is negative by 97.7 million euro, reflecting the exchange differences arising on the translation of foreign currency financial statements. The overall improvement during the year deriving from the translation of foreign currency financial statements amounts to 37.4 million euro. In particular, the appreciation of the Polish zloty contributed 18.9 million euro, the British pound, 8.1 million euro, the Russian ruble, 8.2 million euro, and the Turkish lira, 3.6 million euro. These effects were offset by 1.4 million euro attributable to the depreciation of the other currencies used by the Group.

Other reserves amount to 15.0 million euro. These comprise the stock options reserve, 0.4 million euro; the negative hedging reserve, 3.7 million euro; the merger surplus reserve, 1.4 million euro, and other reserves totaling 16.9 million euro, mainly in relation to capital grants (art. 14 Law 64/68, Law 488/92, Law 308/82, Law 218/78, Law 219/81).

Retained earnings amount to 504.8 million euro following an increase of 58.8 million euro on allocation of the Parent's results for 2011, and a decrease of 23.7 million euro following the payment of dividends to the shareholders of the Parent.

With reference to the amounts reported in the Consolidated statement of comprehensive income, the hedging reserve increased by 5.7 million euro during 2012.

The calculations for the basic earnings per share and the diluted earnings per share reported in the consolidated income statement are set out in the following table:

	31.12.2012	31.12.2011
Basic attributable earnings (million euro)	62.3	58.8
Basic average number of ordinary shares (thousands)	102,625.9	102,625.9
Ordinary EPS (without savings shares effect)	**0.61**	**0.57**
Unit earnings attributed to savings shares (euro)	0.61	0.57
Number of savings shares (thousands)	511.3	511.3
Earnings attributed to savings shares (million euro)	(0.31)	(0.29)
Basic attributable earnings (million euro)	62.0	58.5
Basic average number of ordinary shares (thousands)	102,625.9	102,625.9
Basic EPS (euro)	**0.60**	**0.57**
Basic attributable earnings (million euro)	62.0	58.5
Basic average number of ordinary shares (thousands)	102,625.9	102,625.9
Average number of shares granted to Directors without payment (thousands)	-	-
Average number of shares granted to employees without payment (thousands)	-	-
Total	102,625.9	102,625.9
Diluted EPS (euro)	**0.60**	**0.57**

9.12 Non-controlling interests

The equity attributable to non-controlling interests is unchanged.

9.13 Net financial position

The net financial indebtedness of the Group is analyzed below:

(million euro)	Note	31.12.2012	31.12.2011
Current financial assets	9.13.1	29.4	20.9
Cash and cash equivalents	9.13.2	142.8	234.4
Banks and other short-term loans and borrowings	9.13.3	(197.8)	(228.7)
Net financial indebtedness position - short term		**(25.6)**	**26.6**
Medium and long-term loans and borrowings	9.13.4	(232.3)	(246.3)
Net financial position *		**(257.9)**	**(219.7)**
Other non-current financial assets	9.13.5	1.5	1.5
Total net financial indebtedness		**(256.4)**	**(218.2)**

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

9.13.1 Current financial assets

Current financial assets include the fair value adjustment of derivative financial instruments, 18.4 million euro (12.0 million euro), and other current financial receivables, 11.0 million euro (8.9 million euro).

9.13.2 Cash and cash equivalents

Cash and cash equivalents include bank and postal deposits, as well as checks and other amounts on hand. The changes in liquidity during the year are analyzed in the consolidated cash flow statement.

This caption includes liquidity of 25.0 million euro held by the vehicle companies for the securitization that will be used to settle the financial payables (classified as current financial liabilities) arising under the program.

9.13.3 Banks and other short-term loans and borrowings

Current financial payables comprise amounts due within one year.

This caption is analyzed below:

(million euro)	31.12.2012	31.12.2011
Current portion of bank, loans and borrowings	79.8	83.9
Short-term advances for securitization	87.7	109.8
Liability from the measurement of derivative instruments	7.4	16.2
Current portion of bond	8.1	8.1
Current portion of medium/long-term bank, loans and borrowings	14.4	10.2
Current portion of other medium/long-term bank, loans and borrowings	0.5	0.4
Total	**197.8**	**228.7**

The current portion of bank loans and borrowings comprises bank overdrafts, the draw-down against revolving lines of credit and other short-term advances in various forms.

The short-term advances for securitization relate to the amounts payable for securities issued as part of the securitization program.

9.13.4 Medium and long-term loans and borrowings

The medium and long-term loans and borrowings are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Bonds	156.8	161.0
Due to banks and other financial backers	75.6	85.3
Total	**232.3**	**246.3**

The bonds were subscribed for by institutional investors (U.S. Private Placement) in both euro and USD. The change in the fair value of this liability is offset by the change in the fair value of the derivative arranged to hedge exchange and interest-rate risk (Cross Currency Swap and Interest Rate Swap).

Further information about the cross currency swap is provided in note 11 on financial instruments.

Medium/long-term loans and borrowings are analyzed by maturity in the following table:

(million euro)	Medium/long-term loans and borrowings	Between 1 and 5 years	Beyond 5 years
Bonds	156.8	156.8	-
Due to banks and other financial backers	75.6	62.8	12.8
Total	**232.3**	**219.6**	**12.8**

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

	Nominal value (million USD)	Nominal value (million euro)	Fair value (million euro)	Maturity	Rate	Type of hedge
Notes - Series B	-	-	-			
Notes - Series C	148.0	-	116.6	17.09.2014	Fixed	CCS
Notes - Series E	25.0	-	21.2	17.09.2016	Fixed	CCS
Total notes issued in USD	**173.0**	**-**	**137.8**			
Notes - Series D	-	18.3	19.0	17.09.2014	Fixed	IRS
Total notes issued in euro		**18.3**	**19.0**			
Total fair value			**156.8**			

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 11 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 and long-term amounts due to banks and other financial payables principally comprise the amortizing line of credit made available by the EIB (maturity 2018), amounting to 62.5 million euro and the COENV loan of 1.2 million euro (maturity 2018). In addition, to add 13.2 million euro as evaluation of hedging instruments (interest rate risk and currency risk).

The maturity profile of medium/long-term financial payables is presented below:

		Medium/long-term loans and borrowings					
(million euro)	**Total**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**
Bonds	156.8	136.6	1.0	19.1	-	-	156.8
Due to banks and other financial payables	75.6	23.5	12.6	13.9	12.8	12.8	75.6
Total	**232.3**	**160.1**	**13.6**	**33.1**	**12.8**	**12.8**	**232.3**

Among other obligations, the bonds and the committed bank loans require compliance with certain financial covenants. In particular, the following parameters must be met:

USPP	Covenant limit at 31 December	Covenant limit at 30 June
Net financial indebtedness/EBITDA	≤ 3.0	≤ 3.5
EBITDA/Net financial expenses	≥ 3.5	≥ 3.5
Equity	≥ 320 million euro	≥ 320 million euro

Revolving facility	Covenant limit at 31 December	Covenant limit at 30 June
Net financial indebtedness/EBITDA	≤ 3.0	≤ 4.0
EBITDA/Net financial expenses	≥ 3.5	≥ 3.5

BEI	Covenant limit at 31 December	Covenant limit at 30 June
Net financial indebtedness/EBITDA	≤ 3.0	n.a.
EBITDA/Net financial expenses	≥ 3.5	≥ 3.5
Equity	≥ 320 million euro	≥ 320 million euro

Securitization	Covenant limit at 31 December	Covenant limit at 30 June
Net financial indebtedness/EBITDA	≤ 3.0	≤ 3.5

In addition to the financial covenants, the bonds and the committed 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 covenants would, following the elapse of a given period of time available to correct such non-compliance, give the counterparts a right to require the early repayment of the related borrowings. The above parameters are monitored constantly by the Group and, as of 31 December 2012, all the covenants have been respected.

9.13.5 Other non-current financial assets

Other non-current financial assets are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Bind deposits	0.8	0.3
Assets for the measurement of derivative instruments	0.8	1.2
Total	**1.5**	**1.5**

Other non-current financial assets are analyzed by maturity in the following table:

(million euro)	Total long term	Within 1 year	Between 1 and 5 years	Beyond 5 years
Bind deposits	0.8	-	0.8	-
Assets for the measurement of derivative instruments	0.8	-	0.8	-
Total	**1.5**	**0.0**	**1.5**	**0.0**

9.14 Employee benefits

Employee benefits reflect the provisions recognised for such post-employment benefits as severance indemnities (TFR) and pensions. The situation is analyzed in the following table.

(million euro)	31.12.2012	31.12.2011
Italian post-employment benefits (TFR)	35.2	38.1
UK and Irish pension plans	2.7	1.6
Other countries pension plans and deferred benefit	6.7	5.6
Total employee benefits	**44.7**	**45.4**

The UK and Irish pension plans comprise two defined benefit plans. Both plans were closed in 2011 (no further provisions) and all active members were transferred to a new defined contribution plan. The new defined contribution fund formed on 1 January 2012 envisages the payment of employee and employer contributions totaling respectively 6% and 7% of pensionable salary. The contributions payable by the Group will increase by 0.5% per annum over the next few years, up to a maximum of 10%. In addition, the Group's UK company will continue to pay the costs of the defined benefit fund and has already made a special payment to the new defined contribution fund representing 5% of pensionable salary.

As envisaged by IAS 19, the Group applies the corridor method.

The plan deficit, including unrecognised actuarial gains and losses, amount to 36.7 million euro (67.7 million euro), of which unrecognised actuarial losses total 97.1 million euro (77.8 million euro). However, total fund liabilities decreased by 45.3 million euro in 2012 as a result of a change in the inflation parameters used (from the Retail Price Index to the Consumer Price Index). This change in the inflation parameters altered the constructive obligation deriving from the communications made to members and, accordingly, the change in the past service benefit was credited to the income statement.

The unrecognized actuarial losses (97,1 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, the difference of 61.4 million euro (43.0 million euro) is allocated to the income statement - commencing from the year following that of recognition - over the average remaining working lives of the employees that are members of the fund.

The effect on the 2012 income statement was 3.2 million euro (1.3 million euro).

As mentioned in the related note on assets with regard to the pension fund of Indesit Company UK Ltd., the non-current assets reported in the statement of financial position include a surplus of 63.1 million euro due to the effect of actuarial gains and losses (91.8 million euro).

The following schedule reconciles the assets and liabilities recognised in the statement of financial position and the charges made to the income statement, and presents the principal actuarial assumptions concerning the Italian post-employment benefits, the UK and Ireland pension plans.

	Employee severance indemnities		UK and Ireland pension plans	
(million euro)	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
Present value of the defined benefit obligation (start of year)	37.9	41.1	348.3	332.8
Current service cost	-	-	0.2	3.6
Financial expenses	1.7	1.8	17.5	17.6
Contributions from plan participants	0.0	0.0	0.1	1.7
Actuarial (gains)/losses	5.8	(0.4)	36.9	12.2
Benefits paid by the plan/company	(5.0)	(5.0)	(11.7)	(10.7)
Curtailment of plan	0.4	0.5	(0.1)	(3.6)
Past service benefit	-	-	(45.3)	(15.3)
Changes in exchange rates	-	-	11.1	9.9
Present value of the defined benefit obligation (end of year)	**40.8**	**37.9**	**357.0**	**348.3**
Fair value of plan assets (start of year)	-	-	280.6	267.7
Expected return on plan assets	-	-	18.2	17.9
Actuarial gains/(losses)	-	-	15.1	(12.5)
Employer's contributions	5.0	5.0	8.9	8.4
Employees' contributions	-	-	0.1	1.7
Benefits paid	(5.0)	(5.0)	(11.7)	(10.7)
Expenses	-	-	(0.1)	0.0
Change in exchange rates	-	-	9.2	8.1
Fair value of plan assets (end of year)	**0.0**	**0.0**	**320.3**	**280.6**
Present value of defined benefit obligation under funded plans	-	-	357.0	348.3
Fair value of plan assets	-	-	(320.3)	(280.6)
Deficit (surplus) of funded plans	**-**	**-**	**36.7**	**67.7**
Present value of defined benefit obligation under unfunded plans	40.8	37.9	-	-
Actuarial gains/(losses) not recognised	(5.5)	0.3	(97.1)	(77.8)
Pension (cost) of unrecognised post service	-	-	-	-
Unrecognised assets (limit described in IAS 19.58b)	-	-	-	-
Net liability/(asset) recognised	**35.2**	**38.1**	**(60.4)**	**(10.1)**
Amortisation of surplus corridor	-	-	3.2	1.3
Current service cost	-	-	0.2	3.6
Past service benefit	-	-	(45.3)	(15.3)
Total operating costs	**-**	**-**	**(41.9)**	**(10.3)**

	Employee severance indemnities		UK and Ireland pension plans	
(million euro)	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
Interest expense	1.7	1.8	17.5	17.6
Expected return on plan assets	-	-	(18.2)	(17.9)
Total financial charges	**1.7**	**1.8**	**(0.8)**	**(0.3)**
Curtailment (gains) losses	0.4	0.5	-	-
Total charge to the income statement	**2.1**	**2.3**	**(42.7)**	**(10.6)**
Assumptions used to determine defined benefit obligations				
Discount rate	3.3%	4.6%	4.5%	4.9%
Salary increases	n.a.	n.a.	3.2%	3.1%
Inflaction rate	2.0%	2.0%	1.9%	3.1%
Pension increase rate	n.a.	n.a.	1.9%	3.1%
Assumptions used to determine pension cost				
Discount rate	4.6%	4.8%	4.5%	5.4%
Expected return on plan assets	0.0%	0.0%	6.3%	6.8%
Expected salary increase	0.0%	0.0%	3.2%	3.9%
Inflation rate	2.0%	2.0%	1.9%	3.4%
Pension increase rate	n.a.	n.a.	1.9%	3.4%

The change in the discount rate is due to the reduction, which occurred in 2012, bond yields used as benchmark (Corporate Bond rating AA).

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

Demographic assumptions	**Years**
Male 65 years old in 2012	20.4
Female 65 years old in 2012	23.0
Male 65 years old in 2032	22.3
Female 65 years old in 2032	24.9

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

In %	**31.12.2012**	**31.12.2011**
Bonds	46.2%	44.8%
Multi-Assets funds	53.8%	55.2%

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 2012, the investment portfolio of the Multi-Assets funds comprise:

- equities: 45%;
- bonds: 30%;
- other assets (commodities, property funds etc.): 21%;
- monetary: 4%.

9.15 Provisions for risks and charges

The provisions for risks and charges are analyzed as follows:

2012 movements (million euro)	Opening balance 01.01.2012	Provision	Utilisations	Other movements	Closing balance 31.12.2012	Current portion	Non-current portion
Provision for warranties	47.1	10.5	(14.0)	0.7	44.3	30.4	14.0
Provision for agents' termination indemnity	1.5	0.2	(0.3)	-	1.4	(0.0)	1.4
Provision for restructuring	23.8	9.9	(5.5)	0.1	28.2	25.1	3.1
Provision for WEEE	14.3	0.6	(0.2)	0.1	14.7	1.5	13.2
Provision for onerous contracts	1.8	0.2	(0.8)	0.0	1.3	0.7	0.6
Provision for disputes and other risks	18.6	10.1	(4.3)	0.1	24.5	6.8	17.7
Total	**107.2**	**31.5**	**(25.2)**	**1.0**	**114.5**	**64.4**	**50.1**

2011 movements (million euro)	Opening balance 01.01.2011	Provision	Utilisations	Other movements	Closing balance 31.12.2011	Current portion	Non-current portion
Provision for warranties	54.9	4.4	(10.8)	(1.3)	47.1	27.0	20.1
Provision for agents' termination indemnity	1.5	0.2	(0.2)	-	1.5	(0.0)	1.5
Provision for restructuring	30.3	2.7	(9.4)	0.1	23.8	20.4	3.4
Provision for WEEE	18.0	-	(3.6)	(0.1)	14.3	1.4	12.9
Provision for onerous contracts	2.3	0.1	(0.6)	0.1	1.8	0.6	1.2
Provision for disputes and other risks	28.1	6.4	(16.0)	0.0	18.6	9.1	9.5
Total	**135.1**	**13.9**	**(40.6)**	**(1.2)**	**107.2**	**58.6**	**48.6**

The provision for agents' termination indemnities, 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 reorganization plans being implemented at certain of the Group's factories. The provision has increased, mainly as a result of the None plant restructuring plan, and was decreased as a result mainly of uses relating to restructuring measures carried out in the previous year.

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 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 installments has been recognized. The amount of 1.3 million euro relates to the buildings in Uxbridge and in Dublin.

The provision for disputes and other risks reflects the best possible estimate of the likely liability based on the information available.

At 31 December 2012, this caption comprises the provisions for outstanding disputes, 5.5 million euro (6.5 million euro), the provision for environmental risks, 4.9 million euro (7.2 million euro), the provision for product liability, 13.4 million euro (4.2 million euro), and the provisions for other risks, 0,7 million euro (0.7 million euro).

From the year 2012, the policy conditions for liability to third parties for damages caused by the finished products of the Group, have been revised and the exemption was increased. This revision of the contract, together with the high number of accidents occurring mainly in the UK and taken by the insurer in 2011 compared to the premium paid for the annuity itself, led to a substantial increase in the allocation to provision for liability for damage caused by products finished the previous year.

The Other changes 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 reporting currency.

Total payables and provisions for non-recurring transactions at 31 December 2012 amount to 71.3 million euro (41.9 million euro) and the cash flow absorbed by them was 6.9 million euro (generated by 5.8 million euro).

9.16 Deferred tax liabilities

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

(million euro)	31.12.2011	Credited/ charged to income statement	Credited/ charged to equity	Exchange rate effect	Other movements	31.12.2012
Property, plant and equipment	5.4	(3.5)		0.1		2.0
Intangible assets	29.9	(0.9)		(1.7)		27.3
Inventories	1.1	(3.2)		0.0		(2.1)
Non-current financial liabilities	0.0	0.6	1.2	(0.0)		1.8
Employee benefits	4.3	12.0		(0.0)		16.2
Government grants	0.1	-		-		0.1
Provisions for risks and charges	0.1	(0.7)		0.0		(0.6)
Other	(0.3)	7.8		(0.0)	(0.0)	7.4
Distributable retained earnings and other	8.9	-		-		8.9
Total	**49.5**	**12.0**	**1.2**	**(1.6)**	**(0.0)**	**61.2**
Amounts offset	(11.1)	0.1	-	-	-	(11.0)
Total net	**38.4**	**12.1**	**1.2**	**(1.6)**	**(0.0)**	**50.2**

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.

9.17 Other non-current liabilities

Other non-current liabilities principally relate to deferred grants from the State and other bodies. These grants are analyzed by country below:

(million euro)	31.12.2012	31.12.2011
Deferred grants for Special Economic Zone in Poland	15.2	19.0
Italy and other countries deferred grants	2.8	3.6
Non-current liabilities for employee benefits	9.0	9.5
Non-current liabilities for other social security institutions	3.0	2.7
Other non-current liabilities	**29.9**	**34.9**

The grants collected in Poland principally relate to tax credits for investment relating to the factories in the Lodz and Radomsko Special Economic Zone. Access to these grants is subject to certain covenants 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. The reduction in this caption is consistent with the discussion presented in note 9.5.

Deferred government grants totaling 0.9 million euro in Italy (3.8 million euro) and 3.1 million euro (4.1 million euro) in Poland were credited to the income statement during the year.

9.18 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 raw materials and suppliers of fixed assets, as shown below:

(million euro)	31.12.2012	31.12.2011
Trade payables for investments	61.1	65.1
Trade payables for purchases	783.7	723.7
Trade payables	**844.8**	**788.8**

9.19 Tax payables

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

(million euro)	31.12.2012	31.12.2011
Current taxes payables	9.9	14.8
Taxes withheld from employees and freelance workers	13.7	12.8
Total tax payables	**23.6**	**27.6**

9.20 Other payables

Other payables are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Due to social security and pension institutions	25.8	27.0
Due to employees	42.8	42.5
VAT payable	26.5	31.7
Other payables	7.6	6.0
Total	**102.7**	**107.2**

9.21 Assets held for sale

Assets available for sale, 20.4 million euro, include 18.0 million euro relating to investment at new factories owned by Indesit Company Polska Sp.zo.o., which will be used under an operating lease contract to be arranged during 2013, and 2.4 million euro relating to a property in the UK owned by Indesit Company UK Ltd. for which will be finalized the sale by September 2013.

9.22 Share-based payments (stock options)

The resolutions adopted at the extraordinary meetings held on 19 September 1998 and 23 October 2001 authorized, 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 0.90 euro, 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.

105,000 stock options expired during the year, but no new 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:

Exercise price	12.65
Expected volatility	31.39%
Grant date	24.07.2003
Number of options	169,500.00
Option term (years)	3.5
Expected dividends	2.97%
Risk-free interest rate	4.00%
Fair value stock option (million euro)	0.1

Further details about the stock option plans are presented in the Remuneration Report.

10. Notes to the consolidated cash flow statement

10.1 Profit for the year, income taxes, depreciation and amortisation, taxes paid

Net results, income taxes and depreciation, all non-monetary items, are reported in notes 8.5 and 8.7 to which reference is made.

