Annual Report 2013

INDESIT company

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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 company or individual subsidiaries, their registered names are stated in full. This report on operations contains information about both the Indesit Group as a whole and the parent company, Indesit Company S.p.A.

All the amounts presented in this report on operations and in the consolidated and separate financial statements and explanatory notes are stated in millions of euro; the comparisons made (in brackets) relate to information for the prior year. Percentages (margins and changes) are determined with reference to amounts stated in thousands of euro.

The intermediate indicators of profitability, EBIT [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 differing criteria for the determination of taxable income, or the amount and characteristics of capital invested. The criteria applied by the Group and the parent company for determining these indicators might not be consistent with those adopted, for example, in the contractual definitions of the financial covenants for borrowing, or with those adopted by other groups or companies and, accordingly, their values might not be comparable with those determined by such other groups or companies.

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

2013 highlights of the year 2013

Income statement key data of the accounting period

(million euro)	Year 2013	Year 2012	Change
Revenue	2,671.1	2,893.7	-7.7%
Gross operating profit (EBITDA)	178.5	245.7	-27.4%
Depreciation and amortisation	(110.3)	(109.9)	0.4%
Operating profit (EBIT)	68.1	135.8	-49.8%
Operating profit (EBIT)/Revenue	2.6%	4.7%	-2.1 p.p.
Profit for the period attributable to the owners of the Parent	3.2	61.7	n.a.
Net basic earnings per share (euro)	0.03	0.60	(0.57)
Net diluted earnings per share (euro)	0.03	0.60	(0.57)

Balance sheet key data

(million euro)	31.12.2013	31.12.2012
Net working capital	(10.0)	(47.7)
Non-current assets	1,088.3	1,140.8
Non-current liabilities	559.5	432.1
Equity attributable to the owners of the Parent	465.3	556.9
Net financial indebtedness	325.5	256.4
Net financial indebtedness/Equity	70.0%	46.0%

Cash flow

(million euro)	Year 2013	Year 2012
Operating cash flow	63.8	128.2
Cash flow from investing activities	(112.3)	(142.6)
Cash flow from financing activities	236.4	(77.2)
Free cash flow	(69.1)	(38.1)

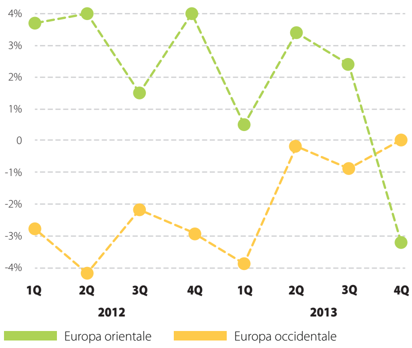
Report on operations at 31 December 2013

Market trends

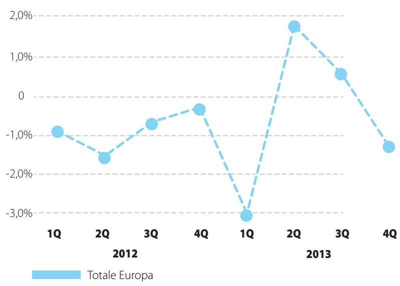
The domestic appliances market (Industry Unit Shipments) in Western Europe contracted by 1.5% during 2013, compared with 2012, but expanded by 0.8% in Eastern Europe.

Demand in Greater Europe fell by about 0.7% in 2013; however, given segmentation differences within the mix of countries served by Indesit, the reduction in demand faced by the Group was around 1.2%.

Change in industry shipments by segment 2012/2013



Change in industry shipments 2012/2013



Currency movements

Overall, compared with 2012, the euro [3] appreciated against other major currencies. In particular, the euro rose 4.7% against the British pound, 6.0% against the Russian ruble and 9.5% against the Turkish lira, with a consequent adverse effect on the Group's margins. The Polish zloty was essentially stable compared with 2012.

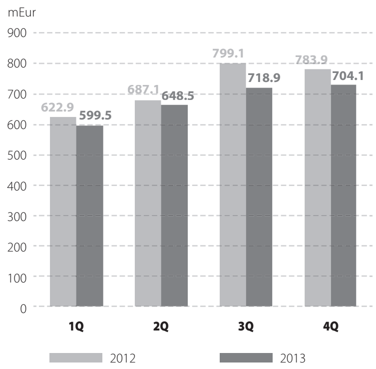
Exchange rates vs euro		31.12.2013	31.12.2012	Change %	Effect on revenue	Effect on profitability
GBP	12 months	0.849	0.811	4.7%	negative	negative
	Closing	0.834	0.816	2.2%		
RUR	12 months	42.327	39.926	6.0%	negative	negative
	Closing	45.325	40.330	12.4%		
PLN	12 months	4.197	4.185	0.3%	negative	positive
	Closing	4.154	4.074	2.0%		
TRY	12 months	2.533	2.314	9.5%	negative	negative
	Closing	2.961	2.355	25.7%		

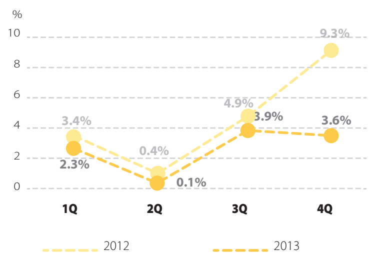
3. Determined with reference to the average monthly rates reported by the European Central Bank.

Consolidated results

Revenue

Total revenue & % change 2013/2012





Group revenue in 2013 totaled 2,671.1 million euro (2,893.7 million euro), down 7.7% with respect to 2012.

In particular, revenue from MDA products decreased by 8.2%, due to a decline in sales volume (-5.3%) and the adverse effect of currency movements (-3.0%). The changes in the price mix were negligible.

Given the weakness of demand in the principal markets served by the Group and the adverse exchange-rate movements, selective pricing policies were adopted in order to mitigate the effect on profitability despite a consequent reduction in the volume of sales.

Revenue from services was 4.2% lower than in 2012.

(million euro)	Year 2013	Year 2012	Change %
Revenue from finished products	2,451.6	2,664.5	-8.0%
Revenue from service operations	219.5	229.2	-4.2%
Total revenue	**2,671.1**	**2,893.7**	**-7.7%**

Product cost

At constant exchange rates, product cost declined by 0.5% during 2013, with respect to 2012, due to rationalization of the bill of materials and production efficiencies.

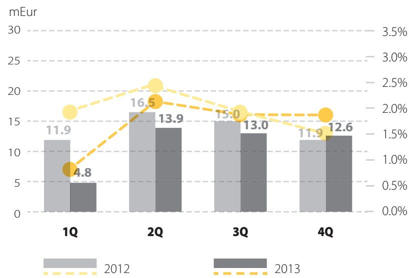
The quarterly percentage changes in product cost are analyzed in the following table:

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Sourcing cost	-0,7%	-0,5%	-0,7%	-0,5%	0,7%	0,4%	-0,9%	-0,2%
Manufacturing cost	1,1%	0,5%	0,2%	-2,2%	-2,0%	-0,8%	0,0%	0,5%
Total product cost	**0,4%**	**0,0%**	**-0,5%**	**-2,7%**	**-1,3%**	**-0,4%**	**-0,9%**	**0,3%**

Other operating costs

At current exchange rates, advertising and promotion expenses totaled 44.3 million euro in 2013 (55.2 million euro).

Advertising & promotion expenses



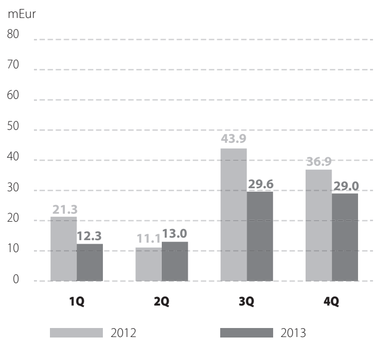
Operating profitability

Compared with the prior year, Indesit's operating profitability during 2013, excluding non-recurring income and expense, was heavily conditioned by the depreciation of the principal currencies used by the Group, and by the stagnation/contraction of its main markets.

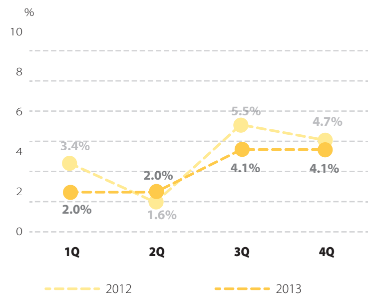
These effects were attenuated, in part, by the containment of overheads and a reduction in product costs.

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

Operating profit



Operating margin %



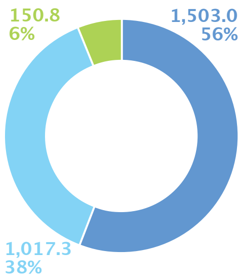
Results by geographical area

Consistent with para. 33 of IFRS 8, the following information is provided about the geographical areas in which the Group operates:

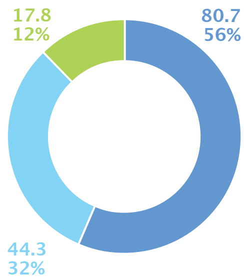
- **Western Europe Area** [4];
- **Eastern Europe Area** [5];
- **International Area** [6].

Year 2013 (million euro)	Western Europe	Eastern Europe	International	Costs not allocated	Total
Total revenue	1,503.0	1,017.3	150.8	0.0	2,671.1
Operating costs	(1,422.3)	(973.0)	(133.0)	(74.7)	(2,602.9)
Operating profit	**80.7**	**44.3**	**17.8**	**(74.7)**	**68.1**

Revenue by segment 2013 (mEur & %)

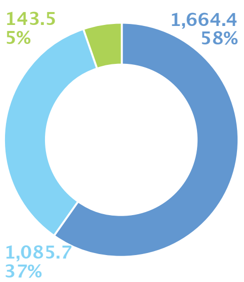


Operating profit by segment * 2013 (mEur & %)

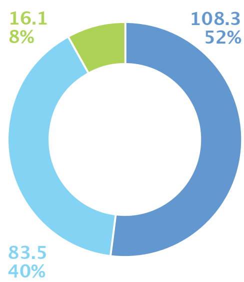


Year 2012 (million euro)	Western Europe	Eastern Europe	International	Costs not allocated	Total
Total revenue	1,664.4	1,085.7	143.5	0.0	2,893.7
Operating costs	(1,556.1)	(1,002.3)	(127.5)	(72.1)	(2,757.9)
Operating profit	**108.3**	**83.5**	**16.1**	**(72.1)**	**135.8**

Revenue by segment 2012 (mEur & %)



Operating profit by segment * 2012 (mEur & %)



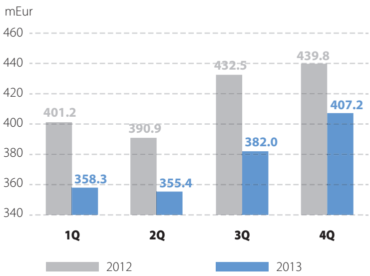
The costs not allocated to the various areas principally comprise corporate costs and net restructuring expenses, essentially of industrial nature.

* 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.

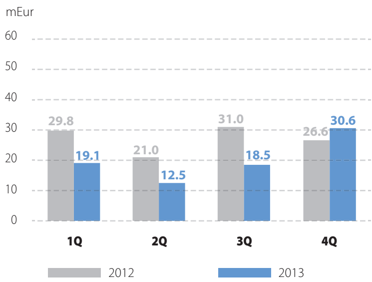
Western Europe Area

2012-2013 revenue by quarter



(million euro)	Year 2013	Year 2012	Change	Change %
Revenue	1,503.0	1,664.4	(161.5)	(9.7)
Operating profit	80.7	108.3	(27.6)	(25.5)
Operating margin %	5.4%	6.5%	-1.1 p.p.	

Operating profit



Revenue

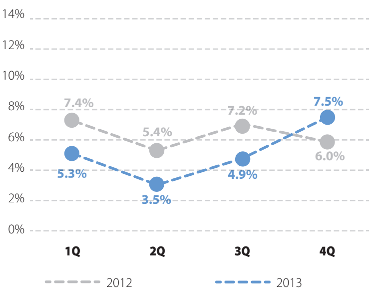
Revenue from sales of MDA finished products fell by 10.6% in 2013 compared with the prior year. This performance was largely due to the lower volume of sales and the depreciation of the British pound.

Revenue from services fell due to a reduction in home deliveries.

Profitability

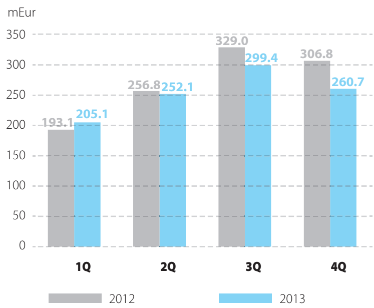
Profitability in Western Europe was slightly higher in 2013 than in 2012, due to logistical efficiencies and the containment of market overhead costs. This improvement in profitability was offset by the lower volume of sales, an adverse price-mix effect and the depreciation of the British pound.

Operating margin %



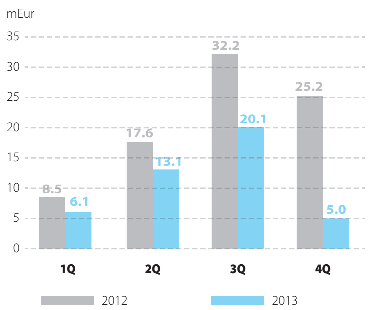
Eastern Europe Area

2012-2013 revenue by quarter



(million euro)	Year 2013	Year 2012	Change	Change %
Revenue	1,017.3	1,085.7	(68.4)	(6.3)
Operating profit	44.3	83.5	(39.1)	(46.9)
Operating margin %	4.4%	7.7%	-3.3 p.p.	

Operating profit



Revenue

Revenue from sales of MDA finished products was 6.6% lower in 2013 than in 2012, due to a serious reduction in sales volume (especially in the Russian market) and the depreciation of the Russian ruble and the Turkish lira.

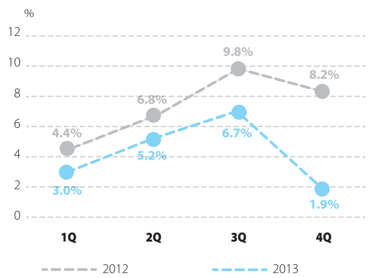
The favorable price mix mitigated this reduction.

Profitability

The profitability of the Area during 2013 was lower than in 2012, due to significant depreciation of the major currencies used and the lower volume of sales.

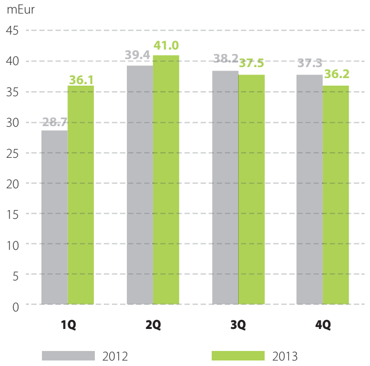
A favorable price mix, product cost efficiencies and reductions in customs duties and advertising costs all helped to mitigate the decline in profitability.

Operating margin %



International Area

2012-2013 revenue by quarter



(million euro)	Year 2013	Year 2012	Change	Change %
Revenue	150.8	143.5	7.3	5.1
Operating profit	17.8	16.1	1.8	10.9
Operating margin %	11.8%	11.2%	0.6 p.p.	

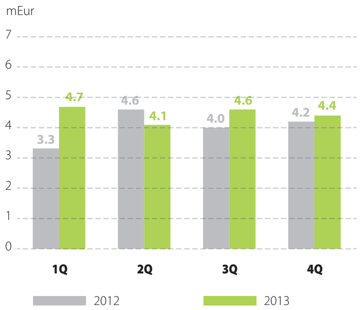
Revenue

Revenue from sales of MDA finished products was 5.0% higher during 2013 than in 2012, due to increased volume and an improvement in the price mix. These positive effects were partially offset by adverse exchange-rate movements.

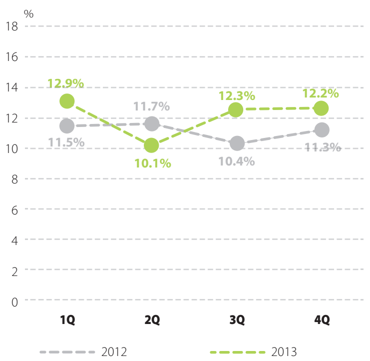
Profitability

Profitability improved overall by 10.9% in 2013 compared with 2012, due to an improvement in the volume of sales and a better price mix, despite the adverse exchange-rate movements.

Operating profit



Operating margin %



Non-recurring items

Net non-recurring expenses amounted to 15.8 million euro in 2013 (income of 22.5 million euro).

The expenses principally relate to termination payments agreed with executives affected by the Group's reorganization plan.

This adverse change reflects recognition at the end of 2012 of income deriving from the changes made to the inflation parameters used to recognize the UK Pension Fund liability.

Net profit

Net financial expenses amounted to 51.3 million euro (34.3 million euro) during 2013.

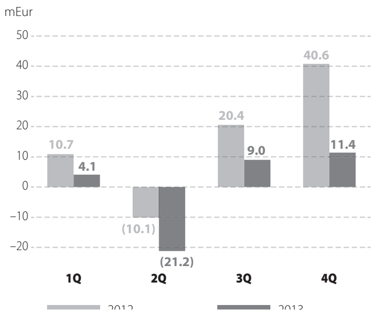
Borrowing costs and related expenses were in line with 2012.

The increase in net financial expenses was due to the change in value of the managed options as cash flow hedges to hedge the exchange rate risk and to adverse movements in the exchange rates for the principal currencies to which the Group is exposed.

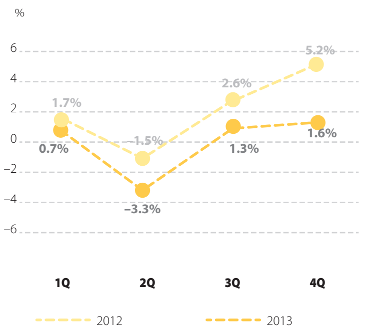
Income taxes of 13.7 million euro (39.8 million euro) were recorded in 2013.

The consolidated net profit for 2013 was 3.2 million euro (61.7 million euro).

Net profit



Operating margin %



Cash flows [7]

(million euro)	31.12.2013	31.12.2012
EBITDA	178.5	245.7
Net financial expenses	(51.3)	(34.3)
Income tax expenses	(13.7)	(39.8)
Change in NWC	(55.5)	28.0
Change in other assets & liabilities	(6.4)	(75.6)
Change in funds	(7.7)	7.3
CapEx	(88.8)	(152.5)
Equity	(24.4)	(16.8)
Free Cash Flow	**(69.1)**	**(38.1)**

The **Free Cash Flow** absorbed was 69.1 million euro (38.1 million euro), resulting in an increase in net financial indebtedness by the same amount since 31 December 2012.

The change with respect to 2012 was mainly attributable to the Net Working Capital, increased due to the reduction in trade payables and as a consequence of the lower production in the last quarter compared to the corresponding period of the previous year. The increase in net financial expenses and the fall in EBITDA are also a negative effect.

These phenomena were mitigated by the positive change in net CapEx.

The net working capital position of -10.0 million euro is particularly positive in sector terms.

7. For operational reasons, the schedule of Free Cash Flow classifies certain captions (translation reserve, remeasurement reserve, assets available for sale and certain provisions) differently with respect to the consolidated statements presented in the condensed half-year financial statements.

The change in net working capital includes the decrease in trade payables incurred for investment purposes, 24.1 million euro (negative for 5.2 million euro), which is classified as part of the Cash flows from investing activities in the separate cash flow statement. This latter statement therefore reports different amounts for the cash flows from operating activities and for other operational flows.