The provision for income taxes totaled 40.0 million euro, while payments of 47.8 million euro were made in 2012 to settle the residual amount due for the prior year and make tax advances. The amounts due are determined with reference to the tax regulations in the various countries in which the Group operates.

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

The other non-monetary income and expenses, net, comprise all non-monetary items recognised in the income statement, except for income taxes, depreciation and the provisions deducted directly from asset accounts (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, unrealized exchange fluctuations, and accrued interest income and expense. Interest collected is reported separately from interest paid.

10.3 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 shows the cash flows generated (absorbed) by investing activities.

10.4 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 costs and income. This represents the changes in the related balances with a direct effect on the absorption or generation of cash.

10.5 Acquisition/ Proceeds from sale of property, plant and equipment

The cash flows arising from additions to property, plant and equipment reflect investment for the development of new products at various plants throughout the Group. This caption also includes changes in payables, receivables and advances to suppliers of property, plant and equipment.

The cash flows arising from the disposal of property, plant and equipment relate to the sale of plant no longer in use.

10.6 Acquisition/ Proceeds from sale of intangible assets

The cash flows arising from investment in intangible assets relate to the purchase of licenses and software, and the capitalization of development costs, as explained in more detail in note 9.3.

The cash flows generated (absorbed) by investing activities include the amounts capitalized since these involve payments for the related internal costs incurred (mainly payroll). These payments essentially reflect the costs capitalized during the year.

10.7 Dividends paid

The payment of dividends totaling 23.7 million euro was authorized at the Parent's shareholders' meeting held to approve the 2012 financial statements, as also mentioned in note 9.11.

10.8 Repayments of medium/long-term financial liabilities and bond issue

The repayments of other medium/long-term financial payables relate to loans from banks and other providers of finance. The repayment of 9.5 million euro refers to the current portion of the above loans.

10.9 Change in short, medium and long-term financial liabilities

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

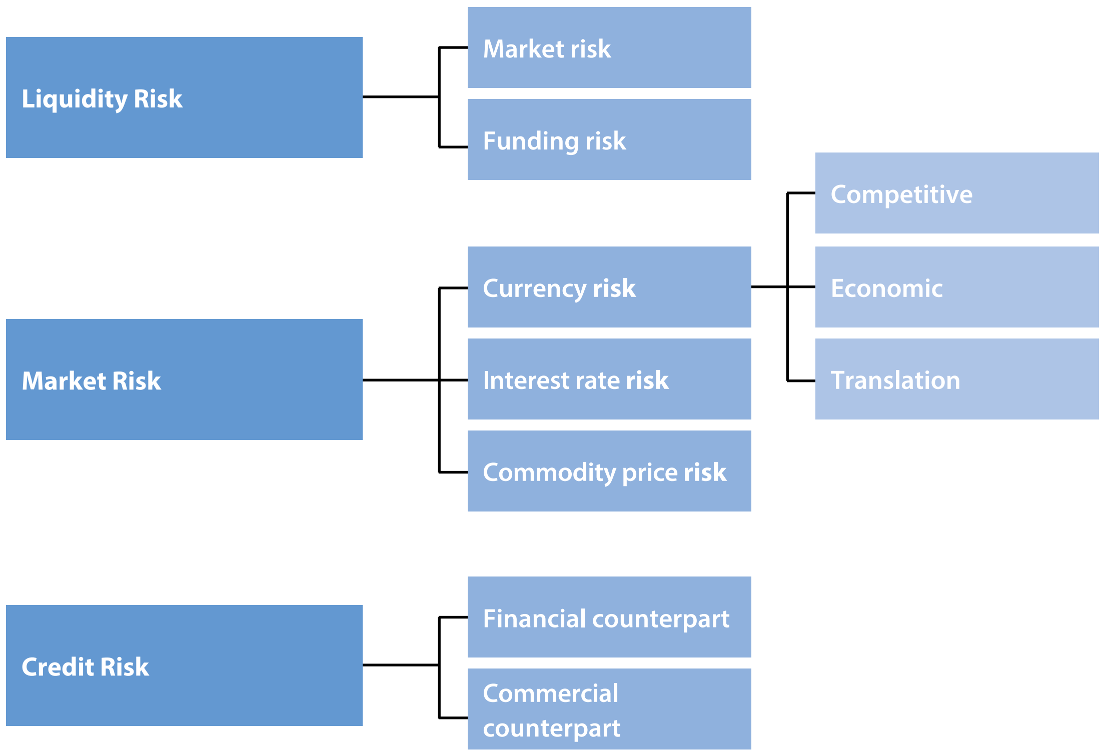
No new loans were arranged during the year ended 31 December 2012.

11. Financial instruments

11.1 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).



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.

11.1.1 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 realize 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.

Available, undrawn committed lines of credit at 31 December 2012 amount to 400.0 million euro, comprising a syndicated line from banks arranged in July 2011 and expiring in 2016. At 31 December 2011, the unused, committed lines of credit totaled 400.0 million euro.

At 31 December 2012, the Group has drawn down the amortizing line of credit for 75.0 million euro made available by the EIB and repayable by 2018, as well as the revolving line of credit from Bank Pekao S.A. for 80.0 million zloty, expiring in 2013. The Group has significant uncommitted lines of credit available at 31 December 2012, of which only 49.5 million euro has been drawn down.

During 2012, the Group maintained the securitization program arranged in 2010 as part of its sources of funds. As required by IAS 39, the receivables sold via the securitization program are not derecognized 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 analyzes 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 2012. 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 31.12.2012	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	(844.8)	(844.8)	(256.3)	(480.1)	(108.4)	0.0	0.0
Bonds	(164.8)	(168.6)	0.0	(4.5)	(4.5)	(159.7)	0.0
Due to banks	(241.3)	(250.9)	(147.7)	(0.3)	(37.3)	(53.0)	(12.7)
Other financial payables	(3.4)	(3.4)	(0.0)	(1.4)	(0.5)	(1.2)	(0.3)
Derivative instruments	(20.6)	(19.0)	(1.0)	(1.1)	(4.7)	(12.2)	0.0
Total	**(1,274.9)**	**(1,286.6)**	**(405.0)**	**(487.3)**	**(155.4)**	**(226.0)**	**(12.9)**

11.1.2 Market risk

As defined in IFRS 7, the Group identifies as market risk the probability of fluctuations in the value of recognized 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 (interest-rate risk);
- commodity prices (commodity-price risk).

Exchange-rate risk

The Group identifies three types of exchange-rate 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 analyzes 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 recognized in the financial statements;
- transaction risk, represented by the risk of differences between the exchange rate applying when the financial risk is recognized 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. 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. capital reductions, payment of dividends, corporate liquidations etc.).

The Group is exposed to the following main currencies at 31 December 2012: the British pound, the Polish zloty, the Russian ruble, the Turkish lira, the US dollar and the Ukrainian grivna.

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 instruments 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 hedging reserve relating to such derivatives is therefore released in full to the income statement in 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 recognized directly in the income statement.

The Group manages and measures the exposure to exchange-rate 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 2012, the effects on the Group's income statement of hypothetical, 10% negative changes in the exchange rates of the principal currencies used by the Group have been estimated.

Currency	Sensitivity 2012	Sensitivity 2011	Change %
EUR/GBP	15.4	11.6	-10%
EUR/PLN	(3.1)	(8.5)	-10%
EUR/TRY	(3.0)	(1.0)	-10%
EUR/RUB	(4.1)	0.0	-10%
EUR/USD	0.1	n.a.	-10%
PLN/USD	(0.6)	n.a.	-10%
TRY/USD	(0.4)	(0.5)	-10%
Total	**4.2**	**1.6**	

Sensitivity of operating profit

Considering the principal currencies to which the Group is exposed, a 10% increase (decrease) in each currency, with respect to their average exchange rates during 2012, would have had an adverse effect on the Group's operating profit (ignoring the tax effect) of about 66.5 million euro (positive effect of about 81.3 million euro), assuming no changes in other factors.

The model assumes the same distribution of revenues and costs as in 2012. The simulation does not include:

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

Positive variation effect of 10% of currency on operating profit

(million euro)	GBP	RUB	TRY	PLN	USD	Total
Operating profit	**(51.5)**	**(27.4)**	**(6.5)**	**7.7**	**11.2**	**(66.5)**
% effect on total	*77.3%*	*41.2%*	*9.8%*	*-11.5%*	*-16.8%*	*100.0%*

Negative variation effect of 10% of currency on operation profit

(million euro)	GBP	RUB	TRY	PLN	USD	Total
Operating profit	**62.9**	**33.5**	**7.9**	**(9.4)**	**(13.7)**	**81.3**
% effect on total	*77.3%*	*41.2%*	*9.8%*	*-11.5%*	*-16.8%*	*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 2012.

The 2013 hedges on the exposure to economic risk deriving from expected commercial flows *

Currency	GBP	PLN	RUB	USD	TRY	UAH
Long/short exposure	408	(110)	263	(148)	75	68
Hedges	(258)	108		55		
Residual exposure	**150**	**(2)**	**263**	**(94)**	**75**	**68**

* The amounts are in million euro equivalents.

At the end of 2012, no hedges have a duration 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 factors of production, the revision of forecast sales and purchases, changes in collection and payment terms and, more generally, to the operational and financial risks highlighted in the report on operations.

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 authorized by the CFO.

Interest-rate risk: sensitivity

A hypothetical upward shift in the interest-rate curve by 100 basis points (in parallel along the entire curve) would have the effects indicated below. The effects of a downward shift are not presented since they are not meaningful.

The simulation is representative of the effects that would be generated in 2013 if the exposures to risk remained the same as those at 31 December 2012, or the same as the normalized average exposures in the limited cases in which the situation at year end was not representative of that applying throughout the year.

31.12.2012 (million euro)	**Variation +100bps**		**Variation -20bps**	
	P&L effect	**Equity effect**	**P&L effect**	**Equity effect**
Net indebtedness of floating rate	(3.4)	0.0	n.a.	n.a.
Derivative instrument hedging of fixed rate loans	(1.3)	0.0	n.a.	n.a.
Derivative instrument hedging of floating rate loans	1.9	2.5	n.a.	n.a.
Total	**(2.7)**	**2.5**	**n.a.**	**n.a.**

31.11.2011 (million euro)	**Variation +100bps**		**Variation -20bps**	
	P&L effect	**Equity effect**	**P&L effect**	**Equity effect**
Net indebtedness of floating rate	(3.0)	0.0	0.6	0.0
Derivative instrument hedging of fixed rate loans	(1.3)	0.0	0.3	0.0
Derivative instrument hedging of floating rate loans	0.0	5.9	0.0	(1.2)
Total	**(4.3)**	**5.9**	**0.9**	**(1.2)**

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 results 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 2012 for the consumption of raw materials, components and other materials.

(million euro)	**31.12.2012**	**31.12.2011**
Steel	229.0	236.7
Plastic	261.3	244.2
Components and transformations	1,067.8	1,037.5
Other material	99.4	85.7
Total	**1,657.6**	**1,604.1**

Normally, with regard to the purchase of steel, the Group's objective is to sign annual contracts at fixed prices for the materials requirement estimated when preparing the budget for the following year. These contracts are signed before the end of the fourth quarter each year. The 2013 objective of signing annual contracts at fixed prices with all steel vendors in the European market (including Service Centers and Steelworks) and to the Turkish market was achieved at the end of 2012. For the Russian market, prices will again be fixed quarterly during 2013 due, in part, to normal contractual practice there; accordingly, the steel price for just the first quarter of 2013 was fixed at the end of 2012.

For non-ferrous metals (nickel, copper and aluminum), the supply agreements for 2013 are partly annual and partly six-monthly (nevertheless with the fixing of lower prices), depending on the strategies agreed with the various vendors.

Lastly with regard to plastics, as usual the Group has signed fixed price contracts for 2013 covering about 30% of its requirement, while the prices for the remaining 70% are indexed to sector parameters. The duration of these supply contracts is either quarterly or half-yearly, depending on the negotiating strategies established with the vendors of the various commodities.

Price risk: quantitative information

The derivatives outstanding at 31 December 2012 hedge the prices of aluminum and copper.

A hypothetical 10% decrease in the prices of the above commodities would reduce the fair value of the derivatives by 1.2 million euro, while a hypothetical 10% increase in the prices of these commodities would raise the fair value of the derivatives by 1.2 million euro.

These increases/decreases would be reflected in full in the hedging reserve.

Hierarchy of levels in the measurement of fair value

With regard to financial instruments recognized 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 2012:

- all the financial instruments measured at fair value are represented by Level 2 derivatives (same as in 2011);
- there were no transfers from Level 1 to Level 2, or vice versa, during 2012;
- there were also no transfers from Level 3 to other levels, or vice versa, during 2012.

11.1.3 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.

The 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 impaired in full, 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 on the basis of 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 recognised in the statement of financial position, 639.0 million euro (697.3 million euro).

Solely with regard to trade receivables at 31 December 2012, the concentration of the ten largest customers (all major retail chains) is 19.9% (21.3%) of total gross performing receivables.

11.2 Recognition of hedge transactions and categories of financial asset/liability

Hedge accounting

The Group carries out prospective and retrospective tests of the effectiveness of derivatives recognized 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 2012. With regard to the latter, Indesit Company hedges its exposure to changes in cash flows attributable to a specific risk associated with a recognized 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 recognised in 2012 due to hedges with notionals in excess of the underlying flows (overhedges).

The ineffective cash flow hedges identified in 2012 resulted in the recognition of costs totalling 1.2 million euro. With regard to the fair value hedges, the changes in the fair value of derivatives and the related underlyings are summarized in the table of transactions outstanding at year end.

Fair value

The Group uses the valuation techniques applied in established market practice and internationally-recognized 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 recognised in the statement of financial position.

		Financial assets measured at fair value through profit or loss						
31.12.2012 (million euro)	**Loans and receivables**	**Financial assets measured at fair value upon initial measurement**	**Financial assets held for trading**	**Financial assets available for sale**	**Investments held to maturity**	**Hedging Instruments**	**Total carrying amount**	**Total fair value**
Non-current financial assets	0.8	-	-	-	-	0.8	1.5	1.5
Trade receivables	465.3	-	-	-	-	-	465.3	465.3
Current financial assets	11.0	-	-	-	-	18.4	29.4	29.4
Cash and cash equivalents	142.8	-	-	-	-	-	142.8	142.8
Total							**639.0**	**639.0**

		Financial assets measured at fair value through profit or loss						
31.12.2011 (million euro)	**Loans and receivables**	**Financial assets measured at fair value upon initial measurement**	**Financial assets held for trading**	**Financial assets available for sale**	**Investments held to maturity**	**Hedging Instruments**	**Total carrying amount**	**Total fair value**
Non-current financial assets	0.3	-	-	-	-	1.2	1.5	1.5
Trade receivables	440.5	-	-	-	-	-	440.5	440.5
Current financial assets	8.9	-	-	-	-	12.0	20.9	20.9
Cash and cash equivalents	234.4	-	-	-	-	-	234.4	234.4
Total							**697.3**	**697.3**

31.12.2012 (million euro)	Financial liabilities measured at fair value through profit or loss: Financial liabilities measured at fair value upon initial measurement	Financial liabilities measured at fair value through profit or loss: Financial liabilities held for trading	Other financial liabilities measured at amortised cost	Hedging Instruments	Total carrying amount	Total fair value
Medium/long-term financial liabilities	-	-	219.1	13.2	232.3	232.3
Trade payables	-	-	844.8	-	844.8	844.8
Banks and other medium/long-term financial liabilities	-	-	190.4	7.4	197.8	197.8
Total					**1,274.9**	**1,274.9**

31.12.2011 (million euro)	Financial liabilities measured at fair value through profit or loss: Financial liabilities measured at fair value upon initial measurement	Financial liabilities measured at fair value through profit or loss: Financial liabilities held for trading	Other financial liabilities measured at amortised cost	Hedging Instruments	Total carrying amount	Total fair value
Medium/long-term financial liabilities	-	-	236.9	9.5	246.3	246.3
Trade payables	-	-	788.8	-	788.8	788.8
Banks and other medium/long-term financial liabilities	-	-	212.5	16.2	228.7	228.7
Total					**1,263.8**	**1,263.8**

Financial assets and liabilities measured at amortized cost

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

Pursuant to IFRS 7, the fair value of these captions is reassessed by calculating the present value of the contractually-expected flows of principal and interest, based on the yield curve for government securities at the valuation 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 amortized cost, they are actually recognised 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 exchange rate 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 value 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".

	(million euro)	Nature of risk hedged	Notional amount 31.12.2012	Notional amount 31.12.2011	Fair value of derivates 31.12.2012	Fair value of derivates 31.12.2011
	Cash flow hedges					
a)	Currency options	Currency	246.8	254.4	6.6	(2.7)
b)	IRS on loans short term	Interest rate	350.0	350.0	(12.5)	(11.6)
c)	Forward	Price/currency	123.5	112.9	2.9	(4.1)
	Total		**720.4**	**717.3**	**(3.0)**	**(18.4)**
	Fair value hedges					
d)	CCS on bonds	Currency/Interest rate	144.5	144.5	(0.1)	3.5
e)	IRS on bonds	Interest rate	18.3	18.3	1.5	1.7
	Total		**162.8**	**162.8**	**1.4**	**5.2**
	Other hedges					
f)	Forward	Currency	273.3	278.0	0.3	0.7
	Total		**273.3**	**278.0**	**0.3**	**0.7**
	Grand total		**1,156.4**	**1,158.1**	**(1.4)**	**(12.5)**

The currency options recognized 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 euro against the Russian ruble. The hedged currency risks mainly relate to highly probable future transactions expected to take place within one year, with the consequent release of the hedging reserve to profit or loss.

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 2012 comprise IRS with a total notional of 350.0 million euro. These hedge the interest rate risk on an average of about 200 million euro of underlying payables (short term) with the following maturities:

- 150 million euro from 17 March 2012 to 17 March 2014;

Change in fair value of derivatives at 31.12.2012 vs 31.12.2011	Change in fair value of underlyings at 31.12.2012 vs 31.12.2011	Change in fair value of underlyings at 31.12.2012 vs inception date	Change in fair value of derivatives at 31.12.2012 vs inception date	Classification at 31 December 2012				
				Other non-current financial assets	Current financial assets	Medium/ long-term financial payables	Banks and other financial payables	Total
9.3	n.a.	n.a.	n.a.	-	7.2	-	(0.6)	6.6
(0.9)	n.a.	n.a.	n.a.	-	-	(7.0)	(5.5)	(12.5)
7.0	n.a.	n.a.	n.a.	-	3.8		(0.9)	2.9
15.3	**-**	**-**	**-**	**-**	**11.0**	**(7.0)**	**(7.0)**	**(3.0)**
(3.6)	4.1	(1.4)	0.0	-	6.1	(6.2)	-	(0.1)
(0.2)	0.2	(1.6)	1.4	0.8	0.7	-	-	1.5
(3.8)	**4.3**	**(3.0)**	**1.4**	**0.8**	**6.9**	**(6.2)**	**-**	**1.4**
(0.4)	n.a.	n.a.	n.a.	-	0.6	-	(0.3)	0.3
(0.4)	**-**	**-**	**-**	**-**	**0.6**	**-**	**(0.3)**	**0.3**
11.1	**4.3**	**(3.0)**	**1.4**	**0.8**	**18.4**	**(13.2)**	**(7.4)**	**(1.4)**

- 150 million euro from 17 March 2014 to 17 March 2015;
- 50 million euro from 17 March 2012 to 17 March 2015.

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 probable future purchases of commodities and semi-finished products.

The cross currency swap was arranged to hedge the interest-rate and currency 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.

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.

The forwards not recognized as cash flow hedges were arranged to hedge currency risk.

12. Information required by IAS 24 on the remuneration of management and on related parties

Remuneration of management

In addition to the executive and non-executive directors and the statutory auditors, from 2012 there are now 7 managers with strategic responsibility for operations, planning and control (5 through 2011). These are the Administration, Finance and Control Manager, the Manager of the Home Care Division, the Manager of the Food Treatment Division, the Manager of the Services & Consumer Care Division, the Sales Manager, the Human Resources Manager and the Supply Chain and IT Manager.

The table below lists the expected gross remuneration of the above persons for 2012, comprising all forms of compensation (gross pay, bonuses, fringe benefits etc.), and the bonuses accrued but not yet paid, since subject to the achievement of annual objectives and continued employment by the Group at the vesting date.