Consolidated balance sheet and financial position [8]

(million euro)	31.12.2013	31.12.2012
Trade receivables	426.5	465.3
Inventories	302.4	331.8
Trade payables	(738.9)	(844.8)
Net working capital	**(10.0)**	**(47.7)**
Non-current assets	954.2	1,019.1
Other current assets and liabilities and non-current liabilities	(153.4)	(158.1)
Net invested capital	**790.7**	**813.3**
Net financial indebtedness	325.5	256.4
Equity attributable to the owners of the Parent	465.3	556.9
Non-controlling interests	0.0	0.0
Equity and financial liabilities	**790.7**	**813.3**

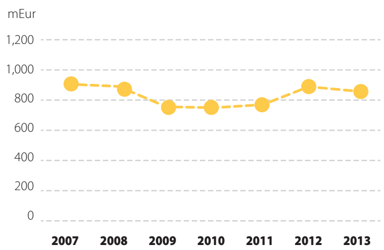
The increase in net working capital since 31 December 2012 mainly reflects the reduction in trade payables, due to lower production volumes in the last quarter compared to the corresponding period of the previous year.

Certain trade receivables in the UK and Poland have been sold without recourse. The amounts sold but not collected at 31 December 2013 total 33.3 million euro.

The Group's ROI (before tax) was below the average for the past 5 years, due to the reduction in profitability during 2013.

8. 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 2007-2012	2013
ROI %	18.8%	8.6%
Asset turnover	3.6	3.4

Equity attributable to owners of the parent company has decreased by 91.6 million euro since 31 December 2012.

This decline mainly reflects the reduction in the translation reserve due to the significant depreciation of the principal currencies used by the Group, the adverse change in the remeasurement reserve and the payment of dividends.

(million euro)	**31.12.2013**	**31.12.2012**
Current financial assets	17.9	29.4
Cash and cash equivalents	330.8	142.8
Banks and other financial payables	(307.4)	(197.8)
Net financial indebtedness position - short term	**41.3**	**(25.6)**
Medium/long-term financial payables	(368.6)	(232.3)
Net financial position *	**(327.4)**	**(257.9)**
Other non-current financial assets	1.9	1.5
Net financial indebtedness	**(325.5)**	**(256.4)**

* As defined in Consob Communication DEM /6064293 dated 28.07.2006, applying the CESR recommendations dated 10.02.2005.

Net financial indebtedness amounts to 325.5 million euro (256.4 million euro).

Gross financial indebtedness totals 676.0 million euro (430.1 million euro), of which 54.5% is classified as long term (54.0% at 31 December 2012).

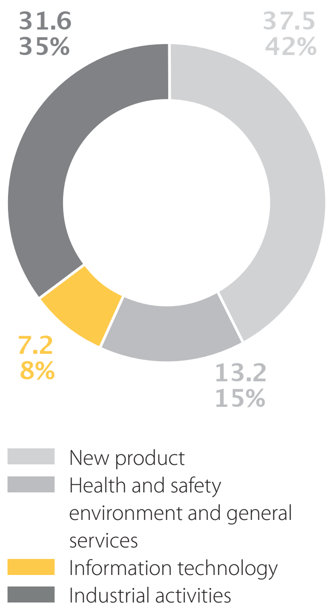
Investment

Net investment during the year amounted to 88.2 million euro, or 3.3% of revenue (137.4 million euro, 4.8% of revenue), of which 57.2 million euro (101.4 million euro) for property, plant and equipment and 31 million euro (36.1 million euro) for intangible assets.

The above total is stated net of retirements amounting to 1.4 million euro (15.4 million euro).

Gross investment therefore amounted to 89.6 million euro (152.8 million euro).

Gross investment 2013 by destination (mEur & %)



The 37.5 million euro invested in new products is analyzed below [9]:

- 42% in the washing sector (15.9 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);
- 16% in the cooking sector (6.1 million euro). The main project involved completion of the platform for 60x60 Full Glass freestanding cookers at the Lodz factory (Poland). In addition to other benefits, the inner door glass can be removed for easy cleaning;
- 18% in the cooling sector (6.7 million euro). The new platform for 70cm-width units has been completed at the Manisa factory (Turkey);
- 10% in the dishwasher sector (3.8 million euro). The principal project involved completion of the new platform for 60 cm dishwashers at the Radomsko factory (Poland);
- 7% (2.5 million euro) in the dryer sector;
- 7% (2.5 million euro) in the small household appliances sector.

The 31.6 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), 7 million euro, and the start-up of the new factory for the washing sector in Turkey;
- improvements and adaption to the concept of "lean production" at all Group factories, 1.5 million euro.

Other investments, totaling 20.5 million euro, mainly related to:

- Health and Safety work at factories (3.6 million euro), with particular emphasis on the improvement of working conditions and the reduction of noise in production departments, and action to minimize the potential environmental impact of the Group's factories;
- improvement of the IT infrastructure and services (including 7.2 million euro spent on licenses and software);
- purchase of the Hotpoint trademark for the Australia market for 3 million euro;
- other activities of a general nature.

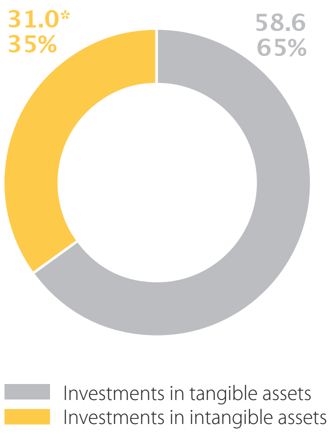
9. The above amounts invested have been rounded to millions of euro.

Relative to production capacity is as follow:

- opening of new production in the first quarter of 2013, in particular, began the production of hoods at the factory in Lodz;
- compared to 2012 with reference to available production capacity and unused, there is a decline in the level of saturation in particular of the Italian plants due to the decline in sales volumes;
- the main actions taken to improve the efficiency during 2013 focused on the activities of projects and processes that have enabled the achievement of significant reductions in the cost of the product over the previous year. Also continues the roll out of the principles of lean manufacturing at all sites of the Group, which has allowed us to achieve important results in terms of quality of the product, the organization of work and the reduction of production costs.

Research and development activities

2013 gross investments (mEur & %)



* Of which 21 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 investment is dedicated to research and the 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.

2013 saw the development and launch of new products in the following projects:

- for products of washing there was the launch of the new washing machine to brand Indesit INNEX equipped with an innovative technology that allows the start of the wash cycle with the push of a button, simplifying the programming of the machine and reducing the time of 'operation. It 'was then completed the project that allows for the production of washing machines energy-efficient and high-carrying capacity in Russia;
- new products have been developed and launched related to the category of small appliances such as blender, kettle, toaster, blender steamer, food processor, low speed centrifugation, vacuum cleaner, iron, coffee machines, espresso pods developed in collaboration with Illy and Kimbo;
- for cooking the launch has started of the new platform free-standing cookers 60x60 Full Glass that, in addition to other benefits, allows for simplified removal and cleaning of the inner door of the oven;

- the production start-up and launch of the new hoods in production at the new plant in Lodz have been completed;
- for the cold the main project was certainly the development of a new platform for high-capacity refrigerators in width 70 with No Frost technology products Manisa plant;
- the new platform in the dishwasher 60 cm wide saw the launch from April to come up to speed at the end of the year, it guarantees lower consumption of energy and water, greater cleaning efficiency, greater loading flexibility and implements an innovative technology based on ozone molecules able to reduce odors and bacteria between a wash cycle and the next;
- have developed a new control board for the dryer that will have practical advantages and control of the drying result for the consumer and a cost aligned to the existing electromechanical products;
- then we report the development of technology *Dialogic* transversal to all products that enable connectivity and dialogue between appliances and other electrical equipment in the house, their remote management, monitoring of consumption and access to high value-added for the consumer.

Economic and financial position of the Parent Indesit Company S.p.A.

The schedules presented and discussed below are based on the Parent Company's separate financial statements at 31 December 2013, 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 Decree no. 38/2005.

Summary of the Parent Company's results

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

The Parent Company's income statement reports a net profit of 4.8 million euro (45.9 million euro), down 41.1 million euro.

The principal economic indicators are summarized below:

Income statement key data

(million euro)	2013	2012
Revenue	931.3	1,017.5
Gross operating profit (EBITDA)	35.2	27.8
Depreciation and amortisation	(56.2)	(59.0)
Operating profit (EBIT)	(21.1)	(31.2)
Operating profit (EBIT) / Revenue	-2.3%	-3.1%
Profit for the year of Parent	4.8	45.9

Statement of financial position key data

(million euro)	31.12.2013	31.12.2012
Net working capital	80.0	117.0
Non-current assets	986.2	954.4
Non-current liabilities	486.2	311.1
Equity	494.7	505.3
Net financial indebtedness	407.2	417.7
Net financial indebtedness/Equity	82.3%	82.7%

Cash flows

(million euro)	31.12.2013	31.12.2012
Operating cash flow	55.6	9.0
Cash flows from(for) investing activities	(41.6)	(163.6)
Cash flows from(for) financing activities	16.5	155.7

Revenue was 8.5% lower following an 8.4% decrease in revenue from third parties and a 8.6% reduction in intercompany revenue.

Gross operating profit (EBITDA) amounted to 35.2 million euro (27.8 million euro), representing 3.8% (2.7%) of revenue. The reduction in revenue was due to the decline in demand.

The operating loss (EBIT) amounted to 21.1 million euro (31.2 million euro).

Further information about the economic and financial performance of the Parent Company is presented in the explanatory notes to the separate financial statements.

Cash flows [10]

(million euro)	2013	2012
EBITDA	35.2	27.8
Change in NWC	37.0	(3.5)
Other operating cash flows	(32.6)	(29.2)
Operating cash flows	**39.6**	**(4.9)**
Investments net of proceeds from the disposal of property, plant and equipment and intangible assets	(24.9)	(50.9)
Cash flows before financing activities	**14.6**	**(55.8)**
Investments net of proceeds from the disposal of financial assets	(0.7)	(109.0)
Dividend received/paid and other changes in equity	(3.4)	84.9
Free cash flow	**10.6**	**(79.8)**

The cash flow absorbed by operations was 1.7 million euro (4.9 million euro), due to the increase in net working capital despite a deterioration in the other operational flows.

Dividends collected/paid and other changes in equity reflect dividends collected net of those paid, together with changes in the cash flow reserve.

Free Cash Flow [11] reflects the generation of 10.6 million euro (absorption of 79.8 million euro).

Summary of the financial position of the Parent Company

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

(million euro)	2013	2012
Trade receivables	335.0	418.3
Inventories	88.5	90.3
Trade payables	(343.5)	(391.6)
Net working capital	**80.0**	**117.0**
Non-current operating assets	932.5	952.5
Other current assets and liabilities and non-current liabilities	(110.6)	(142.4)
Net invested capital	**901.9**	**927.1**
Net financial indebtedness	407.2	417.7
Equity	494.7	509.3
Equity and financial liabilities	**901.9**	**927.1**

Net financial indebtedness amounts to 407.2 million euro (417.7 million euro).

10. The change in net working capital reported in the above cash flow statement includes the decrease in trade payables incurred for investment purposes, 16.0 million euro (3.7 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 from operating activities and for other operational flows.
11. *Free Cash Flow*: cash flow from operating activities and investing activities, net of dividends collected/paid, the cash flow reserve and capital increases.

Equity amounts to 494.7 million euro (509.3 million euro), down by 14.6 million euro. This principally reflects the payment of dividends totaling 20.6 million euro, partially offset by the net profit for 2013 amounted to 4.8 million euro.

Reconciliation between equity and profit for the year of the Parent

In accordance with Consob regulations [12] the equity and profit for the year of the Parent Company are reconciled below with the related consolidated amounts:

	31.12.2013		31.12.2012	
(million euro)	**Profit (Loss)**	**Equity**	**Profit (Loss)**	**Equity**
Financial statements of the Parent Company	**4.8**	**494.7**	**45.9**	**489.9**
Consolidated adjustments				
Difference between carrying amount and equity of Group companies	54.4	(21.1)	293.8	(3.0)
Dividends received from subsidiaries	(62.2)	0.0	(275.6)	-
Effect of aligning separate financial statements with Group	0.2	3.1	(0.4)	5.3
Elimination of intercompany profits	5.1	(11.7)	(0.8)	(15.3)
Other effects	1.0	0.1	(1.3)	(5.0)
Total consolidation adjustments	**(1.6)**	**(29.5)**	**15.8**	**(18.0)**
Consolidated financial statements	**3.2**	**465.2**	**61.7**	**471.9**

Corporate governance and ownership structure

The system of Corporate Governance adopted by Indesit Company S.p.A. is essentially consistent with the principles established in the Code of Conduct for Listed Companies (the Code) and with international best practice. On 21 March 2014, the Board of Directors approved the 2013 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" [13]. Reference is made to this report for the disclosures required by law.

Indesit Company S.p.A. has adopted the ordinary model of administration and control (envisaged under Italian law), with the presence of a Shareholders' Meeting, a Board of Directors, a Board of Statutory Auditors and Independent Auditors. The directors and officers 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, Audit Committee, Strategic Development Committee and Related-party

12. Consob Communication DEM/6064293 dated 28 July 2006
13. At the address www.indesitcompany.com/inst/en/vision/corporate_governance/cGHome.action.

transactions Committee), ensures that the interests of all shareholders are appropriately balanced and guarantees a high level of discussion at Board meetings.

During the meetings held in February 2014, the Board of Directors acted on a recommendation from the Compensation Committee and approved a Compensation Policy. This was consistent with the provisions of the Code and the regulations issued by Consob. Pursuant to current legislation, the Compensation Policy is the first section in the Compensation Report and will be presented for examination at the Shareholders' Meeting called to approve the 2013 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.

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

Transactions between Group companies are settled on arms'-length terms, 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, [14] 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 an uplift with respect to production cost. The fairness of such transfer prices is checked by applying the Transactional Net Margin Method (TNMM), as required by the regulations, normal practice in Italy and the OECD Guidelines (or Directives).

Transactions with related parties are not significant to the economic and financial position of the Group. There were no atypical or unusual transactions during 2013.

Further information on the procedures adopted by the Group with regard to significant and related-party transactions can be found in the 2013 Annual report on corporate governance and the ownership structure, prepared pursuant to art. 123-*bis* of the TUIF and approved on 21 March 2014.

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 Compensation Report.

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

Information on Company bodies

Board of Directors	
Chairman	Marco Milani
Chief Executive Officer and General Director	Marco Milani
Directors	Luigi Abete
	Paolo Amato
	Franca Carloni
	Guido Corbetta
	Sergio Erede
	Andrea Merloni
	Antonella Merloni
	Aristide Merloni
	Maria Paola Merloni
	Libero Milone
Board of Statutory Auditors	
Chairman	Marco Reboa
Auditors	Andrea Amaduzzi
	Luigi Biscozzi
Alternate Auditors	Michele Casò
	Francesco Nobili
Human Resources Committee	
	Guido Corbetta (Chairman)
	Sergio Erede
	Andrea Merloni
	Maria Paola Merloni
	Libero Milone
Control and Risk Committee	
	Libero Milone (Chairman)
	Luigi Abete
	Paolo Amato
	Antonella Merloni
	Aristide Merloni
Representative of the savings shareholders	
	Adriano Gandola
Independent Auditors	
	Reconta Ernst & Young S.p.A.
Manager charged with preparing the Company's financial reports	
	Stefano Cavacini

Stock option plans

No new plans were authorized during 2013 and no stock options were granted, while the residual 147,000 stock options expired. Accordingly, the Group has no stock option plans at 31 December 2013.

Treasury shares and shares of the Parent

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

Information about significant non-EU companies

Indesit Company S.p.A. controls, directly or indirectly, 5 companies formed under and governed by the laws of countries that are not members of the European Union ("Significant non-EU Companies", as defined by Consob regulations [15]).

With regard to these companies:

- all significant non-EU companies prepare accounts 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 apply an administrative-accounting system capable of providing the regular economic and financial information needed by Indesit's management and auditors in order to prepare the consolidated financial statements.

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

Information about employees

Composition of the work force

The number of employees at 31 December 2013 is 15,790; 541 less than at the end of the prior year.

In geographical terms, 28% of the population is based in the Russian Federation, 26% in Italy, 20% in Poland, 15% in the UK and Ireland, 6% in Turkey and the remaining 4% in other sites where the Group is present.

In organizational terms, 72.6% are employed in Products & Technology; 24.8% in Sales & Marketing; 2.6% in the Support Functions.

34% of employees are female.

15. Decision 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.

Training, organization and remuneration policies

In 2013, training programs were conducted for inclusion in a company and development (In Indesit, Induction, IGE, In Tune, In Action) for a total of 588 participants. The training catalog at the group level that serves to develop areas for improvement from the performance evaluation involved 1,026 participants.

Other 2,457 people attended training courses that support the development plans (Business Support).

8,821 were participants in courses on safety, quality and environment.

Remuneration policies are intended to support the organizational development of the Group. In 2013, in all areas have been recognized as salary increases in line with the labor markets of reference, the inflationary trends and any specific local agreements. For more information, please refer to the remuneration report.

Safety

Indesit Company safeguards the health and safety of its employees in compliance with the regulations in force in each country and the ILO (International Labour Organization) guidelines on health and safety at work. 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 location and therefore the related employees had obtained certification under OHSAS 18001 by 2009. During 2013, for the fifth consecutive year, exceptional results were achieved in terms of reducing the number and seriousness of accidents. Effective involvement at each level of the organization has increased the number of unsafe conditions or acts that have been identified, thus boosting prevention-related activities. Telemetry systems have been introduced together with smaller movement devices, while the signage used has been further improved. These efforts, in particular, have reduced the risks associated with the handling of materials at factory locations and at warehouses.

Technical Affairs

The new RoHS Directive was adopted in almost every EU member state during 2013.

In Italy, incentives have been made available in the context of home renovations for the purchase of products classified as at least A+.

The new labeling has been obligatory for dryers since June 2013 and the first phase out of less efficient products began in November 2013 (Eco design).

New Technical Regulations have been introduced in Russia and the PCT mark has been replaced by the EAC mark.

Application of the visible fee was suspended in a number of countries (e.g. Portugal, Poland) at the start of 2013, but not yet in Italy, France and Spain.

Major revisions have been required to the software platform used in the Group's products ahead of the 2014 amendment to the Low Voltage Directive (general part and vulnerable people).

Privacy

The "Security Planning Document" required by 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 their activities. Consequently, reference is made to the information on operating segments contained in the explanatory notes to the consolidated financial statements for further details about the geographical areas and, in general, to the information provided in the consolidated financial statements about the principal events involving subsidiary companies.

Management and coordination activities

Indesit Company S.p.A. is not subject to management or coordination by other companies or bodies, and determines its general and operational strategic guidelines on a fully autonomous basis. Pursuant to art. 2497 *bis* of the Italian Civil Code, the Italian subsidiaries under direct or indirect control have, with specific exceptions, identified Indesit Company S.p.A. as the party that manages and coordinates their activities. This activity consists in communicating the Group's general and operational strategic guidelines and involves determining and improving the system of internal control, the model of corporate governance and the corporate structure, issuing a Code of Conduct adopted at Group level, and preparing general policies for the management of human and financial resources, the procurement of factors of production, marketing and communications. Although subsidiaries maintain their operational and managerial autonomy, the above contribution enables them to achieve economies of scale via recourse to professional skills and specialist services of 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 Company, is essentially exposed - directly or indirectly - to the same risks and uncertainties as those described below in relation to the Group. The risk factors most directly affecting activities in 2013 are discussed in the section entitled Forecast for operations.

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, Indesit monitors each month or each quarter 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.