Salaries and annual fees for the year 2012 due to directors, statutory auditors and executives with strategic responsibilities

(million euro)	Short-term benefits	Long-term benefits	Stock options
Directors	4.6	1.2	-
Statutory Auditors	0.2	-	-
Executives with strategic responsibilities	4.5	2.2	-
Total	**9.2**	**3.4**	**-**

Salaries and annual fees for the year 2011 due to directors, statutory auditors and executives with strategic responsibilities

(million euro)	Short-term benefits	Long-term benefits	Stock options
Directors	4.0	1.3	-
Statutory Auditors	0.2	-	-
Executives with strategic responsibilities	3.1	1.9	-
Total	**7.2**	**3.3**	**-**

The principal 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 the principal related parties with which transactions were carried out during the year

List of related parties	Type of relationship
Cine District Entertainment S.r.l.	Other related - Related to a member of the Board of Directors of Fineldo
Faber Factor S.r.l. in liquidation	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit Company
Fineldo S.p.A.	Group parent - Belonging to Vittorio Merloni
Immobiliare Fineldo S.r.l.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit Company
Merloni Progetti S.p.A.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit Company
M P & S S.r.l.	Other related - Related to a member of the Merloni family
Solar COOL S.r.l.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit Company
Solar STOCK S.r.l.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit Company
Solar WASH S.r.l.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit Company
Tecnosolare Carinaro S.r.l.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit Company
TM NEWS S.p.A.	Other related - Related to a member of the Board of Indesit Company S.p.A.
Tradeplace B.V.	Associate
Indesit Company UK Ltd. Group Personal Pension Plan	Pension fund
Merloni Ireland Pension Plan	Pension fund

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.

In addition to the above companies, the following natural 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.

Schedules summarizing transactions with related parties

The table on the next page summarizes balances and transactions with the related parties identified above, distinguishing between transactions with the Parent, associates and other related parties.
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 transactions with related parties separately and indicating their percentage incidence with respect to each account 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).

Table summarizing the transactions with related parties - Income statement

(million euro)	31.12.2012	31.12.2011
Revenues	**0.8**	**0.4**
Associates	-	-
Parent	0.3	0.3
Total	**1.1**	**0.8**
Cost of sales		
Associates	-	-
Other related parties	(0.4)	(0.5)
Total	**(0.4)**	**(0.5)**
Selling and distribution expenses		
Other related parties	-	-
Associates	-	-
Total	**0.0**	**0.0**
General and administrative expenses		
Associates	-	-
Other related parties	(13.8)	(11.2)
Parent	-	-
Total	**(13.8)**	**(11.2)**
Net financial expenses		
Other related parties	-	-
Parent	-	-
Total	**-**	**-**
Share of profits and (losses) of associates		
Other related parties	-	-
Total	**0.0**	**0.0**

The revenue and cost captions have essentially remained unchanged.

Table summarizing the transactions with related parties - Statement of financial position

(million euro)	31.12.2012	31.12.2011
Property, plant and equipment		
Associates	-	-
Other related parties	-	-
Total	**-**	**-**
Intangible assets with a finite life		
Associates	-	-
Other related parties	-	-
Total	**-**	**-**
Current financial assets		
Other related parties	-	-
Parent	-	-
Associates	-	-
Total	**-**	**-**
Trade receivables		
Associates	-	-
Other related parties	2.6	2.4
Parent	0.3	0.2
Total	**2.9**	**2.6**
Trade payables		
Associates	-	-
Other related parties	0.2	0.1
Parent	0.0	0.0
Total	**0.2**	**0.1**
Other payables		
Parent	-	-
Other related parties	0.0	0.0
Total	**0.0**	**0.0**

The amount due from Other related parties within Trade receivables mainly comprises 1.9 million euro due under a contract with Tecnosolare Carinaro S.r.l. that transferred land usage rights for the installation of solar panels at Carinaro and Teverola, and 0.6 million euro due from Merloni Progetti S.p.A.

The cash flow absorbed by transactions with related parties was 0.1 million euro (0.5 million euro).

Attachments

Attachment 1

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

Name	Registered office	Share capital	Group interest (in %)	
			Direct	Indirect
Indesit Argentina S.A.	Argentina	ARS 24,070,220	3.00	97.00
Indesit Company Österreich Ges. mbH	Österreich	EUR 18,168.21	-	100.00
Indesit Company Belgium S.A.	Belgium	EUR 150,000	-	100.00
Wuxi Indesit Domestic Appliance Technology Co. Ltd.	China	EUR 900,000	-	100.00
Indesit Company France S.A.	France	EUR 17,000,000	-	100.00
FCT Cirano	France	-	-	-
Indesit Company Deutschland GmbH	Germany	EUR 550,000	-	100.00
Merloni Domestic Appliances Ltd.	UK	GBP 90,175,500	19.60	80.40
Indesit Company UK Holdings Ltd.	UK	EUR 163,000,000	38.65	61.35
General Domestic Appliances Holdings Ltd.	UK	GBP 26,000,000	-	100.00
Airdum Ltd.	UK	GBP 15,000	-	100.00
Cannon Industries Ltd.	UK	GBP 1.5	-	100.00
General Domestic Appliances International Ltd.	UK	GBP 100,000	-	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
Indesit Ireland Ltd.	Ireland	EUR 100,000	-	100.00
Indesit IP S.r.l.	Italy	EUR 10,000	100.00	
Aeradriatica S.p.A.	Italy	EUR 23,068,545	100.00	-
Olympia Finance S.r.l. - Società Unipersonale	Italy	EUR 12,000	-	-
Indesit Company Luxembourg S.A.	Luxembourg	EUR 117,977,729	100.00	-
Indesit Company International B.V.	The Netherlands	EUR 272,270	-	100.00
Indesit Company Polska Sp.zo.o.	Poland	PLN 540,876,500	100.00	-
Indesit Company Portugal Electrodomésticos S.A.	Portugal	EUR 1,144,100	-	99.44
Fabrica Portugal S.A.	Portugal	EUR 11,250,000	-	96.40
Indesit Company Ceská S.r.o.	Czech Republic	CZK 1,000,000	100.00	-
Closed Joint Stock Company Indesit International ZAO	Russia	RUB 1,664,165,000	100.00	-
Indesit Rus Llc	Russia	RUB 4,340,000	100.00	-
Indesit Electrodomesticos S.A.	Spain	EUR 1,000,000	78.95	21.05
Indesit Company Nordics AB	Sweden	SEK 50,000	100.00	
Indesit Company International Business S.A.	Switzerland	SFR 250,000	-	100.00
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	Turkey	TRY 134,038,073	36.16	63.84
Indesit Company Beyaz Esya Pazarlama A.S.	Turkey	TRY 5,167,994	100.00	-
Indesit Middle East FZE	UAE	AED 1,000,000	-	100.00
Indesit Ukraine LLC	Ukraine	UAH 11,234,634	100.00	-
Indesit Company Magyarország Kft	Hungary	HUF 25,000,000	-	100.00

Attachment 2

List of other investments in subsidiaries and associates

			Group interest (in %)	
Name	**Registered office**	**Share capital**	**Direct**	**Indirect**
Indesit Company Bulgaria S.r.l.u.	Bulgary	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
Tradeplace B.V.	The Netherlands	EUR 30,000	20.00	-
Indesit Company Singapore Pte. Ltd.	Singapore	SGD 100,000	-	100.00

Attachment 3

Consolidated income statement for the year ended 31 December 2012, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

	2012			2011		
(million euro)	**Balances**	**Of which non recurring**	**Of which with related parties**	**Balances**	**Of which non recurring**	**Of which with related parties**
Revenue	2,886.0	-	1.1	2,825.3	-	0.8
Cost of sales	(2,177.5)	5.5	(0.4)	(2,098.4)	4.8	(0.5)
Selling and distribution expenses	(466.6)	12.6	0.0	(462.9)	4.8	-
General and administrative expenses	(109.3)	4.4	(13.8)	(113.6)	(0.9)	(11.2)
Operating profit	**132.6**			**150.3**		
Interest expenses	(25.8)	-	-	(19.6)	-	-
Interest income	2.9	-	-	1.9	-	-
Exchange rate differences and other net financial expenses	(7.9)	-	-	(20.4)	-	-
Share of profit (losses) of associates	0.3	-	-	0.9	-	-
Profit before tax	**102.3**			**113.2**		
Income tax *	(40.0)	-	n.a.	(54.2)	-	n.a.
Profit for the year	**62.3**			**59.0**		

	2012			2011		
Percentage weight over consolidated income statement items	**Balances**	**Of which non recurring**	**Of which with related parties**	**Balances**	**Of which non recurring**	**Of which with related parties**
Revenue	100%	0.0%	0.0%	100%	0.0%	0.0%
Cost of sales	100%	-0.3%	0.0%	100%	-0.2%	0.0%
Selling and distribution expenses	100%	-2.7%	0.0%	100%	-1.0%	0.0%
General and administrative expenses	100%	-4.1%	12.7%	100%	0.8%	9.9%
Operating profit	**100%**			**100%**		
Interest expenses	100%	0.0%	0.0%	100%	0.0%	0.0%
Interest income	100%	0.0%	0.0%	100%	0.0%	0.0%
Exchange rate differences and other net financial expenses	100%	0.0%	0.0%	100%	0.0%	0.0%
Share of profit (losses) of associates	100%	0.0%	0.0%	100%	0.0%	0.0%
Profit before tax	**100%**			**100%**		
Income tax *	100%	0%	n.a.	100%	0.0%	n.a.
Profit for the year	**100%**			**100%**		

* Tax effects calculated referring to the tax rate of the countries in which the transaction took place.

Attachment 4

Consolidated statement of financial position at 31 December 2012, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

Million euro and percentage weight over consolidated balance sheet items	31.12.2012 Balances	31.12.2012 Of which with related parties	31.12.2012 Weight %	31.12.2011 Balances	31.12.2011 Of which with related parties	31.12.2011 Weight %
Assets						
Property, plant and equipment	673.1	-	-	623.2	-	-
Goodwill and other intangible assets with an indefinite useful life	242.2	-	-	236.5	-	-
Other intangible assets with a finite life	103.8	-	-	100.1	-	-
Investments in associates	0.5	-	-	0.5	-	-
Other non-current assets	92.0	-	-	41.0	-	-
Deferred tax assets	77.7	-	-	64.3	-	-
Other non-current financial assets	1.5	-	-	1.5	-	-
Total non-current assets	**1,190.8**		**-**	**1,067.0**		**-**
Inventories	331.8	-	-	323.2	-	-
Trade receivables	465.3	2.9	0.6%	440.5	2.6	0.6%
Current financial assets	29.4	-	-	20.9	-	-
Tax receivables	20.3	-	-	12.9	-	-
Other receivables and current assets	75.4	-	-	67.8	-	-
Cash and cash equivalents	142.8			234.4	-	-
Assets held for sale	20.4	-	-	11.8	-	-
Total current assets	**1,085.4**			**1,111.4**		
Total assets	**2,276.1**			**2,178.5**		

Million euro and percentage weight over consolidated balance sheet items	31.12.2012			31.12.2011		
	Balances	Of which with related parties	Weight %	Balances	Of which with related parties	Weight %
Equity						
Share capital	92.8	-	-	92.8	-	-
Reserves	(24.1)	-	-	(67.2)	-	-
Retained earnings	504.8	-	-	469.7	-	-
Profit attributable to owners of the Parent	62.3	-	-	58.8	-	-
Equity attributable to owners of the Parent	**635.8**		**-**	**554.1**		**-**
Non-controlling interests	0.0	-	-	0.0	-	-
Total equity	**635.8**		**-**	**554.2**		**-**
Liabilities						
Non-current loans and borrowings	232.3	-	-	246.3	-	-
Employee benefits	44.7	-	-	45.4	-	-
Provisions for risks and charges	50.1	-	-	48.6	-	-
Deferred tax liabilities	50.2	-	-	38.4	-	-
Other non-current liabilities	29.9	-	-	34.9	-	-
Total non-current liabilities	**407.1**		**-**	**413.6**		**-**
Banks and other loans and borrowings	197.8	-	-	228.7	-	-
Provisions for risks and charges	64.4	-	-	58.6	-	-
Trade payables	844.8	0.2	0.0%	788.8	0.1	0.0%
Tax payables	23.6	-	-	27.6	-	-
Other payables	102.7	-	-	107.2	-	-
Total current liabilities	**1,233.1**			**1,210.7**		
Total liabilities	**1,640.3**			**1,624.3**		
Total equity and liabilities	**2,276.1**			**2,178.5**		

Attachment 5

Summary of the fees charged by the audit company and the 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.	Parent	1,151
	KPMG S.p.A. *	Subsidiaries	372
	KPMG network	Subsidiaries	1,000
Other services			
- Agreed-upon procedures	KPMG S.p.A.	Parent	75
- Agreed-upon procedures	KPMG S.p.A.	Subsidiaries	9
- Agreed-upon procedures	KPMG network	Subsidiaries	14
- Tax and advisory services	KPMG network	Parent	90
- Tax and advisory services	KPMG network	Subsidiaries	72
Total			**2,783**

* 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, 21 March 2013

For the Board of Directors

The Chairman
(signed on the original)

Andrea Merloni

Statement of compliance of the Consolidated financial statements at 31 December 2012 pursuant to art. 81-*ter* of Consob Regulation no. 11971 dated 14 May 1999 and subsequent amendments and additions

The Chief Executive Officer Marco Milani and the Manager in charge of financial reporting, Stefano Cavacini, 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 2012 of the administrative and accounting procedures applied for the preparation of the Consolidated financial statements.

The undersigned also confirm that the 2012 Consolidated financial statements:

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

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

21 March 2013

The Chief Executive Officer	The Manager in charge of financial reporting
(signed on the original)	(signed on the original)
Marco Milani	**Stefano Cavacini**

Report of the independent auditors

KPMG

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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 Indesit Company Group as at and for the year ended 31 December 2012, 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 28 March 2012 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 Indesit Company Group as at and for the year ended 31 December 2012 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 Group as at 31 December 2012, 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 an annual report on corporate governance and the 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

Indesit Company Group
Report of the auditors
31 December 2012

Legislative decree no. 58/98 disclosed in the annual report on corporate governance and the 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 annual report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Indesit Company Group as at and for the year ended 31 December 2012.

Ancona, 26 March 2013

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

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Indesit Company S.p.A.

Separate income statement for the year ended 31 December 2012 [1]

(million euro)	Note	Year 2012	Year 2011
Revenue from sales and services	6.1	1,017.5	1,108.1
Change in work in progress, semi-finished and finished products	6.2	(12.6)	0.8
Other revenue and income	6.3	100.9	91.1
Purchase of raw materials, services, leases and rentals	6.4	(838.4)	(921.3)
Payroll costs	6.5	(206.7)	(212.7)
Depreciation, amortisation and impairment losses	6.6	(59.0)	(59.3)
Change in raw materials, components and consumables	6.7	(4.7)	0.2
Provisions and other operating expenses	6.8	(28.2)	(10.4)
Operating profit	**6.9**	**(31.2)**	**(3.5)**
Dividends from subsidiaries, associates and others	6.10	109.2	51.0
Interest income from subsidiaries and associates	6.11	1.9	2.8
Interest income from third parties	6.12	0.0	0.0
Interest expenses from subsidiaries and associates	6.13	(10.1)	(8.6)
Interest expenses from third parties and the Parent	6.14	(15.0)	(13.2)
Exchange rate differences	6.15	0.1	(0.4)
Reversal of impairment losses on investments	6.16	0.0	0.0
Impairment losses on investments	6.17	(9.2)	(0.9)
Net financial income and expenses		**76.9**	**30.7**
Profit before tax		**45.7**	**27.2**
Income tax expense	6.18	0.2	(16.7)
Profit for the year		**45.9**	**10.4**

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 Attachment 2 and in note 6.9.

Separate statement of comprehensive income for the year ended 31 December 2012

(million euro)	Note	Year 2012	Year 2011
Profit for the year (A)		**45.9**	**10.4**
Losses on cash flow hedges, net of tax	7.10	(0.5)	(4.3)
Total Other comprehensive losses, net of tax (B)		**(0.5)**	**(4.3)**
Total Comprehensive income (A + B)		**45.4**	**6.1**

Separate statement of financial position at 31 December 20122 [2]

(million euro)	Note	31.12.2012	31.12.2011
Assets			
Property, plant and equipment	7.1	179.6	190.7
Goodwill and other intangible assets with an indefinite life		-	-
Other intangible assets with a finite life	7.2	72.6	69.8
Investments in associates	7.3	0.5	0.5
Other non-current assets	7.4	667.3	455.6
Deferred tax assets	7.5	32.4	24.0
Other non-current financial assets	7.11.4	0.4	50.0
Total non-current assets		**952.9**	**790.5**
Inventories	7.6	90.3	107.6
Trade receivables	7.7	418.3	406.0
Current financial assets	7.11.1	37.3	137.5
Tax receivables	7.8	5.2	1.4
Other receivables and current assets	7.9	19.8	26.2
Cash and cash equivalents	7.11.2	10.2	9.1
Assets held for sale		-	7.1
Total current assets		**581.1**	**695.0**
Total assets		**1,534.0**	**1,485.6**
Equity			
Share capital		92.8	92.8
Reserves		46.2	46.7
Retained earnings		324.4	337.7
Profit for the year		45.9	10.4
Total equity	**7.10**	**509.3**	**487.7**
Liabilities			
Medium and long-term loans and borrowings	7.11.5	232.4	248.1
Employee benefits	7.12	35.2	38.1
Provisions for risks and charges	7.13	23.4	18.7
Deferred tax liabilities	7.14	-	-
Other non-current liabilities	7.15	14.6	15.8
Total non-current liabilities		**305.6**	**320.7**
Banks and other short-term loans and borrowings	7.11.3	233.3	181.4
Provisions for risks and charges	7.13	37.9	36.2
Trade payables	7.16	391.6	400.2
Tax payables	7.17	8.3	12.5
Other payables	7.18	48.0	46.9
Total current liabilities		**719.1**	**677.2**
Total liabilities		**1,024.6**	**997.9**
Total equity and liabilities		**1,534.0**	**1,485.6**

2. 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 10.3. In addition, the financial effects of non-recurring transactions are described in note 6.9.

Separate cash flow statement for the year ended 31 December 2012 [3]

(million euro)	Note	Year 2012	Year 2011
Profit for the year	8.1	45.9	10.4
Income taxes	8.1	(0.2)	16.7
Impairment losses on investments and other financial assets	8.1	1.3	0.9
Depreciation and amortisation	8.1	59.0	59.3
Other non-monetary expenses, net	8.2	(93.1)	(16.1)
Change in trade receivables	8.3	(12.3)	59.4
Change in inventories	8.3	17.4	(0.9)
Change in trade payables	8.3	(4.9)	(86.4)
Change in other assets and liabilities	8.4	11.7	(47.4)
Income taxes	8.1	(10.9)	(9.3)
Interest paid	8.2	(12.9)	(14.8)
Interest received	8.2	2.2	2.6
Cash flows from (used in) operating activities		**3.2**	**(25.5)**
Acquisition of property, plant and equipment	8.5	(34.4)	(32.0)
Proceeds from sale of property, plant and equipment	8.5	6.6	7.6
Acquisition of intangible assets	8.6	(27.6)	(25.4)
Proceeds from sale of intangible assets	8.6	0.8	0.9
Acquisition of non-current financial assets	8.7	(109.0)	(2.8)
Proceeds from sale of non-current financial assets	8.7	0.0	0.0
Cash flows from (used in) investing activities		**(163.6)**	**(51.5)**
Change in hedging reserve on derivatives	8.8	(0.5)	(4.3)
Dividends paid	8.8	(23.7)	(31.0)
Dividends received	8.9	104.8	28.8
New short/medium/long-term loans and borrowings	8.10	0.0	75.0
Repayments of short/medium/long-term loans and borrowings	8.10	(15.7)	(2.3)
Change in short, medium and long-term financial liabilities/assets	8.11	96.6	11.5
Cash flows from (used in) financing activities		**161.4**	**77.6**
Net cash flows		**1.1**	**0.6**
Cash and cash equivalents, start of year	7.11	9.1	8.5
Cash and cash equivalents, end of year	7.11	10.2	9.1
Total change in cash and cash equivalents		**1.1**	**0.6**

3. Pursuant to Consob Resolution no. 15519 dated 27 July 2006, the financial effects of related-party transactions are reported in note 10.3. In addition, the financial effects of non-recurring transactions are described in note 7.13.

Statement of changes in separate equity for year ended 31 December 2012 and 2011

(million euro)	Opening balances	Other losses, net of taxation	Profit for the year	Total comprehensive income (Losses)	Dividends paid	Exercise of stock option rights	Allocation of profit for the year	Total effects of transactions with owners of Parent	Closing balances
Statement of changes in separate equity at 31 December 2012									
Share capital	**92.8**	-	-	-	-	-	-	-	**92.8**
Share premium reserve	**35.9**	-	-	-	-	-	-	-	**35.9**
Legal reserve	**22.7**	-	-	-	-	-	-	-	**22.7**
Other reserves	**(11.9)**	(0.5)	-	(0.5)	-	-	-	-	**(12.4)**
Retained earnings	**337.7**	-	-	-	(23.7)	-	10.4	(13.3)	**324.4**
Profit for the year	**10.4**	-	45.9	45.9	-	-	(10.4)	(10.4)	**45.9**
Total equity	**487.7**	**(0.5)**	**45.9**	**45.4**	**(23.7)**	**-**	**-**	**(23.7)**	**509.3**
Statement of changes in separate equity at 31 December 2011									
Share capital	**92.8**	-	-	-	-	-	-	-	**92.8**
Share premium reserve	**35.9**	-	-	-	-	-	-	-	**35.9**
Legal reserve	**22.7**	-	-	-	-	-	-	-	**22.7**
Other reserves	**(7.6)**	(4.3)	0.0	(4.3)	-	-	-	-	**(11.9)**
Retained earnings	**312.8**	-	0.0	-	(31.0)	-	55.9	24.9	**337.7**
Profit for the year	**55.9**	-	10.4	10.4	-	-	(55.9)	(55.9)	**10.4**
Total equity	**512.5**	**(4.3)**	**10.4**	**6.1**	**(31.0)**	**-**	**-**	**(31.0)**	**487.7**

Separate financial statements at 31 December 2012
Notes

1. Company structure and activities

Indesit Company S.p.A., Parent 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:

- commercialization of household appliances (produced in Italy and elsewhere) and supply of ancillary 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 2012

The separate financial statements at 31 December 2012 were approved by the Board of Directors on 21 March 2013 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 subsequent events

No significant events or transactions have taken place subsequent to year end.

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

The separate financial statements of Indesit Company S.p.A. have been prepared in accordance with the International Financial Reporting Standards - IFRSs™ (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 separate financial statements at 31 December 2012 have also been prepared in accordance with Consob's instructions regarding the format of financial statements, in application of art. 9 of Decree 38/2005 and other Consob regulations and instructions concerning financial statements.

The separate financial statements at 31 December 2012 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 classifies costs by type of expenditure, 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 purpose of expenditure), the separate income statement reclassified by purpose of expenditure is also attached to these financial statements.

The report on operations during 2012, prepared on a combined basis, provides information about the results of both the Group and the Parent.

5. Principal accounting policies

5.1 Basis of preparation and accounting policies adopted

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.

Basis of preparation

There are no financial assets held to maturity. Financial transactions are recognised with reference to the trade date.

The accounting policies adopted for the preparation of the separate financial statements at 31 December 2012 have also been applied on a consistent basis to all the comparative financial information.

Reclassifications

In order to improve the presentation of financial information, from 1 January 2012 revenue from the recharge of costs to other Group companies has been reclassified to reflect the composition of such costs within the income statement. In particular, general and administrative expenses have been reclassified down to 32.2 million while the cost of sales and selling and distribution expenses were reclassified to increase to, respectively, 15.2 million euro and 17.1 million euro.

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 recognize provisions for doubtful accounts, inventory obsolescence, depreciation and amortization and the write-down of 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 summarized 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 on raw materials, semi-finished and finished products, determined with reference to the life-cycle of each product and stock rotation statistics that take account of both past and forecast consumption.

Recoverable value of non-current assets
Non-current assets comprise property, plant and equipment, intangible assets and other financial assets. Management reviews the carrying amounts of the 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 at least 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 recognizes as a writedown the difference between its carrying amount and the lower value 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.

Realizability of deferred tax assets
The Company recognizes 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 likely. In the determination of values were considered the results of budgets and forecasts for future years declined for the main lines of the income statement of the company (on the basis of the guidelines of the Strategic Plan), through the use of a new management application.

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 recognised in euro. Transactions not carried out in euro are translated using the exchange rates ruling 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 recognized in the income statement. Non-monetary assets and liabilities recognised 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 recognised 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 recognized asset or liability (the underlyings), the gain or loss from subsequent fair-value adjustments to the hedging instrument is recognized 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 recognized asset or liability or a highly probable forecast transaction, the effective part of gains or losses on such financial instrument is recognized in the hedging 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 hedging 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 hedging reserve is released to the income statement in the period when the asset acquired or recognized liability has an effect on the income statement. In other cases, the hedging reserve is released to the income statement in a manner consistent with the hedged transaction i.e. when its economic effects are recognized. 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 hedging reserve is released immediately to the income statement. If however the hedged transaction is still expected to take place, the accumulated gain or loss is retained in equity until the event occurs.

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 of fair value are recognized directly in equity, to the extent that the hedge is deemed to be effective, while the ineffective portion (if any) is recognized 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 recognized 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, labor and a reasonable portion of overheads and related charges. They are stated net of accumulated depreciation and any impairment of value 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 capitalized when it is probable that they will generate measurable economic benefits in the future.

Any borrowing costs incurred on the acquisition or construction of capitalized assets that normally require time before they become available for use or for sale, are also capitalized and amortized 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 leasing of fixed assets

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 recognized 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 loss 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 7 to 20 years
Industrial and commercial equipment	from 4 to 20 years
Other assets:	
- vehicles and internal transport	from 4 to 5 years
- furniture, EDP and office machines	from 5 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 amortized 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 amortized but their recoverability is tested for impairment at least once each year. Subsequent expenditure on recognized intangible assets is capitalized 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 capitalized assets that normally require time before they become available for use or for sale, are also capitalized and amortized 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 recognized using the purchase method of accounting, and is recognised to reflect the positive difference between purchase cost and the value of the Company's equity interest at the time of acquisition, after having recognised 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 recognised 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 recognized 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 capitalized if the innovations made result in technically feasible processes and/or commercially salable 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. Capitalized expenditure includes both internal and external design costs (including payroll and materials used) and the portion of general manufacturing costs reasonably attributable to the projects concerned. Capitalized development expenditure is treated as an intangible asset with a finite life and is amortized over the expected period of economic benefit, which is generally taken to be 5 years. Adjustments are recognised 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 recognised at cost. They are amortized on a straight-line basis over the period of expected economic benefit. This period is between 5 and 10 years. Adjustments are recognised 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, and translated to 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 shareholders' 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 recognised at their historical values, without recognizing any gains or losses.

If there is evidence that equity investments may have suffered a loss in value, they are subjected to impairment testing and, if necessary, written down. Impairment is only recognized 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 recognized by recording a provision for risks and charges.

The original value is reinstated in subsequent years if the reasons for such write-downs cease to apply.

Dividends are recognized 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

When first recognised, trade receivables are stated at the fair value of the initial consideration, as 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 amortized cost, being their initially-recognized 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, amortized 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 recognised is partly or fully reversed and the value of the receivable is restored to an amount that does not exceed the amortized cost that would have been reported had the loss not been recognized.

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 amortized 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 recognized directly in equity, except for impairment losses and exchange rate losses which are charged to the income statement. The deferred gains and losses recognized 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 realizable 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 realizable 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, recognised 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 in value.

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 recognised assets of a cash-generating unit (CGU) have suffered a loss in value, their recoverable value is estimated and any excess carrying value is charged to the income statement. The loss in value of a CGU is allocated first against the related goodwill, if any, and then against the value of its other assets.

The recoverable value 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 value of expected cash flows discounted 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 changes 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), which contribute to the preparation of a medium-term plan specifically for the purpose of carrying out impairment tests. This plan is updated annually and approved by the Board of Directors.

The recoverable value of investments in securities held to maturity and receivables recognised at amortized 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.

Losses in the value of goodwill are not reversed. Any impairment losses on securities held to maturity and receivables stated at amortized 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 loss in value of 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 last two tests, performed as of 31 December 2012 and 31 December 2011, did not identify any need to adjust the carrying amount.

The recoverable value of the CGUs deemed significant for impairment testing purposes is based on their value in use, determined by applying DCF techniques over a five-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 buy-back of treasury shares, stated at cost including related charges, is recognised as a change in shareholders' 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 recognized as a liability in the year in which they are declared.

Financial liabilities

Financial liabilities are initially recognized at their fair value, net of related charges, and subsequently measured at amortized cost using the effective interest method. The difference between amortized cost and repayment value is recognized 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 recognised 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 recognized less the amount released on a straight-line 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 recognised at the fair value of the initial consideration, as increased by the related transaction costs. Following initial recognition, they are measured at amortized 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 in Italy, is recognised 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 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 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 recognized 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 recognised 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 recognized if it is probable that the related obligations will crystallize 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 recognised as a financial charge.

The principal liabilities covered by provisions are described below.

Warranties

Provisions for legally-required and voluntary warranty costs are recognised at the time the related products are sold. The provision is determined with reference to the call rate for the products still under warranty cover, 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 work

The costs of a restructuring plan are recognised 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 recognized when the expected benefits are lower than the related costs. They are recognised 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 regimes 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;
- 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. Italian legislation imposes individual responsibility for the collection and disposal of new waste, allowing manufacturers to comply with their 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 recognised 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 accounting period in which such charges become known and measurable reliably.

Income

Revenue

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership are transferred to the buyer. Revenue from the sale of goods is generally recognized 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 recognized 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 recognised 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 recognized as revenue when they are declared at the related shareholders' meeting.

Grants

Grants from the Government or other bodies, recognized in the form of direct payments or tax benefits, are recognized as deferred income in the statement of financial position, among other liabilities, at the time their collection become reasonably certain and when compliance with all the requirements to obtain them is assured. They are recognized 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 recognized in order to offset the eligible costs.

Other revenues and income

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

Expenses

The costs of purchasing goods and services are recognized when the amounts concerned can be determined reliably. The costs of purchasing goods are recognized 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 recognized 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 and impairment

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 write-downs 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 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 and expenses

Financial income

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

Income tax

Income tax is recognized in the income statement, except for that relating to transactions recognized directly in equity, in which case it is also recognized 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 on the accounting reference date.

Deferred tax is provided 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 recognized in respect of goodwill or those assets and liabilities that do not affect taxable income.

Income taxes deriving from the distribution of dividends are recognized at the time the related payable is recognized. 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 taxation is recognized 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 recognized 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 of offset exists.

Deferred taxation is recognised in relation to the distributable retained earnings of subsidiaries if there is an intention to distribute such profits.

Deferred tax liabilities are recognized on the distributable profits of subsidiaries if the Parent intends to distribute such profits in the foreseeable future.

Non-current assets held for sale and discontinued operations

Assets held for sale are measured at the lower of their carrying value at the time their sale was decided or their fair value, net of estimated selling costs. All costs, income and write-downs, if any, are recognised 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 9.11 to the consolidated financial statements.

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

Revised accounting standards and amendments are the following

IAS 12 - Income taxes
The amendment introduced a presumption that deferred tax on investment property measured at fair value in accordance with IAS 40 should be determined taking into account that the carrying amount will be recovered through sale. A consequence of this amendment, SIC 21 - Income taxes - Recovery of revalued non-depreciable asset, will no longer apply. The amendment must be applied retrospectively from 1 January 2012. It should be noted that this case is not regulated by the amendment in the Company.

5.3 Amendments and revised accounting standards effective from 1 January 2013 onwards

IAS 1 - Presentation of Financial Statements
The amendments to IAS 1 are intended to clarify the presentation of those captions representing other components of comprehensive income. This will help users of the accounts to distinguish between the individual captions that subsequently may, or may not, be reclassified to the income statement.

The standard, which will be applied from 1 January 2013, will have no effect on the results of the Company or on shareholders' equity.

IAS 19 - Employee Benefits
The amended standard requires the Company to determine the present value of its defined benefit obligations and the fair value of plan assets, and to recognize in the statement of financial position the net liability for defined benefits.

The amended standard eliminates the opportunity to apply the corridor method.

The standard also requires the discount rate on net payables to be applied to defined benefits (assets), in order to calculate the net interest expense (income). In this way, the standard eliminates the use of an expected yield on plan assets.

The changes to the net liability for defined benefits (assets) will be recognized as follows:
- the service cost and net interest in the income statement, and
- subsequent measurement in the statement of comprehensive income.

The standard will have the following impact on the presentation of financial results and equity of the Company: all gains and losses are included in the measurement of historical net defined benefit liabilities. This will increase the liabilities of Indesit and reduce shareholders' equity (net of deferred tax). Future changes in net liabilities from defined benefit changes, for example, the discount rate and the mortality rate will be presented in other comprehensive income.
The impact of the amendments to the standard will provide for a decrease (net of tax of latent approximately 1.5 million euro) in net assets for approximately 4.0 million euro and an increase in liabilities for employee benefits for approximately 5.5 million euro.

IFRS 7 - Financial Instruments: Disclosures
The amendment requires information on the effects or potential effects of the rights to offsetting financial assets and financial liabilities on the balance sheet. This amendment shall be applied for financial years beginning on or after 1 January 2013 and interim periods subsequent to that date. The information must be provided retrospectively. It is believed that the adoption of this standard did not have a material impact on the financial statements of the Company.

IFRS 10 - Consolidated financial statements
This standard identifies control as the basis for consolidation in all types of company. It replaces *IAS 27 - Consolidated and separate financial statements* and *SIC 12 - Consolidation - Special purpose entities*.

IFRS 11 - Joint Arrangements
Establishes the disclosures required by parties to joint arrangements.

This standard replaces *IAS 31 - Interests in Joint Ventures* and *SIC 13 - Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

The revised versions of IFRS 10 and IFRS 11, despite not having immediate impact on the financial result and equity of the Company, could affect the logic for the purpose of consolidation.

They will be in force from January 2014 in the European Union.

IFRS 13 - Fair Value Measurement
The principle clarifies how to determine fair value for accounting purposes and applies to all IFRS that require or permit fair value measurements or the presentation of information based on fair value. The principle is to be applied prospectively from 1 January 2013. It is believed that the adoption of this standard did not have a material impact on the financial statements of the Company.

IFRS 9 - Financial Instruments
This standard relates to the classification and measurement of financial instruments. The Company will evaluate the effect of its application on the accounting presentation of financial assets and liabilities.

The IASB has recently modified IFRS 9 and deferred its obligatory effective date to 1 January 2015, although early adoption is allowed.

6. Notes to the separate income statement

6.1 Revenue from sales and services

Revenue from the sale of goods and the provision of services is analyzed as follows:

(million euro)	**2012**	**2011**
Revenue from sale of finished products and spare parts	996.8	1,087.2
Revenue from provision of services	20.8	20.9
Total	**1,017.5**	**1,108.1**
of which:	-	-
- intercompany	582.2	620.8
- third parties	435.4	487.3

Revenue from Italian customers was 367.6 million euro (420.7 million euro), while revenue from foreign customers was 650.0 million euro (687.5 million euro), of which 582.2 million euro (620.8 million euro) was from subsidiaries.

Revenue from sales to subsidiaries is analyzed as follows:

(million euro)	**2012**	**2011**
Sales revenue from subsidiaries		
Indesit Company International Business S.A.	80.2	82.7
Indesit Company Deutschland GmbH	5.3	10.1
Indesit Electrodomesticos S.A.	13.6	15.3
Indesit Company France S.A.	109.2	125.9
Indesit Company UK Ltd.	154.6	170.5
Indesit Company Magyarország Kft	14.0	11.4
Indesit Company International BV	19.0	23.2
Indesit Company Polska Sp.zo.o.	45.3	45.6
Indesit Company Portugal Electrodomésticos S.A.	9.3	12.4
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	26.0	27.9
Indesit Argentina S.A.	0.9	2.1
Indesit Osterreich GmbH	19.6	19.5
Indesit Company Rus Ltd.	84.3	74.2
Indesit Ukraine LLC	0.7	-
Total subsidiaries	**582.2**	**620.8**

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).

Invoicing to Group companies is denominated in euro.

The volume of Group sales to third parties of household appliances produced in Italian factories fell by 12.9% in 2012. The weighting of production at Italian locations with respect to the total sales of finished products fell from 35.1% in 2011 to 30.0% in 2012.

This reduction was mainly due to lower market demand, not least in Italy where industry shipments dropped by 9.3% with respect to 2011.

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 summarized below:

(million euro)	2012	2011
Semi-finished products	0.2	0.1
Finished products and spare parts	(12.8)	0.7
Total	**(12.6)**	**0.8**

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 1.8 million euro (decreased by 2.1 million euro). The higher costs reflect the reduction in inventories and the impairment of residual stocks of products that do not comply with the new energy labeling directives (see the Report on operations for further information).

6.3 Other revenue and income

Other revenues and income are analyzed as follows:

(million euro)	2012	2011
Increase in intangible assets for internal work	15.0	15.8
Insurance reimbursement	1.0	0.1
Recharge of services and royalties	27.1	24.4
Capital gains	0.0	0.1
Operating grants	2.0	4.1
Capital grants	0.9	1.1
Steel grants for export	0.7	0.7
Other income	4.3	5.1
Revenues from cost sharing	49.9	39.7
Total	**100.9**	**91.1**

The increase in intangible assets by internal work principally relates to the capitalization of development costs.

The Operating grants caption reflects grants received from European organizations and other entities[4].

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 brands and its technological know-how (royalties).

The Recharge of services, cost sharing and royalties caption is analyzed by company in the following table.

(million euro)	2012	2011
Recharge of services and royalties to subsidiaries		
Indesit Company Portugal Electrodomésticos S.A.	0.7	0.7
Indesit Electrodomesticos S.A.	1.0	0.9
Indesit Company France S.A.	5.3	5.4
Indesit Company Deutschland GmbH	0.4	0.4
Indesit Company International B.V.	0.5	0.5
Indesit Company Polska Sp.zo.o.	27.9	20.6
Indesit Company International Business S.A.	2.8	2.6
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	11.9	9.9
Indesit Company Magyarország Kft	1.3	1.2
Indesit Company UK Ltd.	14.4	12.4
Closed Joint Stock Company Indesit International	10.6	9.4
Indesit Ukraine LLC	0.2	0.2
Total subsidiaries	**77,0**	**64,1**

The increase with respect to the prior year primarily reflects recharges made to Indesit Company Polska Sp.zo.o., 7.2 million euro, and to Indesit Company Beyez Esyaz Sanayi ve Ticaret A.S., 2.0 million euro. This effect is attributable to the divisional structure adopted by the Group, which has resulted in a different allocation of charges, compared with 2011, to manufacturing locations that are undergoing expansion.

6.4 Purchase of raw materials, services, leases and rentals

This caption comprises:

(million euro)	2012	2011
Purchase of raw materials, components and goods	(708.4)	(775.7)
Maintanance	(10.3)	(9.5)
Distribution expenses	(63.2)	(67.6)
Advertising	(24.2)	(31.3)
Technical assistance	(7.4)	(7.4)
Services	(18.7)	(21.4)
Statutory auditors fees	(0.2)	(0.2)
Utilities	(9.7)	(9.9)
Use of third parties	(11.2)	(8.7)
Insurance	(3.8)	(2.3)
Other expenses	(30.8)	(37.5)
Revenue from the sale of raw materials	36.1	38.9
Revenue from the recharge of expenses	13.4	11.2
Total	**(838.4)**	**(921.3)**

This caption includes the cost of purchasing finished products and, to a lesser extent, raw materials and services from subsidiaries.

The reduction in sourcing costs is principally attributable to the decline in the volume of production and sales. In addition, the reduction in volumes transported has resulted in lower distribution costs, down by 4.4 million euro. Further savings, about 7.1 million euro, were made in relation to advertising and promotion costs.

Other costs decreased after the containment of costs related to travel expenses, expenses for outsourcing and types of residual cost to the companies of the Group.

The costs of purchasing finished products, raw materials and services from subsidiaries are analyzed as follows:

(million euro)	**2012**	**2011**
Purchase of finished products, raw materials and services to subsidiaries		
Indesit Company International Business S.A.	(0.7)	(0.8)
Indesit Company Deutschland GmbH	(0.3)	(0.8)
Indesit Electrodomesticos S.A.	(0.1)	(0.2)
Indesit Company France S.A.	(0.5)	(1.4)
Indesit Company UK Ltd.	(15.2)	(22.7)
Indesit Company International B.V.	(0.1)	(0.1)
Indesit Company International B.V. - rep. office	-	(0.0)
Indesit Company Polska Sp.zo.o.	(113.4)	(101.5)
Indesit Company Portugal Electrodomésticos S.A.	(0.7)	(0.9)
Indesit Company Beyaz Esya Pazarlama A.S.	(36.0)	(28.3)
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	(0.8)	(0.7)
Indesit Osterreich GmbH	(2.1)	(1.6)
Indesit Company IP S.r.l.	(0.0)	(0.1)
Aeradriatica S.p.A.	(2.2)	(2.3)
Indesit Company Rus Ltd.	(0.2)	(0.3)
Closed Joint Stock Company Indesit International	(0.2)	(0.2)
Wuxi Indesit Domestic Appliance Technology Co. Ltd.	(1.3)	(1.1)
Indesit Company Bulgaria Ltd.	(1.2)	(1.2)
Indesit Company Appliances Hellas Mepe	(1.7)	(1.9)
Indesit Company Norge Ltd.	(0.8)	(2.1)
Indesit Company Nordics A.B.	(0.4)	-
Total subsidiaries	**(178.0)**	**(168.3)**

Raw materials and the recovery of costs, part of the Materials, services, leases and rentals caption, include the recharges made to subsidiaries.

The sales of raw materials to Group companies are analyzed in the following table.

(million euro)	**2012**	**2011**
Revenue from the sale of raw materials to subsidiaries		
Indesit Company UK Ltd.	0.0	0.0
Indesit Company Polska Sp.zo.o.	4.7	3.7
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	0.1	0.1
Indesit Company Rus Ltd	0.0	0.0
Closed Joint Stock Company Indesit International	0.5	0.2
Total subsidiaries	**5.3**	**4.0**

The Revenue from the recharge of expenses caption relates to amounts, other than cost sharing and royalties, recharged to Group companies and to the Parent.