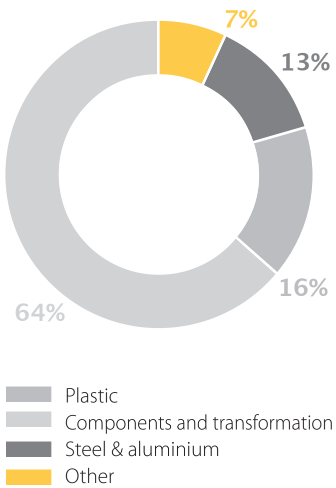
Predictability of demand: Indesit mainly distributes its products via chain retailers, wholesalers and the manufacturers of fitted kitchens. The order backlog is typically one month. The visibility of demand beyond a one/three month planning horizon is therefore somewhat limited, and is largely based 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 minimizes 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 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 2013, the Group's costs for the consumption of raw materials, components and consumables totaled 1,559.0 million euro, including 205.9 million euro for steel and aluminum, 249.0 million euro for plastics, 999.9 million euro for components and outsourced production, and 104.2 million euro for other materials.

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 2014 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 2013. For the Russian market, prices will again be fixed for each semester during 2014 due, in part, to normal contractual practice there; accordingly, the steel price for just the first semester of 2014 was fixed at the end of 2013.

Exposure to the prices of raw materials and components



For non-ferrous metals (nickel, copper and aluminum), the supply agreements for 2014 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 2014 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 nationalization 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 expenses (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 write-downs recorded in 2013.

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 action to guarantee a balanced capital structure, diversification of the sources of finance, the spreading of debt maturities over a broad time horizon, the maintenance of undrawn committed lines of credit, and defined limits for maturities and counterpart credit in the management of liquidity. The Group believes that the lines of credit and investments available at 31 December 2013 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. Exchange rate 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 established in the Treasury policy. As a policy, the Group prefers to borrow at floating rates, limiting the conversion from floating rate to fixed rate within the notional, maturity and market limits defined in the policy.

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.

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, recycling and disposal of waste products. Member states are in the process of adopting the new Directive, the deadline for which was set for 14 February 2014. Indesit complies with the regulatory requirements by joining consortiums that fulfill them on a collective basis.

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 likely at 31 December 2013, have been evaluated appropriately and their impact has been reflected in the accounts. See the explanatory notes to the consolidated financial statements (11) and to the separate financial statements (9) for further information.

Significant events during the year and subsequent to year end

Following announcement of the "Plan for Italy", the Program Agreement was signed with the Social Partners at the Ministry for Economic Development on 16 December 2013.

The understanding in relation to application of the social amortizers envisaged in the Program Agreement was signed with the Social Partners on 28 January 2014.

Consistent with the "Plan for Italy", the Teverola factory ceased production of front-loading washing machines during the first week of February 2014.

Outlook

The Indesit Group expects demand from distributors (Industry Shipments) in Greater Europe to be stable at 2013 levels during 2014.

Improvements with respect to 2013 are expected in Western Europe, especially in the UK, Italy and France.

By contrast, market demand is likely to be stable or slightly lower overall in Eastern Europe, particularly in Russia and the Ukraine.

At present, retail price movements appear to be consistent with those experienced in 2013.

Macroeconomic conditions in Europe show no signs of a marked upturn; accordingly, in 2014, the Group will continue to implement the various actions envisaged in its long-term strategic plans. These are designed to guarantee financial solidity and profitability over the medium and long term.

The following aspects are notable in this regard:

- lower production costs, consequent to the reorganization of manufacturing activities and the close attention paid to making continuous operational improvements;
- slightly lower purchasing costs, with a slowdown in the frequency of raw material price fluctuations;
- selective price increases in those countries/markets affected by lasting currency depreciation, consistent with the action already taken from the second quarter of 2013;
- completion of the range of Small Appliances and renewal of the Hotpoint brand of MDA products, with an improvement in margins.

Significant risks and uncertainties in 2014

Considering the elements mentioned above, it is appropriate to note a number of specific risks and uncertainties that, during 2014, might generate adverse effects and have a significant impact on the Group's economic and financial results.

In particular:

- serious depreciation of the Russian ruble, the Turkish lira and/or the Ukrainian hryvnia against the euro, if this exceeds the average levels recorded during the final quarter of 2013. The effect would be to erode forecast revenue and operating margins significantly, with partial and limited benefits deriving from cost reductions;
- an increase in commodity prices, not envisaged in the estimates currently made, could increase the costs of production;
- a deterioration in market demand in Russia, the Ukraine and Turkey, due to a worsening of the current political and financial turmoil, that is not offset by growth in the markets of Western Europe;
- continued pricing tensions, due to the fragmentation of the sector and structural excess manufacturing capacity, might result in the implementation of further aggressive pricing policies.

Proposed allocation of profit for the year

Shareholders,

the Company's separate financial statements as of 31 December 2013 report a profit for the year of 4,805,712 euro.

The Company is no longer required to appropriate profits to the legal reserve, as this already exceeds one fifth of the share capital.

At the date of this report, share capital amounts to 102,759,269.40 euro, represented by 114,176,966 shares of nominal value 0.90 euro each, of which:

- 113,665,684 ordinary shares, each entitling the holder to one vote at the shareholders' meeting;
- 511,282 non-convertible savings shares without voting rights.

The Board of Directors proposes not to distribute the profit for the financial year except as provided by art. 25, paragraph 1 of the Bylaws, which states that the net profits from the budget, paid the 5% to the ordinary reserve, are to be broken up to 5% (five percent) of the nominal value of the savings shares.

Given then this obligation, the Board proposes to allocate to each share of outstanding non-convertible savings 0.045 euro, using for this purpose the operating profit of the year up to a maximum of 23,007.69 euro, then allocate the residual profit 4,782,704.31 euro to the extraordinary reserve.

The dividends will be payable from the date of 22 May 2014 with coupon detachment on 19 May 2014.

Peterborough, 21 March 2014

for the Board of Directors

The Chairman
Marco Milani

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Consolidated financial statements at 31 December 2013
Consolidated financial statements

Consolidated income statement for the year ended 31 December 2013 [1]

(million euro)	Note	Year 2013	Year 2012 restated
Revenue	8.1	2,671.1	2,893.7
Cost of sales	8.2	(2,054.8)	(2,180.2)
Selling and distribution expenses	8.3	(437.3)	(468.9)
General and administrative expenses	8.4	(110.9)	(108.8)
Operating profit	**8.5**	**68.1**	**135.8**
Net interest		(27.8)	(26.8)
Exchange rate	8.6	(18.8)	(2.5)
Fees and other net financial expenses	8.6	(4.7)	(5.3)
Share of profit (losses) of associates and other	8.6	(0.0)	0.3
Profit before tax		**16.9**	**101.5**
Income taxes	8.7	(13.7)	(39.8)
Profit for the year		**3.2**	**61.7**
Attributable to non-controlling interests	**8.8**	**(0.0)**	**(0.0)**
Attributable to the owners of the Parent		**3.2**	**61.7**
Basic earnings per share (euro)	9.11	0.03	0.60
Diluted earnings per share (euro)	9.11	0.03	0.60

As indicated in the Reclassifications, the comparative information reported in the consolidated income statement has been restated.

With respect to the information presented for 2012, the Group now classifies exchange differences separately from commissions and reports interest income and expense in one line, as net interest, in order to reflect better the underlying economic phenomena. These changes have had no effect on profit for the year.

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 comprehensive income for the year ended 31 December 2013

(million euro)	Note	31.12.2013	31.12.2012 restated
Profit (loss) for the year (A)		**3.2**	**61.7**
Effects with possible future impact on the income statement		**(64.5)**	**44.0**
Profit/(loss) on the cash flow hedge	9.11	(4.8)	8.7
Tax effect	9.11	0.7	(2.1)
Total profit/(loss) on the cash flow hedge	**9.11**	**(4.1)**	**6.5**
Total profit/(loss) arising from the translation of foreign operations	**9.11**	**(60.4)**	**37.4**
Effects that do not have future impact on the income statement		**(10.0)**	**(18.0)**
Profit/(loss) from the effects of remeasurement	9.11	(14.8)	(23.3)
Tax effect	9.11	4.8	5.4
Total profit/(loss) from the effects of remeasurement	**9.11**	**(10.0)**	**(18.0)**
Total other comprehensive income/(loss), net of tax (B)		**(74.5)**	**26.0**
Total comprehensive income/(loss) (A + B)		**(71.3)**	**87.6**
Attributable to non-controlling interests		**0.0**	**(0.0)**
Attributable to owners of the Parent		**(71.3)**	**87.7**

As indicated in the Reclassifications, the comparative information reported in the consolidated statement of comprehensive income has been restated.

Consolidated statement of financial position at 31 December 2013 [2]

(million euro)	Note	31.12.2013	31.12.2012 restated	01.01.2012 restated
Assets				
Property, plant and equipment	9.1	615.4	673.1	623.2
Goodwill and other intangible assets with an indefinite useful life	9.2	240.1	242.2	236.5
Other intangible assets with a finite useful life	9.3	98.7	103.8	100.1
Investments in associates	9.4	0.5	0.5	0.5
Other non-current assets	9.5	2.3	0.9	28.0
Deferred tax assets	9.6	129.5	118.8	81.4
Other non-current financial assets	9.13.5	1.9	1.5	1.5
Total non-current assets		**1,088.3**	**1,140.8**	**1,071.2**
Inventories	9.7	302.4	331.8	323.2
Trade receivables	9.8	426.5	465.3	440.5
Current financial assets	9.13.1	17.9	29.4	20.9
Tax receivables	9.9	14.1	16.3	12.9
Other receivables and current assets	9.10	63.2	75.4	67.8
Cash and cash equivalents	9.13.2	330.8	142.8	234.4
Assets held for sale	9.21	2.1	20.4	11.8
Total current assets		**1,157.0**	**1,081.4**	**1,111.4**
Total assets		**2,245.4**	**2,222.2**	**2,182.6**
Equity				
Share capital	9.11	92.8	92.8	92.8
Reserves	9.11	(191.0)	(103.9)	(129.1)
Retained earnings	9.11	560.2	506.3	470.6
Profit attributable to owners of the Parent	9.11	3.2	61.7	58.7
Equity attributable to owners of the Parent		**465.3**	**556.9**	**493.0**
Non-controlling interests	9.12	0.0	0.0	0.0
Total equity		**465.3**	**557.0**	**493.0**

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.