These are analyzed by subsidiary and Parent in the following table:

(million euro)	**2012**	**2011**
Revenue from the recharge of expenses to subsidiaries	-	-
Indesit Company Belgium S.A.	0.0	-
Indesit Company International Business S.A.	0.6	0.6
Indesit Company Ceská S.r.o.	0.1	0.0
Indesit Company Deutschland GmbH	0.1	0.1
Indesit Electrodomesticos S.A.	0.4	0.4
Indesit Company France S.A.	2.3	1.1
Indesit Company UK Ltd.	1.0	1.4
Indesit Company Magyarország Kft	1.6	1.8
Indesit Company Luxembourg S.A.	0.0	-
Indesit Company International B.V.	0.2	0.2
Indesit Company International B.V. - rep. office	-	0.0
Indesit Company Polska Sp.zo.o.	1.4	0.7
Indesit Company Portugal Electrodomésticos S.A.	0.2	0.3
Indesit Company Beyaz Esya Pazarlama A.S.	0.4	0.3
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	0.2	0.1
Indesit Osterreich GmbH	0.1	0.0
Indesit Company IP S.r.l.	0.0	0.0
Aeradriatica S.p.A.	0.1	0.1
Indesit Company Rus Ltd.	2.7	2.3
Closed Joint Stock Company Indesit International	1.7	1.6
Indesit Ukraine LLC	0.1	-
Indesit Company Nordics A.B.	0.0	-
Total subsidiaries	**13.4**	**11.1**
Parent		
Revenues from Fineldo	0.0	0.0
Total parent	**0.0**	**0.0**
Total subsidiaries and parent	**13.4**	**11.2**

The increase in this caption by 2.2 million euro mainly relates to the recharges made to Indesit Company France S.A.

6.5 Payroll costs

Payroll costs are analyzed as follows:

(million euro)	2012	2011
Wages and salaries	(148.4)	(149.8)
Social security and pension contributions	(44.6)	(45.3)
Post-employment benefits TFR	(10.1)	(10.5)
Other expenses	(3.6)	(7.1)
Total	**(206.7)**	**(212.7)**

The decrease in payroll costs reflects the cost control measures implemented during the year, which resulted in a reduction in employment and a decrease in the variable element of remuneration.

The Social security and pension contributions caption principally comprises payroll contributions amounting to 44.6 million euro (45.3 million euro).

The Other expenses caption comprises employee insurance, 1.3 million euro (1.3 million euro), temporary workers, 1.8 million euro (4.7 million euro), accident and illness costs, 1.0 million euro (1.0 million euro), other payroll costs, 2.3 million euro (2.6 million euro) and amounts recharged to Group companies, 2.8 million euro (2.5 million euro).

Employees are analyzed by category below:

	Employees 31.12.2012		Employees 31.12.2011		Monthly
Qualification	Permanent	Temporary	Permanent	Temporary	average 2012
Executives	116	0	115	0	116
Managerial staff	304	0	274	0	301
Clerical staff	991	47	979	70	1,017
Factory workers	3,032	1	3,177	3	3,104
Total	**4,443**	**48**	**4,545**	**73**	**4,538**

6.6 Depreciation, amortisation and impairment losses

(million euro)	Year 2012	Year 2011
Depreciation of property, plant and equipment	(35.1)	(33.6)
Depreciation, amortisation of intangible assets	(23.9)	(25.6)
Total	**(59.0)**	**(59.3)**

6.7 Change in raw materials, components and consumables

The change in inventories of raw materials is reported net of the change in the provision for obsolescence. The net provision for the year was 0.2 million euro (net utilizations of 0.5 million euro).

6.8 Provisions and other operating expenses

Provisions and other operating expenses are analyzed in the following table.

(million euro)	2012	2011
Provision for doubtful accounts	(1.8)	(2.7)
Liberal disbursement	(0.5)	(0.6)
IMU (local property tax)	(1.0)	(0.7)
Associative contribution	(0.9)	(1.0)
Expenses for licences and brands	(4.4)	(4.9)
Provisions and other operating expenses	(19.5)	(0.4)
Total	**(28.2)**	**(10.4)**

The cost of licences, trademarks and patents comprises the related filing expenses, as well as the cost of purchasing materials and carrying out studies and tests as part of research projects.

The caption accruals and other operating income/expenses includes accruals to and utilizations of the provisions for risks, as well as all residual income and expenses.

The increase was mainly due to risk provisions for restructuring (about 10 million euro), redundancies (approximately 4.0 million euro) and litigation and other operating expenses (around 5.0 million euro).

6.9 Operating profit and non-recurring items

As required by Consob Communication DEM/6064293 dated 28 July 2006, significant non-operating income and expenses are detailed in the following table.

(million euro)	2012	2011
Redundancies charges	(4.7)	(0.9)
Restructuring charges	(11.3)	(2.7)
Benefits for earthquake grants Law no. 103/2008	-	-
Environmental clean-up	(2.2)	0.5
Other non-recurring income (expenses)	2.4	(0.2)
Total	**(15.9)**	**(3.4)**

The increase in net non-recurring charges was mainly due to the higher restructuring cost and redundancy incentives relating to the closure of the None factory.

These increases were partially offset by the release of the residual provision for environmental clean up.

The non-recurring items included in the various income statement captions are detailed below:

	2012						
(million euro)	**Balances**	**Redundancies**	**Restructuring charges**	**Benefits for earthquake grants Law no. 103/2008**	**Other non-recurring income (expenses)**	**Environmental clean up**	**Total non-recurring items**
Revenue from sales and services	1,017.5	-	-	-	-	-	-
Change in work in progress, semi-finished and finished products	(12.6)	-	-	-	(1.9)	-	(1.9)
Other income and expenses	100.9	-	-	-	-	-	-
Purchase of raw materials, services and costs for utilization of third party assets	(838.4)	-	(0.4)	-	(0.2)	-	(0.5)
Payroll costs	(206.7)	-	(0.5)	-	(0.2)	-	(0.7)
Depreciation, amortization and impairment losses	(59.0)	-	(0.5)	-	-	-	(0.5)
Change in raw materials, auxiliary and components	(4.7)	-	-	-	-	-	-
Provisions and other operating charges	(28.2)	(4.7)	(10.0)	-	(0.0)	2.4	(12.4)
Operating profit	**(31.2)**	**(4.7)**	**(11.3)**	**-**	**(2.2)**	**2.4**	**(15.9)**

Isolating the effect of recognizing non-recurring items, the operating profit from continuing activities is indicated below:

(million euro)	**2012**	**2011**
Revenue	1,017.5	1,108.1
Operating profit (loss)	(31.2)	(3.5)
Operating margin %	**-3.1%**	**-0.3%**
Non-recurring items	(15.9)	(3.4)
Operating profit of recurring activities	(15.3)	(0.2)
Operating margin of recurring activities %	**-1.5%**	**0.0%**

The operating loss (EBIT) was negative for 31.2 million euro (negative for 3.5 million euro), representing -3.1% of revenue (-0.3%).

Net non-recurring charges amounted to 15.9 million euro (3.4 million euro).

Before non-recurring items, the operating loss was 15.3 million euro (0.2 million euro).

The change in operating loss is analyzed in the Report on operations.

Attachment 2 (Income statement for the year ended 31 December 2012, prepared pursuant to Consob Decision 15519 dated 27 July 2006 and Consob Communication DEM/6064293 dated 28 July 2006) to these notes summarizes the overall effect of non-recurring charges 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 accruals 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)	2012	2011
Subsidiaries, associates and others		
Indesit Company Ceská S.r.o.	-	0.7
Indesit Company UK Holdings Ltd.	19.3	-
Indesit Company Luxembourg S.A.	-	20.0
Indesit Argentina S.A.	-	0.1
Indesit Company Rus Ltd.	63.0	30.2
Closed Joint Stock Company Indesit International	26.9	-
Total subsidiaries, associates and others	**109.2**	**51.0**

6.11 Interest income from subsidiaries

The other financial income deriving from subsidiaries is detailed in the following table.

(million euro)	2012	2011
Subsidiaries		
Indesit Company International Business S.A.	0.1	0.6
Indesit Company Deutschland GmbH	0.0	0.0
Indesit Electrodomesticos S.A.	-	0.0
Indesit Company France S.A.	0.1	1.0
Indesit Company UK Ltd.	0.1	0.1
General Domestic Appliances Holdings Ltd.	0.1	0.1
Indesit Company Magyarország Kft	0.0	0.0
Indesit Company Luxembourg S.A.	0.1	0.1
Indesit Company International B.V.	-	0.0
Indesit Company Polska Sp.zo.o.	0.3	0.2
Indesit Company Portugal Electrodomésticos S.A.	-	0.0
Indesit Company Beyaz Esya Pazarlama A.S.	0.0	0.0
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	1.0	0.7
Indesit Ukraine LLC	0.0	0.0
Indesit Company Nordics A.B.	0.0	-
Total subsidiaries	**1.9**	**2.8**

6.12 Interest income from third parties

There was no financial income from third parties in 2012 or 2011.

6.13 Interest expenses from subsidiaries and associates

The financial expenses from subsidiaries and associates are detailed in the following table.

(million euro)	2012	2011
Subsidiaries and associates		
Indesit Company International Business S.A.	(4.2)	(1.9)
Indesit Electrodomesticos S.A.	(0.0)	(0.0)
Indesit Company France S.A.	(0.1)	-
Indesit Company UK Ltd.	(0.1)	(0.1)
Indesit Company Magyarország Kft	-	(0.0)
Indesit Company Luxembourg S.A.	(5.7)	(6.5)
Indesit Company International B.V.	(0.0)	-
Indesit Company Portugal Electrodomésticos S.A.	(0.0)	(0.0)
Indesit Company Beyaz Esya Pazarlama A.S.	(0.0)	(0.1)
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	(0.0)	(0.0)
Total subsidiaries and associates	**(10.1)**	**(8.6)**

Financial expenses from Indesit Company International Business S.A. have increased, principally due to the effect of the interest-rate swap that hedges short-term borrowing.

6.14 Interest expenses from third parties and the Parent

The interest expense incurred in relation to the various sources of finance is analyzed in the following table.

(million euro)	2012	2011
Interest on medium/long-term bank loans and borrowings	(1.7)	(0.9)
Interest on short-term borrowing	(5.1)	(2.9)
Other interest and expenses	(8.2)	(9.4)
Total	**(15.0)**	**(13.2)**

Interest on short-term borrowing includes charges relating to hot money amounting to 5.1 million euro (2.9 million euro).

Other interest and expenses include expenses relating to the securitization program, 1.7 million euro (3.5 million euro); financial expenses associated with the discounting of post-employment benefits, 1.7 million euro (1.8 million euro) and the effect of discounting other non-current provisions, 1.1 million euro (1.3 million euro); other interest and commission charges, 3.0 million euro (1.7 million euro); charges from use of the revolving line of credit, 0.2 million euro (0.5 million euro); and current account interest expense, 0.5 million euro (0.6 million euro).

6.15 Exchange rate differences

The following table analyzes exchange/rate fluctuations, identifying both realized and unrealized gains and losses.

(million euro)	2012	2011
Realized exchange rate fluctuations, net	(0.1)	(0.3)
Unrealized exchange rate fluctuations, net	0.1	(0.0)
Total	**0.1**	**(0.4)**

6.16 Reversal of impairment losses on investments

No equity investments were revalued in 2012 or 2011.

6.17 Impairment losses on investments

The impairment losses on equity investments reflect the impairment loss on the investments in Indesit Electrodomesticos S.A., 3.9 million euro, and Indesit Ukraine, 5.0 million euro. Further information is provided in note 7.4.

6.18 Income tax expense

The taxation charged to the income statement is analyzed below.

(million euro)	2012	2011
Deferred tax assets, net	8.1	1.9
IRES	(6.7)	(3.0)
IRAP	(4.1)	(5.6)
Prior year taxes	2.9	(8.7)
Other income taxes	(0.1)	(1.3)
Total	**0.2**	**(16.7)**

The following table reconciles the theoretical tax charge, determined using the reference tax rate, with the reported tax charge.

(million euro)	2012	2011
Profit before tax	45.7	27.2
Theoretical tax charge	(12.6)	(7.5)
Actual tax charge	0.2	(16.7)
Total difference	**(12.8)**	**(9.3)**
IRAP (current and deferred)	(4.3)	(5.6)
Dividends	22.8	9.3
Other	(5.7)	(12.9)
Total difference	**12.8**	**(9.3)**

The difference between the theoretical and reported tax charges is mainly due to the positive effect of the higher dividends received in 2012.

The lower negative impact of other effects in 2012 mainly reflects the liability of about 8.4 million euro recognised in 2011 to settle transfer pricing matters raised by the Tax Authorities in relation to the 2006-2010 tax years.

7. Notes to the separate statement of financial position

7.1 Property, plant and equipment

The changes in property, plant and equipment are analyzed in the tables presented on the following page.

The change in property, plant and equipment reflects additions of 30.7 million euro linked to the investment in new products, and retirements, net of the related accumulated depreciation, of 6.8 million euro.

The depreciation and impairment losses for the year was 35.1 million euro (33.6 million euro). No impairment losses were recognised in 2012 or 2011.

Unfulfilled orders placed for the supply of property, plant and equipment amount to 3.0 million euro.

The ownership of property is not restricted by liens and charges and there are no significant finance lease commitments.

The changes in historical cost are presented below:

(million euro)	31.12.2011	Additions	Depreciation and impairment losses	Decreases	Reclassifi-cations	Other movements	31.12.2012
Land and buildings	126.6	1.3	-	(0.9)	1.5	0.2	128.6
Plant and machinery	344.0	7.8	-	(15.6)	4.1	-	340.2
Industrial and commercial equipment	280.0	5.8	-	(17.9)	7.8	0.0	275.8
Assets under construction	14.6	15.2	-	-	(14.0)	0.0	15.8
Other assets	38.2	0.7	-	(2.0)	0.5	-	37.4
Total	**803.3**	**30.7**	**-**	**(36.5)**	**(0.0)**	**0.2**	**797.7**

(million euro)	31.12.2010	Additions	Depreciation and impairment losses	Decreases	Reclassifi-cations	Other movements	31.12.2011
Land and buildings	135.8	1.9	-	(14.2)	3.0	(0.0)	126.6
Plant and machinery	338.7	13.9	-	(19.6)	10.9	(0.0)	344.0
Industrial and commercial equipment	280.5	11.5	-	(26.0)	14.0	(0.0)	280.0
Assets under construction	29.0	13.7	-	-	(28.1)	(0.0)	14.6
Other assets	38.7	0.6	-	(1.4)	0.2	0.0	38.2
Total	**822.8**	**41.7**	**-**	**(61.1)**	**(0.0)**	**(0.0)**	**803.3**

The change in accumulated depreciation is presented below:

(million euro)	31.12.2011	Additions	Depreciation and impairment losses	Decreases	Reclassifi-cations	Other movements	31.12.2012
Land and buildings	(52.0)	-	(3.4)	0.8	-	(0.0)	(54.5)
Plant and machinery	(278.5)	-	(14.9)	10.8	-	-	(282.6)
Industrial and commercial equipment	(246.6)	-	(15.8)	16.1	-	0.0	(246.3)
Other assets	(35.7)	-	(1.0)	2.0	-	0.1	(34.7)
Total	**(612.7)**	**-**	**(35.1)**	**29.7**	**-**	**0.0**	**(618.1)**

(million euro)	31.12.2010	Additions	Depreciation and impairment losses	Decreases	Reclassifi-cations	Other movements	31.12.2011
Land and buildings	(55.2)	-	(3.7)	7.0	-	(0.0)	(52.0)
Plant and machinery	(284.0)	-	(13.9)	19.4	-	0.0	(278.5)
Industrial and commercial equipment	(257.4)	-	(14.8)	25.6	-	0.0	(246.6)
Other assets	(35.8)	-	(1.2)	1.3	-	(0.0)	(35.7)
Total	**(632.5)**	**-**	**(33.6)**	**53.4**	**-**	**0.0**	**(612.7)**

The change in net carrying amount is presented below:

(million euro)	31.12.2011	Additions	Depreciation and impairment losses	Decreases	Reclassifi-cations	Other movements	31.12.2012
Land and buildings	74.6	1.3	(3.4)	(0.1)	1.5	0.1	74.0
Plant and machinery	65.5	7.8	(14.9)	(4.8)	4.1	-	57.7
Industrial and commercial equipment	33.5	5.8	(15.8)	(1.8)	7.8	0.0	29.4
Assets under construction	14.6	15.2	-	-	(14.0)	0.0	15.8
Other assets	2.5	0.7	(1.0)	(0.1)	0.5	0.1	2.7
Total	**190.7**	**30.7**	**(35.1)**	**(6.8)**	**(0.0)**	**0.2**	**179.6**

(million euro)	31.12.2010	Additions	Depreciation and impairment losses	Decreases	Reclassifi-cations	Other movements	31.12.2011
Land and buildings	80.5	1.9	(3.7)	(7.1)	3.0	(0.0)	74.6
Plant and machinery	54.7	13.9	(13.9)	(0.1)	10.9	0.0	65.5
Industrial and commercial equipment	23.1	11.5	(14.8)	(0.4)	14.0	(0.0)	33.5
Assets under construction	29.0	13.7	-	-	(28.1)	(0.0)	14.6
Other assets	2.9	0.6	(1.2)	(0.0)	0.2	0.0	2.5
Total	**190.3**	**41.7**	**(33.6)**	**(7.6)**	**(0.0)**	**(0.0)**	**190.7**

7.2 Other intangible assets with a finite life

The changes in historical cost are presented below:

(million euro)	31.12.2011	Increases	Amortization and impairment losses	Decreases	Reclassifi-cation	Other movements	31.12.2012
Development costs	79.3	11.7	-	(0.2)	4.3	(5.6)	89.5
Licences and software	66.3	5.5	-	(0.4)	3.2	(8.4)	66.2
Brands with a finite life	0.1	-	-	-	-	(0.0)	0.1
Intangible assets under construction	8.3	10.4	-	-	(7.5)	-	11.1
Other intangible assets	0.2	0.0	-	-	-	(0.2)	-
Total	**154.3**	**27.6**	**-**	**(0.7)**	**0.0**	**(14.2)**	**167.0**

(million euro)	31.12.2010	Increases	Amortization and impairment losses	Decreases	Reclassifi-cation	Other movements	31.12.2011
Development costs	65.7	11.8	-	(0.1)	12.5	(10.6)	79.3
Licences and software	62.8	5.9	-	(0.9)	2.4	(3.8)	66.3
Brands with a finite life	0.1	-	-	-	-	-	0.1
Intangible assets under construction	15.6	7.6	-	-	(14.8)	0.0	8.3
Other intangible assets	0.1	0.1	-	-	-	(0.0)	0.2
Total	**144.3**	**25.4**	**-**	**(0.9)**	**0.0**	**(14.4)**	**154.3**

The change in accumulated depreciation is presented below:

(million euro)	31.12.2011	Increases	Amortization and impairment losses	Decreases	Reclassifi-cation	Other movements	31.12.2012
Development costs	(45.1)	-	(13.7)	-	0.0	5.6	(53.3)
Licences and software	(39.2)	-	(10.2)	-	(0.0)	8.4	(41.0)
Brands with a finite life	(0.1)	-	-	-	-	0.0	(0.1)
Other intangible assets	(0.1)	-	-	-	-	0.1	-
Total	**(84.5)**	**-**	**(23.9)**	**-**	**-**	**14.1**	**(94.4)**

(million euro)	31.12.2010	Increases	Amortization and impairment losses	Decreases	Reclassifi-cation	Other movements	31.12.2011
Development costs	(40.3)	-	(15.4)	-	-	10.6	(45.1)
Licences and software	(32.8)	-	(10.2)	-	-	3.8	(39.2)
Brands with a finite life	(0.1)	-	(0.0)	-	-	-	(0.1)
Other intangible assets	(0.1)	-	(0.0)	-	-	0.0	(0.1)
Total	**(73.3)**	**-**	**(25.6)**	**-**	**-**	**14.4**	**(84.5)**

The change in net carrying amount is presented below:

(million euro)	31.12.2011	Additions	Amortization and impairment losses	Decreases	Reclassifi-cations	Other movements	31.12.2012
Development costs	34.2	11.7	(13.7)	(0.2)	4.3	-	36.3
Licences and software	27.1	5.5	(10.2)	(0.4)	3.2	-	25.2
Brands with a finite life	-	-	-	-	-	-	-
Intangible assets under construction	8.3	10.4	-	-	(7.5)	-	11.1
Other intangible assets	0.1	0.0	-	-	-	(0.1)	-
Total	**69.8**	**27.6**	**(23.9)**	**(0.7)**	**0.0**	**(0.1)**	**72.6**

(million euro)	31.12.2010	Additions	Amortization and impairment losses	Decreases	Reclassifi-cations	Other movements	31.12.2011
Development costs	25.4	11.8	(15.4)	(0.1)	12.5	-	34.2
Licences and software	30.0	5.9	(10.2)	(0.9)	2.4	0.0	27.1
Brands with a finite life	0.0	-	(0.0)	-	-	-	-
Intangible assets under construction	15.6	7.6	-	-	(14.8)	0.0	8.3
Other intangible assets	0.0	0.1	(0.0)	-	-	-	0.1
Total	**71.0**	**25.4**	**(25.6)**	**(0.9)**	**0.0**	**0.0**	**69.8**

Capitalized Development costs amounted to 11.7 million euro (11.8 million euro), mainly in relation to the work on new products.

Development costs have enabled the acquisition of a greater know-how in industrial or commercial matters.

The elimination of the historical values resulting from the impairment loss of fully amortized development costs amounted to 5.6 million euro (10.6 million euro).

The amortization charge for the year was 13.7 million euro (15.4 million euro).

The increases in the Licenses and software caption include 4.8 million euro (5.2 million euro) incurred to develop and enhance software programs, and 0.7 million euro (0.7 million euro) relating to IT user licences (SAP, Microsoft etc.).

The capitalized licences, totaling a historical cost of 11.3 million euro, mainly relating to the rights to use the brand Ariston, for 6.7 million euro (total amortized at 31 December 2012 to 4.2 million euro), and the rights of use of computer programs for 4.6 million euro.

The elimination of fully amortized software and licences resulted in the cancellation of historical costs totaling 6.7 million euro (2.7 million euro) and 1.7 million euro (1.1 million euro) respectively.

The amortization charges for software and licences totaled 8.9 million euro (8.9 million euro) and 1.2 million euro (1.4 million euro) respectively.

The Group's principal brands, Hotpoint and Indesit, are not recognised in the financial statements. The right to use the Hotpoint name 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 name is held by Indesit Company Luxembourg S.A. The Hotpoint brand is used under licence by Indesit Company S.p.A.

Although the right to use the Indesit name 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 amortized. The only recognised brands is therefore the Star brand, acquired on the merger of that company in 2003. The historical cost recognized, 0.1 million euro, has been fully amortized.

Intangible assets consist primarily of ongoing development costs of 7.8 million euro (5.0 million euro) and software and licences for 3.3 million euro (3.3 million euro).

The other intangible assets relates multiannual expenditure made on rental properties.

7.3 Investments in associates

Investments in associates are analyzed below:

Company name (million euro)	%	31.12.2012	31.12.2011
Trade Place B.V.	20	0.5	0.5
Total associates		**0.5**	**0.5**

7.4 Investments in subsidiaries and other non-current assets

Investments in subsidiaries and other non-current assets 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 directly and indirectly-held subsidiaries and other companies are analyzed in the table below, which indicates the direct interest held.

Companies (million euro)	%	31.12.2012	31.12.2011
Subsidiaries			
Indesit Company Ceská S.r.o.	100.00	0.0	0.0
Indesit Electrodomesticos S.A.	79.00	0.0	0.0
Merloni Domestic Appliances Ltd.	19.60	13.6	13.6
Indesit Company UK Holdings Ltd.	38.70	136.7	0.0
Indesit Company Luxembourg S.A.	100.00	105.2	68.1
Indesit Company Polska Sp.zo.o.	100.00	221.7	182.7
Indesit Company Portugal Electrodomésticos S.A.	0.00	0.0	0.0
Indesit Company Beyaz Esya Pazarlama A.S.	100.00	3.8	3.8
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	36.20	22.1	22.1
Indesit Argentina S.A.	3.00	0.2	0.2
Indesit Company IP S.r.l.	100.00	0.0	0.0
Aeradriatica S.p.A.	100.00	20.3	20.3
Indesit Company Rus Ltd.	100.00	0.1	0.1
Closed Joint Stock Company Indesit International	100.00	143.2	143.2
Indesit Ukraine LLC	100.00	0.0	1.1
Indesit Company Bulgaria Ltd.	100.00	0.0	0.0
Indesit Company Nordics A.B.	100.00	0.0	0.0
Total subsidiaries		**667.0**	**455.2**
Other companies			
Consorzio CONAI	0.07	0.0	0.0
Partecipation to Consorzio ECODOM	4.81	0.0	0.0
Consorzio delle Dennie - Investment	14.28	0.0	0.0
Distretto elettrodomestico S.c.ar.l.	6.45	0.0	0.0
Unifabriano S.c.ar.l. - Investments	10.41	0.0	0.0
Emittente Titoli S.p.A. - c/Investments	1.09	0.1	0.1
Consorzio Calef - c/Investments	n,a	0.0	0.0
Consorzio CO - ENV c/Investments	8.33	0.0	0.0
E&A Soc. Serv. Energ. Ambiente S.r.l. c/Investments	7.14	0.0	0.0
Radio A Korasidis AE c/Investments	0.08	0.0	0.0
SPES S.p.A. c/Investments	15.40	0.2	0.2
PROPLAST c/Investments	n.a.	0.0	0.0
HOMELAB c/Investments	n.a.	0.0	0.0
Total other companies		**0.3**	**0.3**
Total investments in subsidiaries and other investments		**667.3**	**455.6**

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 equity investments held by Indesit Company S.p.A. in other companies relate 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 composition of and changes in equity investments are analyzed below:

(million euro)	31.12.2011	Increases	Impairment losses	Decreases	Reclassifi-cation	Other movements	31.12.2012
Indesit Company Ceská S.r.o.	0.0	-	-	-	-	-	0.0
Indesit Electrodomesticos S.A.	-	0.2	(0.2)	-	-	-	-
Merloni Domestic Appliances Ltd.	13.6	-	-	-	-	-	13.6
Indesit Company Uk Holdings Ltd.	-	136.7	-	-	-	-	136.7
Indesit Company Luxembourg S.A.	68.1	37.1	-	-	-	-	105.2
Indesit Company Polska Sp.zo.o.	182.7	39.9	-	-	-	(0.9)	221.7
Indesit Company Portugal Electrodomésticos S.A.	0.0	-	-	-	-	-	0.0
Indesit Company Beyaz Esya Pazarlama A.S.	3.8	-	-	-	-	-	3.8
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	22.1	-	-	-	-	(0.0)	22.1
Indesit Argentina S.A.	0.2	-	-	-	-	-	0.2
Indesit Company IP S.r.l.	0.0	-	-	-	-	-	0.0
Aeradriatica S.p.A.	20.3	-	-	-	-	-	20.3
Indesit Company Rus Ltd.	0.1	-	-	-	-	-	0.1
Closed Joint Stock Company Indesit International	143.2	-	-	-	-	(0.0)	143.2
Indesit Ukraine LLC	1.1	-	(1.1)	-	-	-	-
Indesit Company Bulgaria Ltd.	0.0	-	-	-	-	-	0.0
Indesit Company Nordics A.B.	-	0.0	-	-	-	-	0.0
Total	**455.2**	**214.0**	**(1.3)**	**-**	**-**	**(1.0)**	**667.0**

Indesit S.p.A. purchased 38.65% of Indesit Company UK Holdings Ltd. for 136.7 million euro and increased its investment in Indesit Company Luxembourg S.A. by 37.1 million euro. These changes reflect the reorganization of the chain of ownership within the Group.

The increase in equity investments reflects a payment on capital account made to Indesit Company Electrodomesticos, 0.2 million euro. This investment was impaired by 0.2 million euro at the same time. In addition, following the impairment losses reported, a provision for risks of 3.9 million euro has also been recognised.

Indesit Ukraine was similarly impaired by 1.1 million euro and, following the impairment losses reported, a provision for risks of 4.0 million euro has been recognised.

The increase of 39.9 million euro in relation to Indesit Company Polska Sp.zo.o. reflects a payment made on capital account.

Other movements include the net effect, 0.9 million euro, resulting from the inclusion in 2012 of a financial guarantee of Indesit Company S.p.A. for Indesit Company Polska Sp.zo.o., to that already recognised in 2011.

The cumulative impairment losses recognised are analyzed in the following table.

Company name (million euro)	**31.12.2012**	**31.12.2011**
Indesit Electrodomesticos S.A.	(45.2)	(45.0)
Merloni Domestic Appliances Ltd.	(10.6)	(10.6)
Indesit Company Beyaz Esya Pazarlama A.S.	(4.3)	(4.3)
Aeradriatica S.p.A.	(0.2)	(0.2)
Indesit Ukraine LLC	(1.1)	-
Radio A Korasidis AE	(0.7)	(0.7)
Total	**(62.1)**	**(60.8)**

There is no basis for the reinstatement of these impairment losses at the reporting date.

The carrying amount of equity investments is compared with their equity value in Attachment 5. The negative differences emerging from this comparison mainly relate to Indesit Company UK Holdings. Its recoverable amount has therefore been verified by testing for impairment the UK CGU, as discussed in the analyses of intangible assets with an indefinite useful life and 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 investments in Indesit Company UK Holdings and their measurement using the equity method is deemed to be recoverable.

Similar differences with respect to their carrying amounts also apply to Merloni Domestic Appliances, 3.5 million euro, and Indesit Company Rus Ltd, 4.3 million euro. With regard to Merloni Domestic Appliances, the recoverable amount of the entities active in the UK market is tested annually for impairment. The losses relating to Indesit Company Rus are not deemed permanent.

7.5 Deferred tax assets

Deferred tax assets at 31 December 2012 amount to 32.4 million euro (24.0 million euro).

The analysis of deferred taxation and information about the deferred tax assets offset against deferred tax liabilities are provided in the note on deferred taxation.

7.6 Inventories

Inventories are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Raw materials	30.8	35.4
Obsolescence provision	(1.0)	(0.8)
Total raw materials	**29.8**	**34.6**
Finished and semi-finished products	54.3	64.2
Obsolescence provision	(6.1)	(4.8)
Total finished and semi-finished products	**48.3**	**59.4**
Spare parts	13.8	14.8
Obsolescence provision	(1.6)	(1.1)
Total spare parts	**12.2**	**13.7**
Total inventories	**90.3**	**107.6**

The provision for obsolescence totals 8.7 million euro (6.7 million euro) and the net increase during the year was 1.9 million euro (1.6 million euro).

7.7 Trade receivables

Trade receivables comprise amounts due from customers as a result of commercial transactions and the provision of services, 418.3 million euro (406.0 million euro), stated net of the allowance for doubtful accounts of 15.2 million euro (17.3 million euro).

As part of its policy to diversify the sources of finance, the Indesit Group has devised a securitization program for the Parent and Indesit Company France S.A.

The securitization involves the without-recourse sale of trade receivables, on a revolving basis, by the Parent and by Indesit Company France S.A. The receivables are acquired by 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: the senior securities are placed in the market and subscribed for by financial investors; the junior securities, whose repayment is subordinated to that of the senior securities, are taken up by Indesit Company International Business S.A., 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 their use of them is restricted by the fact that they represent collateral for the redemption of the asset-backed securities issued to finance the securitization program. Accordingly, the trade receivables sold are not derecognized as an asset and, at 31 December 2012, they total 64.4 million euro (76.9 million euro).

Other financial payables include the liability to Olympia Finance S.r.l., 89.5 million euro (102.9 million euro). The financial liability at 31 December 2012 exceeds the amount of receivables sold but not derecognized, since it includes about 25.1 million euro (26 million euro) received almost entirely from 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 2013.

Advances to suppliers at 31 December 2012 amount to 1.5 million euro (1.7 million euro).

The movements in the allowance for doubtful accounts are analyzed in the following table:

(million euro)	31.12.2012	31.12.2011
Opening balance	**17.3**	**16.3**
Provision	1.8	2.7
Utilisation	(3.9)	(1.8)
Closing balance	**15.2**	**17.3**

Amounts due from subsidiaries are detailed below:

(million euro)	31.12.2012	31.12.2011
Trade receivables from subsidiaries		
Fabrica Portugal S.A.	0.4	0.4
Indesit Company UK Ltd.	54.3	67.1
Indesit Company Portugal Electrodomésticos S.A.	4.2	5.2
Indesit Electrodomesticos S.A.	7.9	6.9
Indesit Company France S.A.	28.0	35.4
Indesit Company Deutschland GmbH	0.8	2.1
Indesit Company International B.V.	4.6	6.6
Indesit Company International B.V. - rep. office	0.0	0.1
Indesit Company Bulgaria Ltd.	0.0	0.0
Indesit Company International Business S.A.	33.3	33.1
Indesit Company Ceská S.r.o.	0.1	0.0
Indesit Company Magyarország Kft	9.7	4.7
Indesit Company Polska Sp.zo.o.	44.3	35.3
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	53.5	40.7
Indesit Company Beyaz Esya Pazarlama A.S.	1.7	1.1
Indesit Company Norge Ltd.	0.2	0.2
Indesit Company Appliances Hellas Mepe	0.1	0.1
Indesit Argentina S.A.	0.8	0.4
Closed Joint Stock Company Indesit International	11.4	6.1
Wuxi Indesit Home Appliance Co. Ltd.	-	-
General Domestic Appliances Holdings Ltd.	0.3	0.1
Indesit Osterreich GmbH	4.3	4.6
Indesit Company Rus Ltd.	15.1	11.0
Indesit Company Belgium S.A.	0.0	-
Indesit Company IP S.r.l.	0.0	-
Aeradriatica S.p.A.	0.1	0.1
Wuxi Indesit Domestic Appliance Technology Co. Ltd.	-	0.0
Indesit Ukraine LLC	0.3	0.2
Indesit Company Luxembourg S.A.	0.2	0.3
Indesit Company Nordics A.B.	0.1	-
Total subsidiaries	**275.7**	**261.8**

With regard to the analysis by geographical area, the amounts receivable 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 130.3 million euro (140.1 million euro) and 12.4 million euro (4.0 million euro).

7.8 Tax receivables

Tax receivables are due from the tax authorities in relation to advance taxation. These amounts are analyzed below.

(million euro)	31.12.2012	31.12.2011
IRPEF on advances of post-employment benefits	-	0.2
Advance taxation	0.9	1.0
IRES	3.0	-
IRAP	1.4	0.2
Total	**5.2**	**1.4**

The increase is primarily due to the IRES claim for refund of tax in accordance with the recent regulatory changes that have introduced business tax deduction on the cost of personnel.

7.9 Other receivables and current assets

Other receivables and current assets are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Due from employees	0.7	0.8
Grants due from public bodies	3.8	3.6
Due from social security and pension institutions	3.1	4.3
Other VAT receivables	4.4	9.5
Other receivables v/state administrators	7.3	7.3
Other receivables	0.4	0.8
Total	**19.8**	**26.2**

Grants receivable from public administrations include 1.5 million euro in reimbursements for steel exports (1.3 million euro) and 2.3 million euro in start-up grants to be collected (2.3 million euro).

The income-related grants were received for the application of innovative technology to new products and products that are already on sale.

7.10 Total equity

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

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

	31.12.2012		31.12.2011	
Description	**Number**	**Euro**	**Number**	**Euro**
Ordinary shares	113,665,684	102,299,116	113,665,684	102,299,116
Savings shares	511,282	460,154	511,282	460,154
Total	**114,176,966**	**102,759,270**	**114,176,966**	**102,759,270**

During the year are expired 102,500 options granted in 2002 to 7.9258 euro and 2,500 options granted in 2003 to 12.6479 euro. During the year there were granted stock options.

The number of shares shown in the table is inclusive of treasury shares. Net of treasury shares held directly by Indesit Company S.p.A., 11,039,750, common shares amounted to 102,625,934.

The amount of treasury stock as a reduction of shareholders' equity, and in particular the share capital and the share premium reserve shares, amounted 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 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:

- 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;
- 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;
- 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 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 outstanding stock options granted are 147,000 and 3,002,500 not yet granted.

Considering the amounts reported in the statement of comprehensive income, the decrease in cash flow hedges during 2012 by 0.5 million euro relates entirely to transactions that are still outstanding at 31 December 2012.

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.

Retained earnings (comprising the extraordinary reserve) have decreased by 13.3 million euro.

The profit for 2011 of 10.4 million euro was used in full for the payment of dividends totaling 23.7 million euro.

Reserves

The share premium reserve amounts to 35.9 million euro.

Legal reserve: this reserve, 22.7 million euro, reflects allocation of 5% of the net profit earned each year. The reserve has exceeded the legal threshold of one fifth of the nominal value of share capital.

Other negative reserves, 12.4 million euro. Other reserves are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Hedging reserve - derivatives	(8.9)	(8.4)
Retained earnings	1.4	1.4
Stock option reserve	0.4	0.4
Grants Law no. 488/92	11.2	11.2
Reserve par. 21 Law no. 219 of 14/5/81	4.0	4.0
Reserve under par. 14 Law no. 64/86	2.2	2.2
Adjustment to plant costs (CASMEZ)	0.7	0.7
Grants Law 29/05/82 no. 308	0.1	0.1
Grants Law no. 19/84	0.0	0.0
Reserve par. 13 Law no. 124/96 c. 6	0.0	0.0
Grants under regional Law no. 29/1982	0.0	0.0
Other reserves	(23.5)	(23.5)
Total	**(12.4)**	**(11.9)**

The reserve for derivative financial instruments recognized as cash flow hedges reflects the change in fair value of these instruments. This negative reserve amounts to 8.9 million euro.

The merger surplus reserve, 1.4 million euro, was formed on the merger of Merloni Brembate S.p.A. in 2003 and Wrap S.p.A. in 2007.

The reserve established in relation to investment required at the Comunanza factory, under the terms of a territorial agreement, includes 5.3 million euro that is restricted. A further 13.0 million euro has also been restricted in order to obtain industrial investment grants for the Albacina site pursuant to Law 488/92. This reserve amounts to 11.2 million euro.

The reserve pursuant to art. 21 of Law 219/81, 4.0 million euro, 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 reserve pursuant to art. 14 of Law 64/86 reflects grants from the Ministry for Industry following the final acceptance testing of investment at the Comunanza factory. This reserve, 2.2 million euro, is unchanged.

The reserve pursuant to Law 218/78 (investment in Southern Italy) relates to capital grants collected for investment at the Comunanza and Acerra factories. This reserve is unchanged and amounts to 0.7 million euro.

The grants under Regional Law 308/82 relate to investment in energy saving and recycling. This reserve, 0.1 million euro, is unchanged.

The dividends paid on the ordinary shares in 2012 amounted to 23.7 million euro (31.0 million euro), while those paid on the savings shares in accordance with the articles of association amounted to 0.1 million euro (0.2 million euro).

The Board of Directors meeting held on 21 March 2013 approved these separate financial statements and recommended to the shareholders' meeting the declaration of a dividend of 0.20 euro per ordinary share and 0.218 euro per savings share.

The way the reserves can be utilized is analyzed in Attachment 6.

7.11 Net financial position

The net financial position and net borrowing of the Company are analyzed below.

Non-current financial assets have been included in the calculation of net borrowing in order to represent fairly the overall exposure.

(million euro)	Note	31.12.2012	31.12.2011
Current financial assets	7.11.1	37.3	137.5
Cash and cash equivalents	7.11.2	10.2	9.1
Banks and other short-term loans and borrowings	7.11.3	233.3	181.4
Net financial indebtedness - short-term		**(185.8)**	**(34.9)**
Medium and long-term loans and borrowings	7.11.5	232.4	248.1
Net financial position *		**(418.2)**	**(282.9)**
Other non-current financial assets	7.11.4	0.4	50.0
Net financial indebtedness		**(417.7)**	**(232.9)**

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

For the analysis of the dynamics of financial year, please refer to the sections listed below.

7.11.1 Current financial assets

Current financial assets comprise the intercompany current accounts with Indesit Company International Business S.A. totaling 28.6 million euro (24.3 million euro), together with amounts due from factoring companies, 7.1 million euro (6.8 million euro), and other receivables, 1.6 million euro (1.4 million euro). The change compared to 2011 is due to the elimination of credit (approximately 105.0 million euro) to Indesit Company Luxembourg S.A. as a result of reorganization within the Group.

7.11.2 Cash and cash equivalents

Cash and cash equivalents, 10.2 million euro (9.1 million euro) comprise bank and postal deposits, and cash and cash equivalents on hand.

7.11.3 Banks and other short-term loans and borrowings

Current financial payables comprise amounts due within one year.

(million euro)	31.12.2012	31.12.2011
Short-term advances from banks	59.8	6.3
Short-term advances for factoring of receivables	89.5	102.9
Current portion of loans MCC	14.4	10.2
Current portion of other medium/long-term loans	0.5	0.8
Liability from the measurement of derivative instruments	5.5	3.2
Financial payables due to Indesit Company International Business S.A.	0.0	0.0
Financial payables due to Indesit Company Luxembourg S.A.	63.7	58.0
Total	**233.3**	**181.4**

The increase in Short-term advances from banks relates to use of the uncommitted line of credit.

Short-term advances for factoring of receivables reflect the payable arising in relation to the securitization program. Further information about the securitization program is provided in note 7.7 on Trade receivables.

The increase in the amount payable to Indesit Company Luxembourg S.A. mainly reflects the interest charged on loans.

7.11.4 Other non-current financial assets

Other non-current financial assets include 0.4 million euro (50.0 million euro) due from Indesit Company Luxembourg S.A. The reduction reflects redemption of the profit participating bonds subscribed for in prior years.