(million euro)	Note	31.12.2013	31.12.2012 restated	01.01.2012 restated
Liabilities				
Medium and long-term loans and borrowings	9.13.4	368.6	232.3	246.3
Employee benefits	9.14	81.0	84.3	114.0
Provisions for risks and charges	9.15	56.7	50.1	48.6
Deferred tax liabilities	9.16	30.5	35.5	35.1
Other non-current liabilities	9.17	22.6	29.9	34.9
Total non-current liabilities		**559.5**	**432.1**	**478.9**
Banks and other short-term loans and borrowings	9.13.3	307.4	197.8	228.7
Provisions for risks and charges	9.15	52.3	64.4	58.6
Trade payables	9.18	738.9	844.8	788.7
Tax payables	9.19	25.3	23.6	27.6
Other payables	9.20	96.8	102.7	107.2
Total current liabilities		**1,220.6**	**1,233.1**	**1,210.7**
Total liabilities		**1,780.1**	**1,665.2**	**1,689.6**
Total equity and liabilities		**2,245.4**	**2,222.2**	**2,182.6**

As indicated in the Reclassifications, the comparative information reported in the consolidated statement of financial position has been restated.

Consolidated cash flow statement for the year ended 31 December 2013 [3]

(million euro)	Note	31.12.2013	31.12.2012 restated	01.01.2012 restated
Profit for the year	10.1	3.2	61.7	59.0
Income taxes	10.1	13.7	39.8	54.2
Depreciation and amortisation	10.1	110.3	109.9	112.4
Other non-monetary income and expenses, net	10.2	10.7	26.0	(6.3)
Change in trade receivables	10.3	38.8	(24.8)	57.6
Change in inventories	10.3	29.4	(8.6)	2.8
Change in trade payables	10.3	(81.8)	61.2	(32.9)
Change in other assets and liabilities	10.4	(26.9)	(66.1)	(61.7)
Taxes paid	10.1	(18.4)	(47.8)	(56.7)
Interest paid	10.2	(27.7)	(35.6)	(29.8)
Interest received	10.2	12.5	12.6	14.8
Cash flows from/(used in) operating activities		**63.8**	**128.2**	**113.4**
Acquisition of property, plant and equipment	10.5	(82.7)	(121.9)	(105.9)
Proceeds from sale of property, plant and equipment	10.5	1.4	15.0	14.2
Acquisition of intangible assets	10.6	(31.0)	(36.1)	(30.2)
Proceeds from sale of intangible assets	10.6	0.0	0.4	-
Cash flows from/(used in) investing activities		**(112.3)**	**(142.6)**	**(121.8)**
Increase in share capital		-	-	-
Dividends paid	10.7	(20.6)	(23.7)	(31.0)
New medium/long-term financial liabilities		-	-	193.0
Repayments of medium/long-term financial liabilities and bond issue	10.8	(14.1)	(9.5)	(195.6)
Change in short, medium and long-term financial liabilities	10.9	271.1	(44.0)	53.7
Cash flows from/(used in) financing activities		**236.4**	**(77.2)**	**20.2**
Net cash flows from/(used in)		**188.0**	**(91.6)**	**11.8**
Cash and cash equivalents, start of year	9.13.2	142.8	234.4	222.7
Cash and cash equivalents, end of year	9.13.2	330.8	142.8	234.4
Total change in cash and cash equivalents		**188.0**	**(91.6)**	**11.8**

As indicated in the Reclassifications, the comparative information reported in the consolidated cash flow statement has been restated.

3. 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.

Statement of changes in consolidated equity for the year ended 31 December 2013

Nota 9.11 (million euro)	Opening balances (published on 31 December 2012)	Opening balances (restated)	Other profit/losses, net of taxation	Profit for the year	Income (expenses) recognised directly in equity	Dividends paid	Exercise of stock option rights and other movements	Allocation of profit for the year	Other	Total effects of transactions with owners of the Parent	Closing balances
Consolidated statement of changes in equity as at 31 December 2013											
Share capital	**92.8**	92.8	-	-	-	-	-	-	-	-	**92.8**
Share premium reserve	**35.9**	35.9	-	-	-	-	-	-	-	-	**35.9**
Legal reserve	**22.7**	22.7	-	-	-	-	-	-	-	-	**22.7**
Translation reserve	**(97.7)**	(97.7)	(60.4)	-	(60.4)	-	-	-	(12.4)	(12.4)	**(170.5)**
Remeasurement reserve	**-**	(79.8)	(10.0)	-	(10.0)	-	-	-		-	**(89.8)**
Other reserves	**15.0**	15.0	(4.1)	-	(4.1)	-	(0.4)	-	0.3	(0.1)	**10.8**
Retained earnings	**504.8**	506.3	-	-	-	(20.6)	0.4	61.7	12.4	53.9	**560.2**
Profit attributable to owners of the Parent	**62.3**	61.7	-	3.2	3.2	-	-	(61.7)	-	(61.7)	**3.2**
Equity attributable to owners of the Parent	**635.8**	**556.9**	**(74.5)**	**3.2**	**(71.3)**	**(20.6)**	**-**	**(0.0)**	**0.3**	**(20.3)**	**465.3**
Non-controlling interests	**0.0**	0.0	-	(0.0)	(0.0)	-	-	-	-	-	**0.0**
Total equity	**635.8**	**557.0**	**(74.5)**	**3.2**	**(71.3)**	**(20.6)**	**-**	**(0.0)**	**0.3**	**(20.3)**	**465.3**
Consolidated statement of changes in equity as at 31 December 2012 - Restated											
Share capital	**92.8**	92.8	-	-	-	-	-	-	-	-	**92.8**
Share premium reserve	**35.9**	35.9	-	-	-	-	-	-	-	-	**35.9**
Legal reserve	**22.7**	22.7	-	-	-	-	-	-	-	-	**22.7**
Translation reserve	**(135.1)**	(135.1)	37.4	-	37.4	-	-	-	-	-	**(97.7)**
Remeasurement reserve	**-**	(61.9)	(18.0)	-	(18.0)	-	-	-	-	-	**(79.8)**
Other reserves	**9.3**	9.3	6.5	-	6.5	-		-	(0.8)	(0.8)	**15.0**
Retained earnings	**469.7**	470.6	-	-	-	(23.7)	-	58.7	0.8	35.7	**506.3**
Profit attributable to owners of the Parent	**58.8**	58.7	-	61.7	61.7	-	-	(58.7)		(58.7)	**61.7**
Equity attributable to owners of the Parent	**554.1**	**493.0**	**26.0**	**61.7**	**87.6**	**(23.7)**	**-**	**-**	**-**	**(23.7)**	**556.9**
Non-controlling interests	**0.0**	0.0	-	0.0	0.0	-	-	-	-	-	**0.0**
Total equity	**554.3**	**493.0**	**26.0**	**61.7**	**87.6**	**(23.7)**	**-**	**-**	**-**	**(23.7)**	**557.0**

As indicated in the Reclassifications, the comparative information reported in the statement of changes in consolidated equity has been restated.

Consolidated financial statements at 31 December 2013
Notes

1. Group structure and activities

Indesit Company is a Group led by Indesit Company S.p.A., an Italian company based in Fabriano (Italy) 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.

Starting from 2013, following the recent organizational changes Indesit identifies the Group as one operating segment pursuant to IFRS 8.

Consistent with para. 33 of IFRS 8, the following information is provided about the geographical areas in which the Group operates.

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

2. Approval of the consolidated financial statements at 31 December 2013

The consolidated financial statements at 31 December 2013 were approved by the Board of Directors on 21 March 2014; they have been audited and will be presented to the Annual Shareholders' Meeting.

3. Significant events subsequent to year end

There have not been any significant events subsequent to year end in addition to what has already been reported in the Report on Operations.

4. Declaration 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 - 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 consolidated financial statements at 31 December 2013 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 consolidated financial statements at 31 December 2013 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 based on the reason for which they were incurred. 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 expenses not deriving from transactions with shareholders that were recognized directly in equity. The transactions carried out with shareholders are presented in the statement of changes in consolidated equity, together with the equity transactions reported in the statement of 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.

Consistent 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 Company, both as an operating company that supplies goods and services to other Group companies, and as the holding company for the equity investments held in them. In order to ensure consistency for the users of the financial statements, an attachment to the separate financial statements of the Parent Company classifies its income statement by purpose of expenditure, in the format and using the criteria adopted for the preparation of the consolidated income statements.

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 applicable to going concerns.

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 recorded with reference to the trade date.

The accounting policies adopted for the preparation of the consolidated financial statements at 31 December 2013 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 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 expenses. The estimates and underlying

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

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 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 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 Group recognises a write-down for 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 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 expenses 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 expenses. 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 has 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 recorded 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 recorded at historical cost in foreign currencies are translated using the historical rates applying at the time of the related transactions. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated using the exchange rates applying at the time that their fair value was determined.

Translation of financial statements

The financial statements of companies whose functional currency differs from that used to prepare the consolidated financial statements (euro) and which do not 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) revenue 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 recorded on a hedge accounting basis, as described below.

Fair Value Hedges (hedges of assets and liabilities)
If a derivative financial instrument is designated to hedge the risk of changes in the fair value of a 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 cash flow reserve within equity, while the ineffective portion (if any) is taken to the income statement. If the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the cash flow reserve is removed from equity and included in the initial cost of such non-financial asset or liability. If the hedge of a forecast transaction subsequently results in the recognition of a financial asset or liability, the cash flow reserve is released to the income statement in the period when the asset acquired or recognized liability has an effect on the income statement. In other cases, the cash flow reserve is released to the income statement in a manner consistent with the hedged transaction i.e. when its economic effects are 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 cash flow reserve is released immediately to the income statement. If, on the other hand, the hedged transaction is still expected to occur, the cumulative gain or loss remains in equity until the transaction takes place.

Hedge of a net investment in a foreign operation
If a derivative financial instrument is designated to hedge a net investment in a foreign operation, the gains or losses deriving from the related measurement 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 expenses, 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 expensed 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 expensed 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 lives
Buildings and temporary constructions	from 10 to 50 years
Plant and machinery	from 5 to 20 years
Industrial and commercial equipment	from 3 to 20 years
Other assets:	
- vehicles and internal transport	from 3 to 6 years
- furniture, IT and office machines	from 3 to 10 years

Intangible assets

Intangible assets are stated at cost, determined on the basis described for property, plant and equipment, when it is likely that the use of such assets will generate economic benefits and their cost can be determined reliably. Intangible assets with a finite useful life are 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 expensed 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 expensed 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 recorded 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 expenses 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 expensed 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 production 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 recorded to reflect any impairment losses arising subsequent to initial recognition.

Other development expenditures are expensed to the income statement in the year incurred.

Other intangible assets

Other intangible assets expected to generate measurable economic benefits are deemed to have a finite life and are recorded at cost. They are 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 recorded to reflect any impairment losses arising subsequent to initial recognition.

Trade receivables

When first recorded, 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 recorded 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 expensed 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 expenses, 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, recorded at nominal value, comprise cash on hand, bank and postal deposits and equivalent assets that can be liquidated in the very short term (three months) and are not subject to significant fluctuations 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 recorded assets of a cash-generating unit (CGU) have suffered a loss in value, their recoverable value is estimated and any excess carrying value is expensed 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 Company's Board of Directors.

The recoverable value of investments in securities held to maturity and receivables recorded 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 expenses, is recorded 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 expenses, 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 recorded 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 expensed to the income statement on an accruals basis. The net liability to employees under defined benefit plans, principally represented by severance indemnities (TFR) in Italy and pension funds in the UK, is recorded to reflect the expected future value of the benefits to be received by employees and accrued by them in the current and prior years. These benefits are discounted and the resulting obligation is stated net of the fair value of any pension plan assets. The net obligation is determined separately for each plan using actuarial assumptions and is calculated 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.

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.

Provisions for risks and expenses

The provisions for risks and expenses are recorded to cover obligations, of a legal or constructive nature (under contracts or for other reasons), deriving from past events. Provisions for risks and expenses 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 recorded as a financial expenses.

The principal liabilities covered by provisions are described below.

Warranties
Provisions for legally-required and voluntary warranty costs are recorded at the time the related products are sold. The provision is determined with reference to the call rate for the products still under warranty 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 recorded in the year in which the related losses become known and measurable.

Product disposal (WEEE)

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

At the start, the Directive established different 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 Company has taken advantage of this opportunity by electing to manage its collection and disposal activities via the collective system operated by the ECODOM consortium.

With regard to new waste, certain Group companies operating within the EU do not follow the general practice described above, since local regulations governing their individual responsibility only allow compliance on an individual basis with the requirement to collect and dispose of waste. Manufacturers operating in the countries concerned therefore make a specific annual provision for the estimated future cost of collecting and disposing of the products sold by them. With regard to such countries, the Group estimates the required provision by reference to the visible fee expenses for each category of products, as reduced to reflect a steady improvement in the efficiency of the product disposal process and a rise in the proportion of materials recovered from this process. The provision recorded is discounted over a period of time equal to the life cycles of the products concerned.

Other provisions

Provisions are recorded for other future expenses 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 expenses 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 recorded in the income statement based on their stage of completion at the reporting date, determined with reference to the work performed or, alternatively, to the percentage of completion with respect to the total.

Dividends
Collectible dividends are 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 expenses, 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 expenses, 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 expenses, effectively as a result of loss contracts, the difference between the discounted expenses and benefits is recorded as a cost in the income statement.

Finance leases give rise to the recognition of depreciation on the assets recognized and of financial expenses representing interest on the loan obtained under the lease.

These financial expenses are spread over the term of the leases in order to apply a constant interest rate to the remaining balance of the liability.

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

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

Earnings per share

Basic earnings per share is calculated with reference to the 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 1 - Presentation of Financial Statements - Presentation of items of other comprehensive income
The amendment to IAS 1 covers the grouping of items that comprise the other components of comprehensive income. Items that might in future be reclassified to the income statement (e.g. net profits from the hedging of net investments, differences arising on the translation of foreign operations, net gains deriving from cash flow hedges, and net gains/losses from AFS financial assets) must now be presented separately from items that will never be reclassified (e.g. actuarial gains/losses on defined benefit plans and the revaluation of land and buildings). The amendment only relates to the presentation of items and has had no effect on the results and financial position of the Group.

IAS 12 - Deferred Tax: Recovery of Underlying Assets
This amendment clarifies how to determine deferred taxation in relation to real estate investments measured at fair value. The amendment introduces the assumption, which may be refuted, that the carrying amount of a real estate investment, measured using the fair value model envisaged in IAS 40, will be recovered through sale and that, accordingly, the related deferred taxation should be measured on a sale basis. The assumption is refuted if the real estate investment is depreciable and held with the objective of using over time substantially all the benefits deriving from such investment, rather than by realizing these benefits from its sale. The amendment has had no effect on the results, financial position and disclosures made by the Group.

IFRS 7 - Disclosures - Offsetting Financial Assets and Liabilities
These amendments require the entity to provide information about offset rights and the related agreements (e.g. guarantees). The disclosures will provide readers with useful information for assessing the effect of offset agreements on the financial position of the entity. The new disclosures are required in relation to all financial instruments that are subject to offset, in accordance with *IAS 32 - Financial Instruments: Presentation*. The disclosures are also required for financial instruments subject to framework agreements that provide for enforceable offsets and similar agreements, regardless of whether or not such offsets are made pursuant to IAS 32. These amendments have had no effect on the results or financial position of the Group.

IAS 19 (2011) - Employee Benefits (IAS 19R)
This standard requires the Group to cease using the corridor method, applied through 2012, and to apply 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. The changes in the pension fund relating to service costs and net interest (e.g. curtailment) are now reflected in the income statement, while the changes due to remeasurement (e.g. changes in actuarial assumptions) are reported in the statement of comprehensive income. See note 5 for further information.

IFRS 13 - Fair Value Measurement
IFRS 13 introduces a standard guideline for all IFRS measurements at fair value. IFRS 13 does not modify the cases in which fair value measurement is used, but does provide guidelines for how to measure fair value for IFRS purposes when the application of fair value is required or allowed by international accounting standards. The application of IFRS 13 has had no significant effect on the fair value measurements made by the Group.

IFRS 13 also requires specific disclosures to be made about fair value, some of which replace those currently envisaged by other standards, including *IFRS 7 - Financial Instruments: Disclosures*.

4.3 Amendments and interpretations applicable from 1 January 2013 but not relevant to the Group

IFRIC 20 - Excavation Costs in the Production Phase of a Surface Mine
This interpretation applies to the excavation costs incurred in the production phase of surface mining activities. The interpretation relates to the accounting recognition of the benefits deriving from excavation activities. The new interpretation has had no effect on the Group.

In addition to the amendments and new standards summarized above, an amendment has also been made to IFRS 1 - First-time adoption of International Financial Reporting Standards that applies to financial years commencing on or after 1 January 2013. This amendment is not relevant to the Group, which is not a new user of the IFRS.

The Group has not adopted in advance the new standards, interpretations and amendments that have been issued but which are not yet in force.

4.4 Amendments and interpretations issued but not yet effective from 1 January 2013

Amendments to IAS 32 - Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities. The Group does not expect a significant impact from the adoption of the amendment.

IFRS 10 - Consolidated Financial Statements and IAS 27 (2011) - Separate Financial Statements
IFRS 10 replaces the portion of IAS 27 - Consolidated and Separate Financial governing the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all companies, including the company's purpose (special purpose entity). With respect to the provisions that were in IAS 27, the changes introduced by IFRS 10 will require management to make judgments relevant to determine which entities are controlled and, therefore, must be consolidated by a parent. On the basis of the preliminary analysis carried out, there is expected that IFRS 10 has no impact on the investments currently held by the Group.

This principle applies to financial years beginning on 1 January 2014, or later.

The Group does not expect a significant impact from the adoption of the principle.

IFRS 11 - Joint Arrangements to control
IFRS 11 replaces IAS 31 - Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Contributions in kind by Venturers.

IFRS 11 removes the option to account for jointly controlled entities using the proportionate consolidation method. Jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

This principle applies to financial years beginning on 1 January 2014, or later and must be applied retrospectively to agreements to joint ventures at the date of initial application.

The Group does not expect a significant impact from the adoption of the principle.

IFRS 12 - Disclosure of Interests in Other Entities
The IFRS12 includes all of the provisions on information previously included in IAS 27 on the consolidated financial statements, as well as all the provisions of disclosures of IAS 31 and IAS 28. This information relates to the equity of a corporation in subsidiaries, joint ventures, associates and structured entities.

The Group does not expect a significant impact from the adoption of the principle.

IAS 28 (2011) - Investments in associates and joint ventures
Following the new IFRS 11 - Joint Arrangements and IFRS 12 - Controlled Disclosure of Interests in Other Entities, IAS 28, it was renamed Investments in associates and joint ventures, and describes the application of the equity method for investments in companies jointly controlled entity, in addition to associates. The amendments are effective for annual periods beginning on or after 1 January 2014.

The Group does not expect a significant impact from the adoption of the principle.

IAS 32 - Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
The amendments clarify the meaning of "currently has a legally enforceable right to offset". The amendments also clarify the application of the principle of compensation of IAS 32 in the case of settlement systems (such as central clearing houses) which apply gross settlement mechanisms not simultaneous. These changes should not result in impacts on the financial position or results of the Group and will be effective for annual reporting periods beginning on or after 1 January 2014.

The Group does not expect a significant impact from the adoption of the principle.

5. Reclassifications

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

This standard requires the Group to cease using the corridor method, applied through 2012, and to apply 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. The changes in the pension fund relating to service costs and net interest (e.g. curtailment) are now reflected in the income statement, while the changes due to remeasurement (e.g. changes in actuarial assumptions) are reported in the statement of comprehensive income.

Accordingly, the opening statement of financial position has been restated:

Income statement	**IAS 19 2012**	**IAS 19 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	**31.12.2012**	**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	432.1	
of which:			
Liabilities for employee benefits	44.7	84.3	Elimination of corridor
Deferred tax liabilities	50.2	35.5	

Equity	**31.12.2012**	**31.12.2012 revised**	**Note**
Group shareholders' equity	635.8	557.0	
of which:			
Remeasurement reserve	0.0	(79.8)	Elimination of corridor and introduction of net interest
Retained earnings reserve	504.8	506.3	
Net profit	62.3	61.7	

In addition, commencing from 1 July 2013, installation costs and the special consumption tax levied in the Turkish market have been reclassified in order to improve the operational information presented.

(million euro)	31.12.2012 published on 2012	Corridor IAS19 revised	Special consumption tax	Installation cost	31.12.2012 published on 2013
Revenue	2,886.0	-	7.7	-	**2,893.7**
Cost of sales	(2,177.5)	1.5	(7.7)	3.5	**(2,180.2)**
Selling and distribution expenses	(466.6)	1.2	-	(3.5)	**(468.9)**
General and administrative expenses	(109.3)	0.5	-	-	**(108.8)**
Operating profit	**132.6**	**3.2**	**-**	**-**	**135.8**

The increase in sales and cost of sales for the first two quarters of 2013, as a result of reclassifying the special consumption tax, was 1.4 million euro and 2.0 million euro respectively.

The reduction in cost of sales and the increase in selling and distribution expenses for the first two quarters of 2013, as a result of reclassifying installation costs, was 0.5 million euro and 0.8 million euro respectively.

Furthermore, the current and the non-current portions of the tax credits relating to the Polish Special Economic Zone (incentives for the construction of factories) are now classified as deferred tax assets and, accordingly, the opening statement of financial position has been reclassified.

6. Changes in the scope of consolidation

There were no changes in the scope of consolidation during 2013.

Indesit Company Norge Ltd. was liquidated, therefore no longer included in the consolidation scope.

7. Operating areas

Indesit Company identifies as a single operating segment, the Group.

Consistent with para. 33 of IFRS 8, the following information is provided about the geographical areas in which the Group operates:

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

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.

Area revenue is calculated based on the final destination of the products and Area results take account of all expenses that can be allocated directly. The costs not allocated to geographical areas include non-recurring industrial expenses 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.

Analysis by operating area at 31 December 2013

31.12.2013 (million euro)	**Western Europe**	**Eastern Europe**	**International**	**Costs not allocated**	**Total**
Total revenue	**1,503.0**	**1,017.3**	**150.8**	**0.0**	**2,671.1**
Cost of sales	(1,131.2)	(813.6)	(113.3)	3.3	**(2,054.8)**
Selling and distribution expenses	(260.4)	(140.8)	(18.4)	(17.7)	**(437.3)**
General and administrative expenses	(30.7)	(18.6)	(1.3)	(60.3)	**(110.9)**
Operative costs	**(1,422.3)**	**(973.0)**	**(133.0)**	**(74.7)**	**(2,602.9)**
Operating profit	**80.7**	**44.3**	**17.8**	**(74.7)**	**68.1**
Interest expenses					**(30.1)**
Interest income					**2.3**
Exchange rate differences and other net financial expenses					**(23.5)**
Share of profit (losses) of associates					**(0.0)**
Income taxes					**(13.7)**
Profit attributable to owners of the Company					**3.2**

Analysis by operating area at 31 December 2012

31.12.2012 (million euro)	Western Europe	Eastern Europe	International	Costs not allocated	Total
Total revenue	**1,664.4**	**1,085.7**	**143.5**	**0.0**	**2,893.7**
Cost of sales	(1,240.2)	(836.3)	(108.3)	4.6	**(2,180.2)**
Selling and distribution expenses	(281.7)	(149.2)	(17.6)	(20.4)	**(468.9)**
General and administrative expenses	(34.2)	(16.8)	(1.6)	(56.3)	**(108.8)**
Operative costs	**(1,556.1)**	**(1,002.3)**	**(127.5)**	**(72.1)**	**(2,757.9)**
Operating profit	**108.3**	**83.5**	**16.1**	**(72.1)**	**135.8**
Interest expenses					**(28.8)**
Interest income					**2.0**
Exchange rate differences and other net financial expenses					**(7.9)**
Share of profit (losses) of associates					**0.3**
Income taxes					**(39.8)**
Profit attributable to owners of the Company					**61.7**

Trade receivables analyzed by operating area

(million euro)	31.12.2013	% of rolling sales	31.12.2012	% of rolling sales
Western Europe	218.5	8.2%	230.2	8.0%
Eastern Europe	157.0	5.9%	170.8	5.9%
International	19.0	0.7%	21.9	0.8%
Not allocated trade receivables	32.0	-	42.4	-
Total	**426.5**	**16.0%**	**465.3**	**16.1%**

8. Notes to the consolidated income statement

8.1 Revenue

Revenue is analyzed as follows:

(million euro)	Year 2013	Year 2012	Change %
Revenue from finished products	2,451.6	2,664.5	-8.0%
Revenue from service operations	219.5	229.2	-4.2%
Total revenue	**2,671.1**	**2,893.7**	**-7.7%**

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.

See the Report on operations for a discussion of the dynamics relating to Revenue from sales.

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 expenses, as well as research costs, development costs that are not capitalized and all other production overheads.

Cost of sales is analyzed below by type of expenditure:

(million euro)	Year 013	Year 2012
Change in the inventories of finished products	4.8	(6.3)
Purchase of raw materials. components, materials and change in inventories	(1,552.9)	(1,658.4)
Services	(130.1)	(143.8)
Payroll costs	(271.7)	(271.4)
Depreciation and amortization	(90.7)	(89.4)
Other expenses	(46.5)	(40.0)
Other income	32.2	29.2
Cost of sales	**(2,054.8)**	**(2,180.2)**

The cost of sales absorbed 76.9% of revenue, compared with 75.3% in 2012.

The incidence of cost of sales with respect to revenue is essentially the same as in the prior year.

Cost of sales has decreased in absolute terms due, principally, to the lower consumption of raw materials. In turn, this reflects a reduction in purchase prices and the lower volume of production.

Distributions costs have also declined.

Research costs totaling 6.0 million euro (7.0 million euro) were expenses to the income statement.

The net non-recurring expenses included in cost of sales totals 5.0 million euro (net income 5.5 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 commercialize 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 type.

(million euro)	**Year 013**	**Year 2012**
Change in the inventories of finished products	(0.1)	(0.4)
Purchase of raw materials. components, materials and change in inventories	(5.9)	(7.2)
Services	(304.6)	(341.2)
Payroll costs	(106.6)	(92.5)
Depreciation and amortization	(7.7)	(7.5)
Other expenses	(19.5)	(40.7)
Other income	7.1	20.5
Selling and distribution expenses	**(437.3)**	**(468.9)**

The principal services consisted of distribution and storage expenses of about 206.9 million euro (225.5 million euro).

Other costs mainly comprise provisions, the write-down of receivables and taxes other than income taxes. The decrease in this caption principally reflects the downward adjustment of the provision of the Fund WEEE in Spain and lower credit losses than those recorded during 2012.

The net non-recurring expenses included in selling and distribution expenses totals 3.5 million euro (net income 12.6 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 type:

(million euro)	**Year 013**	**Year 2012**
Purchase of raw materials. components, materials and change in inventories	(0.2)	0.2
Services	(47.2)	(50.3)
Payroll costs	(45.8)	(54.3)
Depreciation and amortization	(11.9)	(13.0)
Other expenses	(23.8)	(12.1)
Other income	18.0	20.7
General and administrative expenses	**(110.9)**	**(108.8)**

The net non-recurring expenses included in general and administrative expenses totals 7.2 million euro (net income of 4.4 million euro). Further information is provided in note 8.5.

General and administrative expenses have undergone a slight increase caused by the increase of Other expenses relating to the expenses of redundancies that followed the Reorganization Plan implemented in 2013, was offset by lower personnel costs.

8.5 Operating profit

Operating profit is analyzed below by type of cost:

(million euro)	Year 013	Year 2012
Revenue	2,671.1	2,893.7
Change in the inventories of finished products	4.7	(6.8)
Purchase of raw materials. components, materials and change in inventories	(1,559.0)	(1,665.3)
Services	(481.9)	(535.3)
Payroll costs	(424.0)	(418.2)
Depreciation and amortization	(110.3)	(109.9)
Other income and expenses	(32.4)	(22.4)
Operating profit	**68.1**	**135.8**

Operating profit is analyzed further in the Report on operations.

The change in inventories is analyzed by type below:

(million euro)	Year 2013	Year 2012
Raw materials, components and consumables	(18.3)	6.0
Finished products	4.3	(6.8)
Total	**(14.0)**	**(0.8)**

The significant reduction in inventories reflects the Group's pursuit of the goal to rationalize and optimise net working capital.

The number of employees at 31 December 2013 is 15,790 (16,331).

Employment is analyzed as follows:

	Year 2013	Year 2012
Executives	117	142
Office workers	4,138	4,335
Factory workers	11,535	11,854
Total	**15,790**	**16,331**

In geographical terms, 28% of employees are based in the Russian Federation, 26% in Italy, 20% in Poland, 15% in the United Kingdom and Ireland, 6% in Turkey and the remaining 4% in other Group locations.

As required by Consob regulations [8], non-recurring items are detailed in the following tables. They mainly comprise restructuring expenses.

(million euro)	Year 2013	Year 2012
Redundancies	(19.8)	(17.7)
Charges for disposal of assets in Industrial areas involved in restructuring plans	(3.4)	(1.4)
Start-up charges in new industrial areas	(1.8)	(1.4)
Gain/loss on disposal of non-strategic assets	-	-
Gains on pension fund	5.3	43.6
Provisions for