7.11.5 Medium and long-term loans and borrowings

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

(million euro)	31.12.2012	31.12.2011
Loans and borrowings from Indesit Company Luxembourg S.A.	162.2	162.2
Due to banks	61.5	74.8
Due to other financial payables	1.8	2.8
Liability from the measurement of derivative instruments	7.0	8.4
Total	**232.4**	**248.1**

Amounts due to banks have decreased on reclassification as short term of the installments due in 2013 on the loan from the European Investment Bank.

Indesit Company S.p.A. has an unused, syndicated revolving line of credit for 268.0 million euro that expires in 2016.

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

Revolving facility	Covenant limit at 31 December	Covenant limit at 30 June
Net financial indebtedness/EBITDA	≤ 3.0	≤ 4.0
EBITDA/Net financial expenses	≥ 3.5	≥ 3.5

EIB financing	Covenant limit at 31 December	Covenant limit at 30 June
Net financial indebtedness/EBITDA	≤ 3.0	na
EBITDA/Net financial expenses	≥ 3.5	≥ 3.5
Equity	≥ 320 million euro	≥ 320 million euro

Securitization	Covenant limit at 31 December	Covenant limit at 30 June
Net financial indebtedness/EBITDA	≤ 3.0	≤ 3.5

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 2012.

Medium and long-term payables are analyzed by maturity in the following table.

		Medium/long-term financial liabilities					
(million euro)	**Total**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**
Loans and borrowings from Indesit Company Luxembourg S.A.	162.2	141.4	0.0	20.8	0.0	0.0	162.2
Due to banks and other financial payables	70.2	18.2	13.8	12.6	12.8	12.8	70.2
Total	**232.4**	**159.6**	**13.8**	**33.4**	**12.8**	**12.8**	**232.4**

(million euro)	**Medium/ long-term financial liabilities**	**Due between 1 and 5 years**	**Due beyond 5 years**
Loans and borrowings from Indesit Company Luxembourg S.A.	162.2	162.2	-
Due to banks	61.5	49.0	12.5
Due to other financial payables	1.8	1.3	0.4
Liability from the measurement of derivative instruments	7.0	7.0	
Total	**232.4**	**219.5**	**12.9**

7.12 Employee benefits

The liability for employee benefits totals 35.2 million euro (38.1 million euro) and comprises the provision for severance indemnities.

The following schedule reconciles the assets and liabilities recognised in relation to defined benefit plans and the charges made to the income statement, and presents the principal actuarial assumptions.

	Post-employment benefits	
(million euro)	**31.12.2012**	**31.12.2011**
Present value of the defined benefit obligation (start of year)	37.9	41.1
Current service cost	-	-
Financial expenses	1.7	1.8
Contributions from plan participants	-	-
Actuarial (gains)/losses	5.8	(0.4)
Benefits paid by the plan/company	(5.0)	(5.0)
Curtailment of plan	0.4	0.5
Changes in exchange rates	-	-
Present value of the defined benefit obligation (end of year)	**40.8**	**37.9**
Fair value of plan assets (start of year)	-	-
Expected return on plan assets	-	-
Actuarial (gains)/losses	-	-
Employer's contributions	5.0	5.0
Employees' contributions	-	-
Benefits paid	(5.0)	(5.0)
Expenses	-	-
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	40.8	37.9
Actuarial (gains)/losses not recognised	(5.5)	0.3
Unrecognised post service cost	-	-
Unrecognised assets (limit described in IAS 19 par. 58b)	-	-
Recognised net liabilities/(assets)	**35.2**	**38.1**
Current service cost	-	-
Total operating costs	**0.0**	**0.0**
Interest expense	1.7	1.8
Expected return on plan assets	-	-
Total financial expenses	**1.7**	**1.8**
Profit/Loss on curtailment	0.4	0.5
Total charge to profit or loss	**2.1**	**2.3**

(million euro)	Post-employment benefits 31.12.2012	31.12.2011
Assumptions used to determine defined benefit obligations		
Discount rate	3.25%	4.60%
Salary increases	0.00%	0.00%
Inflation rate	2.00%	2.00%
Assumptions used to determine pension cost		
Discount rate	4.60%	4.75%
Expected return on plan assets	n.a.	n.a.
Expected salary increases	n.a.	n.a.
Inflation rate	2.00%	2.00%

The change in the discount rate is due to the reduction, which occurred in 2012, of bond yields used as a benchmark (AA Corporate Bond). This change has affected the estimation of the components in actuarial balance as a result of the application of the corridor that have become negative for 5.5 million euro at 31 December 2012 (an increase of 0.3 million euro).

7.13 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 analyzed as follows:

2012 movements (million euro)	Opening balance	Provisions	Utilisations	Closing balance	Current portion	Non-current portion
Provision for warranties	21.2	1.9	(5.8)	17.3	9.6	7.7
Provision for agents' termination indemnity	1.5	0.2	(0.3)	1.4	0.0	1.4
Provision for restructuring	21.4	10.2	(5.1)	26.5	23.5	3.0
Provision for WEEE	6.8	0.0	(2.6)	4.2	1.8	2.4
Provision for disputes and other risks	4.0	8.4	(0.5)	11.9	3.0	8.9
Other risk provisions	-	-	-	0.0	-	-
Total	**54.9**	**20.7**	**(14.3)**	**61.3**	**37.9**	**23.4**

2011 movements (million euro)	Opening balance	Provisions	Utilisations	Closing balance	Current portion	Non-current portion
Provision for warranties	24.4	3.7	(6.9)	21.2	10.6	10.6
Provision for agents' termination indemnity	1.5	0.2	(0.2)	1.5	0.0	1.5
Provision for restructuring	30.3	0.9	(9.8)	21.4	18.1	3.4
Provision for WEEE	7.7	-	(0.9)	6.8	4.2	2.6
Provision for disputes and other risks	12.7	1.2	(9.9)	4.0	3.4	0.6
Other risk provisions	-	-	-	-	0.0	0.0
Total	**76.5**	**6.0**	**(27.7)**	**54.9**	**36.2**	**18.7**

The provision for product warranty 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 warranty work.

The provision for agents' termination indemnities, 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 reorganization of the None, Brembate and Refrontolo factories.

The provision for environmental work 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 likely liability based on the information available.

From the year 2012, the policy conditions for liability to third parties for damages caused by the finished products of the Group, have been revised the exemption was increased. This revision of the contract, together with the high number of claims incurred and borne by the insurer in 2011 compared to the premium paid for the annuity itself, led to a substantial increase in the allocation fund for liability to damages caused by products compared to previous year.

Total payables and provisions for non-recurring transactions at 31 December 2012 amount to 29.4 million euro (27.0 million euro) and the cash flow absorbed by them was 18.3 million euro (positive by 8.0 million euro).

7.14 Deferred tax liabilities

Deferred tax liabilities (IRES rate 27.5%, average IRAP rate 4.2%) are analyzed in the following table. They are stated net of the deferred tax assets, as mentioned in note 7.5.

Statement deferred taxes (million euro)	2011 IRES	2011 IRAP	Changes IRES	Changes IRAP	2012 IRES	2012 IRAP
Deferred tax liabilities						
Dividends	(12.1)	-	(0.0)	-	(12.1)	-
Changes in severance indemnities	(2.2)	-	0.2	-	(2.1)	-
Leased goods	(1.8)	(0.4)	0.6	0.0	(1.2)	(0.4)
Total	**(16.2)**	**(0.4)**	**0.7**	**0.0**	**(15.4)**	**(0.4)**
Effect of reducing IRES and IRAP rates	**-**	**-**			**-**	**-**
Deferred tax assets						
Entertainment expenses	-	-	0.0	(0.0)	-	(0.0)
Remuneration to directors and employees	0.9	-	0.1	-	1.0	-
Impairment losses on receivables	3.2	-	0.4	-	3.6	-
Other provisions for risks	12.8	0.8	(0.6)	(0.2)	12.2	0.6
Provisions for warranties	1.7	0.3	(0.1)	0.0	1.6	0.3
Intangible assets and goodwill	0.3	0.0	(0.3)	(0.0)	0.0	0.0
Tax losses carried forward	17.3	-	8.2	-	25.5	-
Cash flow hedging reserve	3.2	-	0.2	0.0	3.4	-
Total	**39.5**	**1.1**	**7.8**	**(0.2)**	**47.3**	**0.9**
Effect of reducing IRES and IRAP rates	**-**	**-**			**-**	**-**
Deferred tax assets and liabilities	**23.3**	**0.7**	**8.5**	**(0.2)**	**31.8**	**0.6**
Balance		**24.0**		**8.3**		**32.4**

The net deferred tax assets relating to IRES amount to about 32.4 million euro at 31 December 2012, following a net change of about 8.5 million euro with respect to the prior year. This balance mainly reflects the deferred taxes calculated on temporary differences arising in relation to provisions for risks and carried forward tax losses.

The change in deferred tax assets includes 0.2 million euro reflected in equity reserves in relation to the change in the cash flow hedge.

The net deferred tax assets relating to IRAP amount to about 0.6 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 recognised in relation to all significant temporary differences.

7.15 Other non-current liabilities

Other non-current liabilities comprise deferred grants from the government and other entities of 2.7 million euro (3.5 million euro) and the deferred bonuses of directors and employees amounting to 9.0 million euro (9.5 million euro), together with the related social security contributions and charges of 3.0 million euro (2.7 million euro).

Deferred grants from the government and other entities comprise grants for planned investment by "Distretto dell'Elettrodomestico Società Consortile arl" and for the Albacina factory (Law 488/92).

These grants are subject to restrictions that are currently respected.

7.16 Trade payables

Trade payables comprise all the amounts due for the purchase of goods and services from 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 raw materials and suppliers of fixed assets.

Trade payables amount to 389.6 million euro (400.2 million euro).

Certain payables are due to subsidiaries, as shown in the following table.

(million euro)	31.12.2012	31.12.2011
Trade payables due to subsidiaries		
Indesit Company Polska Sp.zo.o.	42.0	36.4
Indesit Company International Business S.A.	0.8	0.7
Indesit Company UK Ltd.	8.3	10.8
Indesit Company International B.V.	0.0	0.1
Indesit Company Portugal Electrodomésticos S.A.	0.3	0.4
Indesit Electrodomesticos S.A.	0.1	0.1
Indesit Company France S.A.	0.9	0.8
Indesit Company Beyaz Esya Pazarlama A.S.	13.8	10.3
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	0.2	0.2
Indesit Company Deutschland GmbH	2.1	0.8
Indesit Company Appliances Hellas Mepe	0.3	0.4
Indesit Company Bulgaria Ltd.	0.2	0.3
Indesit Company Norge Ltd.	0.2	0.5
Indesit Osterreich GmbH	2.1	1.7
Indesit Company IP S.r.l.	0.0	(0.0)
Aeradriatica S.p.A.	0.8	0.7
Wuxi Indesit Home Appliance Co. Ltd.	-	-
Wuxi Indesit Domestic Appliance Technology Co. Ltd.	-	-
Indesit Company Luxembourg S.A.	0.2	0.2
Indesit Company Magyarország Kft	-	0.0
Closed Joint Stock Company Indesit International	0.0	0.0
Indesit Company Nordics A.B.	0.3	-
Indesit Company Rus Ltd.	0.0	0.1
Total subsidiaries	**72.7**	**64.7**

With reference to the analysis by geographical area, trade payables (excluding the above amounts due to subsidiaries) include 144.3 million euro (154.1 million euro) due to Italian suppliers and 36.8 million euro (34.3 million euro) due to foreign suppliers. The residual amount mainly relates to invoices and credit notes to be received.

7.17 Tax payables

The amounts due to tax authorities comprise the liability for current taxes and other tax payables. The situation is analyzed in the following table.

(million euro)	31.12.2012	31.12.2011
Withholding taxes on employees	7.9	7.8
Withholding taxes on consultants	0.3	0.3
Other taxes	0.0	4.4
Total	**8.3**	**12.5**

7.18 Other payables

Other payables are analyzed as follows:

(million euro)	31.12.2012	31.12.2011
Due to social security and pension institutions	17.8	19.1
Due to employees	24.8	24.7
Due to pension funds	1.9	1.8
VAT payable	0.5	0.5
Other	3.1	1.0
Total	**48.0**	**46.9**

7.19 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 authorized, 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.

105.000 stock options expired during 2012. No new plans were authorized during the year 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.

Exercise price	12.65
Expected volatility	31.39%
Grant date	24.07.2003
No. options	169,500.00
Duration of options (years)	3.50
Expected dividends	2.97%
Risk-free interest rate	4.00%
Fair value stock option (million euro)	0.10

8. Notes to the separate cash flow statement

8.1 Profit for the year, Income taxes, Impairment losses on investments and other financial assets, depreciation and amortisation, Income taxes

Profit for the year, income taxes, impairment losses on equity investments and financial assets and depreciation and amortisation, all non-monetary items, are reported directly on the face of the income statement, which is analyzed elsewhere.

While the recovery of taxation recognized for 2012 amounted to 0.2 million euro (provision of 16.7 million euro), tax payments of 10.9 million euro (9.3 million euro) have been made.

8.2 Other non-monetary expenses, net, interest paid and received

The other non-monetary income and expenses, net, comprise all non-monetary items recognised in the income statement, except for income taxes, depreciation and amortisation and the provisions deducted directly from asset accounts (allowance for doubtful accounts and provisions for obsolescence). The interest received and paid, reported separately, was essentially the same as the amounts recognised in the income statement.

This caption also includes dividends from equity investments.

8.3 Change in trade receivables, inventories, trade payables

This caption reports the cash from or used in 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 property, plant and equipment (decrease of 3.7 million euro), which are classified in the section of the cash flow statement that reports the cash flows generated (absorbed) by investing activities.

8.4 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 costs and income. This represents the changes with a direct effect on the absorption or generation of cash.

8.5 Acquisition of property, plant and equipment and Proceeds from sale of property, plant and equipment

The cash flows from additions to property, plant and equipment reflects the routine replacement of assets, as analyzed in note 7.1. It also includes the change in amounts due to the suppliers of fixed assets.

8.6 Acquisition of intangible assets and Proceeds from sale of intangible assets

The cash flows from investments in intangible assets relate both to the purchase of licences and software, and to development costs, which are analyzed in note 7.2.

The cash flows from/used in investing activities include the amounts capitalized since these involve payments for the related internal costs incurred (mainly payroll). These payments essentially reflect the costs capitalized during the year.

8.7 Acquisition of non-current financial assets and Proceeds from sale of non-current financial assets

The investments in non-current financial assets mainly relate to the payments on capital account made to Indesit Company Electrodomesticos, Indesit Company Polska Sp.zo.o. and Indesit Company UK Holdings Ltd.

8.8 Change in hedging reserve on derivatives and Dividends paid

The change in the hedging reserve reflects the effect of remeasuring the derivatives recognized on a hedge accounting basis. Dividend payments amounted to 23.7 million euro in 2012 (see note 7.10).

8.9 Dividends received

The dividends collected were received from subsidiaries during 2012, as analyzed in note 6.10.

8.10 New and repayments short/medium/long-term loans and borrowings

The arrangement and repayment of medium/long-term loans and borrowings relates to the repayment in 2012 of intercompany loans granted to subsidiaries.

8.11 Change in short, medium and long-term financial liabilities/assets

The change in current loans and borrowing includes the change in short-term loans and borrowings since this represents a technical form of short-term borrowing.

9. Financial instruments

9.1 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 as of 31 December 2012, the carrying amount of the financial assets and liabilities recognised 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 exchange-rate risk, there are no significant exposures in currencies other than the euro.

Interest-rate risk: sensitivity

A hypothetical upward shift in the interest-rate curve by 100 basis points or downward shift by 20 basis points (in parallel along the entire curve) would have the effects indicated below.

The simulation is representative of the effects deriving from the exposures to risk at 31 December 2012, or from the normalized average exposures in the limited cases in which the situation at year end was not representative of that applying throughout the year.

31 December 2012 (million euro)	Variation +100bps		Variation -20bps	
	P&L effect	Equity effect	P&L effect	Equity effect
Net indebtedness at floating rate	(3.8)	0.0	n.a.	n.a.
Derivative instruments hedging fixed rate loans	-	-	n.a.	n.a.
Derivative instruments hedging floating rate loans	1.9	2.5	n.a.	n.a.
Total	**(1.9)**	**2.5**	**n.a.**	**n.a.**

31 December 2011 (million euro)	Variation +100bps		Variation -20bps	
	P&L effect	Equity effect	P&L effect	Equity effect
Net indebtedness at floating rate	(3.7)	0.1	0.7	(0.0)
Derivative instruments hedging fixed rate loans	-	-	-	-
Derivative instruments hedging floating rate loans	-	5.9	-	(1.2)
Total	**(3.7)**	**6.0**	**0.7**	**(1.2)**

Hierarchy of levels in the measurement of fair value

With regard to financial instruments recognized 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 2012:

- all the financial instruments measured at fair value are represented by Level 2 derivatives (same as in 2011);
- there were no transfers from Level 1 to Level 2, or vice versa, during 2012;
- there were also no transfers from Level 3 to other levels, or vice versa, during 2012.

9.2 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 recognised in the statement of financial position.

		Financial assets measured at fair value through profit or loss						
31 December 2012 (million euro)	**Loans and receivables**	**Financial assets measured at fair value upon initial recognition**	**Financial assets held for trading**	**Financial assets available for sale**	**Financial assets held to maturity**	**Hedging instruments**	**Total carrying amount**	**Total fair value**
Non-current financial assets	0.4	-	-	-	-	-	0.4	0.4
Trade receivables	418.3	-	-	-	-	-	418.3	418.3
Current financial assets	37.3	-	-	-	-	-	37.3	37.3
Cash and cash equivalents	10.2	-	-	-	-	-	10.2	10.2
Total	**466.3**	**-**	**-**	**-**	**-**	**-**	**466.3**	**466.3**

		Financial assets measured at fair value through profit or loss						
31 December 2011 (million euro)	**Loans and receivables**	**Financial assets measured at fair value upon initial recognition**	**Financial assets held for trading**	**Financial assets available for sale**	**Financial assets held to maturity**	**Hedging instruments**	**Total carrying amount**	**Total fair value**
Non-current financial assets	50.0	-	-	-	-	-	50.0	50.0
Trade receivables	406.0	-	-	-	-	-	406.0	406.0
Current financial assets	137.5	-	-	-	-	-	137.5	137.5
Cash and cash equivalents	9.1	-	-	-	-	-	9.1	9.1
Total	**602.6**	**-**	**-**	**-**	**-**	**-**	**602.6**	**602.6**

31.12.2012 (million euro)	Financial liabilities measured at fair value through profit or loss					
	Financial liabilities measured at fair value upon initial recognition	Financial liability held for trading	Other financial liabilities held to maturity	Hedging instruments	Total carrying amount	Total fair value
Medium/long-term financial liabilities	-	-	225.4	7.0	232.4	232.4
Trade payables	-	-	391.6	-	391.6	391.6
Banks and other short-term financial liabilities	-	-	227.7	5.5	233.3	233.3
Total	**-**	**-**	**844.7**	**12.5**	**857.3**	**857.3**

31.12.2011 (million euro)	Financial liabilities measured at fair value through profit or loss					
	Financial liabilities measured at fair value upon initial recognition	Financial liability held for trading	Other financial liabilities held to maturity	Hedging instruments	Total carrying amount	Total fair value
Medium/long-term financial liabilities	-	-	239.7	8.4	248.1	248.1
Trade payables	-	-	400.2	-	400.2	400.2
Banks and other short-term financial liabilities	-	-	178.2	3.2	181.4	181.4
Total	**-**	**-**	**818.1**	**11.6**	**829.7**	**829.7**

Analysis of financial liabilities by maturity

The following table analyzes financial liabilities and trade payables by maturity.

(million euro)	Carring amount 31.12.2012	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 payables	(391.6)	(391.6)	(76.2)	(222.9)	(92.4)	0.0	0.0
Due to banks	(225.1)	(203.3)	(120.0)	0.0	(17.7)	(53.0)	(12.7)
Other financial payables	(228.1)	(234.4)	0.0	(64.5)	(2.1)	(167.5)	(0.3)
Derivatives	(12.5)	(12.5)	(0.5)	(0.9)	(4.2)	(7.0)	0.0
Total	**(857.3)**	**(841.7)**	**(196.7)**	**(288.4)**	**(116.3)**	**(227.4)**	**(12.9)**

(million euro)	Carring amount 31.12.2011	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 payables	(400.2)	(400.2)	(87.6)	(155.0)	(157.7)	0.0	0.0
Due to banks	(194.2)	(172.7)	(75.3)	(9.0)	(6.2)	(56.5)	(25.8)
Other financial payables	(223.7)	(238.7)	0.0	(59.6)	(3.6)	(174.4)	(1.1)
Derivatives	(11.6)	(11.7)	0.0	0.0	(3.2)	(8.5)	0.0
Total	**(829.7)**	**(823.4)**	**(162.8)**	**(223.6)**	**(170.7)**	**(239.5)**	**(26.8)**

9.3 Derivative financial instruments outstanding at year end

The derivatives outstanding at 31 December 2012 comprise an IRS with a total notional of 350.0 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:

- 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.

(million euro)	Nature of risk hedged	Notional amount 31.12.2012	Notional amount 31.12.2011	Fair value of derivatives 31.12.2012	Fair value of derivatives 31.12.2011
Cash flow hedges					
IRS on short-term borrowings	Interest rate	350.0	350.0	(12.5)	(11.6)
Total		**350.0**	**350.0**	**(12.5)**	**(11.6)**

10. Information required by IAS 24 on the remuneration of management and on related parties

10.1 Remuneration of management

In addition to the executive and non-executive directors and the statutory auditors, from 2012 there are now 7 managers with strategic responsibility for operations, planning and control (5 through 2011). These are the Administration, Finance and Control Manager, the Manager of the Home Care Division, the Manager of the Food Treatment Division, the Manager of the Services & Consumer Care Division, the Sales Manager, the Human Resources Manager and the Supply Chain and IT Manager.
The table below lists the expected gross remuneration of the above persons for 2012, comprising all forms of compensation (gross pay, bonuses, fringe benefits etc.), and the bonuses accrued but not yet paid, since subject to the achievement of annual objectives and continued employment by the Group at the vesting date.

Remuneration and annual fees for the year 2012 due to directors, statutory auditors and executives

(million euro)	Short-term benefits	Long-term benefits	Stock options
Directors	4.6	1.2	-
Statutory Auditors	0.2	-	-
Executives	4.5	2.2	-
Total	**9.2**	**3.4**	**-**

Remuneration and annual fees for the year 2011 due to directors, statutory auditors and executives

(million euro)	Short-term benefits	Long-term benefits	Stock options
Directors	4.0	1.3	-
Statutory Auditors	0.2	-	-
Executives	3.1	1.9	-
Total	**7.2**	**3.3**	**-**

				31 December 2012				
Change in fair value of derivatives at 31.12.2012 vs 31.12.2011	**Change in fair value of underlyings at 31.12.2012 vs 31.12.2011**	**Change in fair value of underlyings at 31.12.2012 vs inception date**	**Change in fair value of derivatives at 31.12.2011 vs inception date**	**Other non-current financial assets**	**Current financial assets**	**Medium/ long-term loans and borrowings**	**Banks and other financial liabilities**	**Total**
(0.9)	n.a.	n.a.	n.a.	-	-	(7.0)	(5.5)	(12.5)
(0.9)	**-**	**-**	**-**	**-**	**-**	**(7.0)**	**(5.5)**	**(12.5)**

10.2 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 an arms' length basis and in the interests of the Company.

List of related parties	Type of relationship
Cine District Entertainment S.r.l.	Other related - Related to a member of the Board of Directors of Fineldo
Faber Factor S.r.l. in liquidation	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
Fineldo S.p.A.	Group Parent belonging to Vittorio Merloni
Immobiliare Fineldo S.r.l.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
Merloni Progetti S.p.A.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
M P & S S.r.l.	Other related - Related to a member of the Merloni family
Solar COOL S.r.l.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
Solar STOCK S.r.l.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
Solar WASH S.r.l.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
Tecnosolare Carinaro S.r.l.	Other related - Controlled by Fineldo S.p.A., Group parent of Indesit company
TM NEWS S.p.A.	Other related - Related to a member of the Board of Directors of Indesit
Tradeplace B.V.	Associate
Indesit Company UK Ltd. Group Personal Pension Plan	Pension fund
Merloni Ireland Pension Plan	Pension fund

In addition to the above companies, certain natural 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 7.4 and in the attachments to the financial statements.

Nature of relations with the principal related parties

The Merloni Progetti Group
The Merloni Progetti Group has leased property to Indesit Company and, in turn, is recharged for the provision of general services.

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 9.14 to the consolidated financial statements.

10.3 Schedules summarizing 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 subsidiaries, the Parent, 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 account caption.

There have not been any atypical and/or unusual transactions with related parties.

(million euro)	2012	2011
Revenue from sales and services		
Subsidiaries	582.2	620.8
Total	**582.2**	**620.8**
Other income and expenses		
Subsidiaries	77.0	64.1
Total	**77.0**	**64.1**
Purchase of raw materials, services and costs for utilization of third party assets		
Subsidiaries	(161.8)	(153.6)
Other related parties	(0.6)	(0.6)
Parent	0.0	0.0
Total	**(162.3)**	**(154.2)**
Payroll costs		
Subsidiaries	2.4	2.1
Other related parties	(12.6)	(10.5)
Parent	0.3	0.3
Total	**(9.8)**	**(8.0)**
Provisions and other expenses		
Other related parties	(0.2)	(0.3)
Total	**(0.2)**	**(0.3)**
Financial income and expenses		
Subsidiaries	101.0	45.2
Parent	0.0	0.0
Total	**101.0**	**45.2**

(million euro)	31.12.2012	31.12.2011
Property, plant and equipment		
Other related parties	0.0	0.0
Total	**0.0**	**0.0**
Non-current assets		
Subsidiaries	0.0	50.0
Total	**0.0**	**50.0**
Trade receivables		
Subsidiaries	275.7	261.8
Other related parties	0.3	2.4
Parent	2.6	0.2
Total	**278.6**	**264.4**
Current financial assets		
Subsidiaries	29.3	129.3
Total	**29.3**	**129.3**
Medium and long-term interest-bearing loans and borrowings		
Subsidiaries	169.1	170.5
Total	**169.1**	**170.5**
Banks and other loans and borrowings		
Subsidiaries	69.2	61.2
Total	**69.2**	**61.2**
Trade payables		
Subsidiaries	72.7	64.7
Other related parties	0.0	0.1
Parent	0.2	0.0
Total	**72.9**	**64.8**

The cash generated by related-party transactions totaled 0.1 million euro (0.5 million euro) and mainly arose from sales made to subsidiaries.

Attachments

Attachment 1

List of direct and indirect companies

Name	Location	Share capital	Group interest (in %) Direct	Group interest (in %) Indirect	Note
Indesit Company Luxembourg S.A.	Luxembourg	EUR 117,977,729	100.00	-	
Indesit Electrodomesticos S.A.	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 S.A.	Portugal	EUR 1,144,100	-	99.44	
Indesit Company International B.V.	The Netherlands	EUR 272,270	-	100.00	
Indesit Company France S.A.	France	EUR 17,000,000	-	100.00	
Fabrica Portugal S.A.	Portugal	EUR 11,250,000	-	96.40	
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	Turkey	TRY 134,038,073	36.16	63.84	
Indesit Company Beyaz Esya Pazarlama A.S.	Turkey	TRY 5,167,994	100.00	-	
Indesit IP S.r.l.	Italy	EUR 10,000	100.00		
Indesit Company Deutschland GmbH	Germany	EUR 550,000	-	100.00	
Closed Joint Stock Company Indesit International ZAO	Russia	RUB 1,664,165,000	100.00	-	
Indesit Company Polska Sp.zo.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 Republic	CZK 1,000,000	100.00	-	
Indesit Company International Business S.A.	Switzerland	SFR 250,000	-	100.00	
Indesit Company UK Holdings Ltd.	UK	EUR 163,000,000	38.65	61.35	
General Domestic Appliances Holdings Ltd.	UK	GBP 26,000,000	-	100.00	
Aeradriatica S.p.A.	Italy	EUR 23,068,545	100.00	-	
Airdum Ltd.	UK	GBP 15,000	-	100.00	
Cannon Industries Ltd.	UK	GBP 1.5	-	100.00	
General Domestic Appliances International Ltd.	UK	GBP 100,000	-	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	
Wuxi Indesit Domestic Appliance Technology Co. Ltd.	China	EUR 900,000	-	100.00	
Indesit Company Belgium S.A.	Belgium	EUR 150,000	-	100.00	
Indesit Argentina S.A.	Argentina	ARS 24,070,220	3.00	97.00	
Indesit Middle East FZE	UAE	AED 1,000,000	-	100.00	
Indesit Rus Llc	Russia	RUB 4,340,000	100.00	-	
Indesit Company Österreich GmbH	Österreich	EUR 18,168.21	-	100.00	
Indesit Ireland Ltd.	Ireland	EUR 100,000	-	100.00	
Indesit Company Bulgaria S.r.l.u.	Bulgary	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 11,234,634	100.00	-	
Tradeplace B.V.	The Netherlands	EUR 30,000	20.00	-	
Indesit Company Nordics A.B.	Sweden	SEK 50,000	100.00		

Attachment 2

Separate income statement for the year ended 31 December 2012, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

	2012			2011		
(million euro)	**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	1,017.5	-	582.2	1,108.1	-	620.8
Change in work in progress, semi-finished and finished products	(12.6)	(1.9)	-	0.8	-	-
Other revenue and income	100.9	-	77.0	91.1	0.3	64.1
Purchase of raw materials, services and leases and rentals	(838.4)	(0.5)	(162.3)	(921.3)	(2.1)	(154.2)
Payroll costs	(206.7)	(0.7)	(9.8)	(212.7)	(2.8)	(8.0)
Depreciation, amortisation and impairment losses	(59.0)	(0.5)	-	(59.3)	-	-
Change in raw materials, components and consumables	(4.7)	-	-	0.2	-	-
Provisions and other operating expenses	(28.2)	(12.4)	(0.2)	(10.4)	1.3	(0.3)
Operating profit	**(31.2)**	**(15.9)**	**486.7**	**(3.5)**	**(3.4)**	**522.4**
Dividends from subsidiaries, associates and others	109.2	-	109.2	51.0	-	51.0
Interest income from subsidiaries and associates	1.9	-	1.9	2.8	-	2.8
Interest income from third parties	0.0	-	-	-	-	-
Interest expenses from subsidiaries and associates	(10.1)	-	(10.1)	(8.6)	-	(8.6)
Interest expenses from third parties and Parent	(15.0)	-	-	(13.2)	-	-
Exchange rate differences	0.1	-	-	(0.4)	-	-
Reversal of impairment losses on investments	0.0	-	-	-	-	-
Impairment losses on investments	(9.2)	-	-	(0.9)	-	-
Net financial income and expenses	**76.9**	**-**	**101.0**	**30.7**	**-**	**45.2**
Profit before tax	**45.7**	**(15.9)**	**600.3**	**27.2**	**(3.4)**	**567.6**
Income tax expense	0.2	-	-	(16.7)	1.0	-
Profit for the year	**45.9**	**(15.9)**	**600.3**	**10.4**	**(2.4)**	**567.6**

Weight % of single items	2012 Balances	2012 Of which non-recurring	2012 Of which with related parties	2011 Balances	2011 Of which non-recurring	2011 Of which with related parties
Revenue from sales and services	100%	-	57.2%	100%	-	56.0%
Change in work in progress, semi-finished and finished products	100%	14.7%	-	100%	-	-
Other revenue and income	100%	-	76.2%	100%	0.3%	70.4%
Purchase of raw materials, services and leases and rentals	100%	0.1%	19.4%	100%	0.2%	16.7%
Payroll costs	100%	0.3%	-1.3%	100%	1.3%	3.8%
Depreciation, amortisation and impairment losses	100%	0.8%	-	100%	-	-
Change in raw materials, components and consumables	100%	-	-	100%	-	-
Provisions and other operating expenses	100%	43.9%	0.9%	100%	-12.4%	2.5%
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	100%	-	-	100%	-	-
Exchange rate differences	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 expense	**100%**	**-**	-	100%	-5.7%	-
Profit for the year	**100%**			**100%**		

Attachment 3

Separate statement of financial position at 31 December 2012, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

	31.12.2012			31.12.2011		
(million euro)	**Balances**	**Of which with related parties**	**Weight %**	**Balances**	**Of which with related parties**	**Weight %**
Assets						
Property, plant and equipment	179.6	-	-	190.7	-	-
Goodwill and other intangible assets with an indefinite useful life	-	-	-	-	-	-
Other intangible assets with a finite life	72.6	-	-	69.8	-	-
Investments in associates	0.5	-	-	0.5	-	-
Investments in subsidiaries and Other investments	667.3	-	-	455.6	-	-
Deferred tax assets	32.4	-	-	24.0	-	-
Other non-current financial assets	0.4	-	-	50.0	-	-
Total non-current assets	**952.9**	**-**	**-**	**790.5**	**50%**	**100.0%**
Inventories	90.3	-	-	107.6	-	-
Trade receivables	418.3	275.7	65.9%	406.0	264.4	65.1%
Current financial assets	37.3	29.3	78.5%	137.5	129.3	94.1%
Tax receivables	5.2	-	-	1.4	-	-
Other receivables and current assets	19.8	-	-	26.2	-	-
Cash and cash equivalents	10.2	-	-	9.1	-	-
Assets held for sale	-	-	-	7.1	-	-
Total current assets	**581.1**	**303.0**	**52.3%**	**695.0**	**393.7**	**56.7%**
Total assets	**1,534.0**	**303.0**	**19.8%**	**1,485.6**	**443.7**	**29.9%**

(million euro)	31.12.2012 Balances	31.12.2012 Of which with related parties	31.12.2012 Weight %	31.12.2011 Balances	31.12.2011 Of which with related parties	31.12.2011 Weight %
Equity				-		
Share capital	92.8	-	-	92.8	-	-
Reserves	46.2	-	-	46.7	-	-
Retained earnings	324.4	-	-	337.7	-	-
Profit for the year	45.9	-	-	10.4	-	-
Total equity	**509.3**	**-**	**-**	**487.7**	**-**	**-**
Liabilities						
Medium and long-term loans and borrowings	232.4	169.1	72.8%	248.1	170.5	68.7%
Employee benefits	35.2	-	-	38.1	-	-
Provisions for risks and charges	23.4	-	-	18.7	-	-
Deferred tax liabilities	-	-	-	-	-	-
Other non-current liabilities	14.6	-	-	15.8	-	-
Total non-current liabilities	**305.6**	**169.1**	**55.3%**	**320.7**	**170.5**	**53.2%**
Banks and other loans and borrowings	233.3	69.2	29.7%	181.4	61.2	33.7%
Provisions for risks and charges	37.9	0.0	0.0%	36.2	-	-
Trade payables	391.6	72.7	18.6%	400.2	64.8	16.2%
Tax payables	8.3	0.0	0.0%	12.5	-	-
Other payables	48.0	0.0	0.0%	46.9	-	-
Total current liabilities	**719.1**	**139.9**	**19.5%**	**677.2**	**126.0**	**18.6%**
Total liabilities	**1,024.6**	**309.1**	**30.2%**	**997.9**	**296.5**	**29.7%**
Total equity and liabilities	**1,534.0**			**1,485.6**		

Attachment 4

Separate income statement for the year ended 31 December 2012 classified by function

(million euro)	2012	2011
Revenue	1,017.5	1,108.1
Cost of sales	(901.9)	(941.0)
Selling and distribution expenses	(116.6)	(130.6)
General and administrative expenses	(30.3)	(40.0)
Operating profit	**(31.2)**	**(3.5)**
Net financial expenses	(23.1)	(19.4)
Gains or losses from associates	100.0	50.1
Profit before tax	**45.7**	**27.2**
Income tax expenses	0.2	(16.7)
Profit for the year	**45.9**	**10.4**

Attachment 5

List of investments in subsidiaries and associates

2012 (million euro)	Location	Share capital	Equity	Of which profit (losses)
Investments in subsidiaries				
Indesit Company Ceská S.r.o.	Prague	0.0	0.3	0.1
Indesit Electrodomesticos S.A.	Alcobendas	1.0	(5.0)	(5.8)
Merloni Domestic Appliances Ltd.	Peterborough	110.5	51.4	0.4
Indesit Company UK Holdings Ltd.	Peterborough	163.0	425.3	48.6
Indesit Company Luxembourg S.A.	Luxembourg	118.0	242.3	20.6
Indesit Company Polska Sp.zo.o.	Warsaw	132.8	231.8	0.1
Indesit Company Portugal Electrodomésticos S.A.	Lisbon	1.1	5.2	(1.2)
Indesit Company Beyaz Esya Pazarlama A.S.	Istanbul	4.8	11.5	1.5
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	Manisa	127.9	80.6	(0.3)
Indesit Argentina S.A.	Argentina	3.9	8.3	1.6
Indesit Company IP S.r.l.	Fabriano (Italy)	0.0	0.0	(0.0)
Aeradriatica S.p.A.	Fabriano (Italy)	23.1	20.0	(0.5)
Indesit Company Rus Ltd.	Lipetzk (CSI)	0.1	(1.9)	38.1
Closed Joint Stock Company Indesit International	Lipetzk (CSI)	53.2	242.6	16.8
Indesit Ukraine LLC	Ukraine	1.1	(4.0)	(4.2)
Indesit Company Bulgaria Ltd.	Sofia	0.0	0.2	0.0
Indesit Company Nordics A.B.	Kungens Kurva	0.0	0.0	0.0
Investments in associates				
Trade Place B.V.		0.0	(0.0)	0.1

* The information relating to Trade Place B.V. relates to 2011.

Share investment %	Portion of equity in balance sheet (A)	Carrying amount (B)	Measurement using the equity method adjustment (C)	(C) - (B)
100.0	0.3	0.0	0.3	0.2
79.0	(3.9)	0.0	(3.9)	(3.9)
19.6	10.1	13.6	10.1	(3.5)
38.7	164.4	136.7	60.0	(76.6)
100.0	242.3	105.2	191.5	86.3
100.0	231.8	221.7	232.5	10.8
0.0	0.0	0.0	0.0	0.0
100.0	11.5	3.8	11.3	7.5
36.2	29.1	22.1	29.1	7.0
3.0	0.2	0.2	0.2	(0.0)
100.0	0.0	0.0	0.0	0.0
100.0	20.0	20.3	20.1	(0.2)
100.0	(1.9)	0.1	(4.2)	(4.3)
100.0	242.6	143.2	242.4	99.2
100.0	(4.0)	0.0	(4.0)	(4.0)
100.0	0.2	0.0	0.0	0.0
100.0	0.0	0.0	0.0	0.0
	942.7	**667.0**	**785.5**	**118.5**
20.0	(0.0)	0.5	(0.0)	(0.5)

Attachment 6

Summary of the availability of reserves

Nature/Description (million euro)	Amount	Possibility to use	Available portion	Of which undistributable portion	Summary of utilisations over three years: To cover losses	Summary of utilisations over three years: For other purposes
Share capital						
Share capital	102.8	B	-	-	-	-
Nominal amount of treasury shares	(9.9)		-	(9.9)	-	-
Equity related reserves						
Share premium reserve	35.9	A, B	35.9	-	-	-
Share premium owner reserve	(23.0)		-	(23.0)	-	-
Revalutation reserve	0.0	A, B	-	-	-	-
Reserve for grants	18.1	A, B, C	18.1	18.1	-	-
Surplus fusion reserve	1.4		1.4	-	-	-
Profit reserve						
Legal reserve	22.7	B	22.7	-	-	-
Statutary reserves	0.0		-	-	-	-
Stock options reserve	0.4	A, B	-	-	-	-
Cash flow hedge reserve	(8.9)	A, B	(8.9)	-	-	-
Retained earnings	324.0	A, B, C	323.7	0.2	-	-
Total share capital and reserve	**463.4**		**393.0**	**(14.6)**	**-**	**-**
Profit/Losses for the year	45.9				-	-
Total equity	**509.3**				**-**	**-**
Restriction pursuant to art. 2426 paragraph 5 *			**(36.3)**	**(36.3)**	**-**	**-**
Restriction on unrealized gains on exchange rate fluctuations			**-**	**-**	**-**	**-**
Net total			**356.7**	**(50.9)**	**-**	**-**

* It represents the indistributable portion destined to cover long-term costs not yet amortized.

Attachment 7

Summary of the fees charged by the audit company and the 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	1,151
	KPMG S.p.A. *	Subsidiaries	372
Other services			
- Agreed-upon procedures	KPMG S.p.A.	Parent	75
- Agreed-upon procedures	KPMG network	Subsidiaries	9
- Performance of advisory services and tax	KPMG network	Subsidiaries	90
Total			**1,697**

* 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, 21 March 2013

For the Board of Directors

The Chairman
(signed on the original)

Andrea Merloni

Statement of compliance of the Separate financial statements at 31 December 2012 pursuant to art. 154-*bis* of Legislative Decree 58/1998

The Chief Executive Officer Marco Milani and the Manager in charge of financial reporting, Stefano Cavacini, pursuant to paras. 3 and 4 of art. 154-*bis* of Legislative Decree no. 58/1998, hereby confirm:

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

throughout 2012 of the administrative and accounting procedures applied for the preparation of the Separate financial statements.

The undersigned also confirm that the 2012 separate financial statements:

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

The report on operations includes a reliable analysis of the performance, results and financial position of the Issuer, as well as a description of the principal risks and uncertainties to which it is exposed.

21 March 2013

The Chief Executive Officer
(signed on the original)

Marco Milani

The Manager in charge of financial reporting
(signed on the original)

Stefano Cavacini

Report of the independent auditor

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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 2012, 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 28 March 2012 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 2012 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 2012, 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 an annual report on corporate governance and the 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

Indesit Company S.p.A.
Report of the auditors
31 December 2012

Legislative decree no. 58/98 disclosed in the annual report on corporate governance and the 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 annual report on corporate governance and the ownership structure are consistent with the separate financial statements of Indesit Company S.p.A. as at and for the year ended 31 December 2012.

Ancona, 26 March 2013

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit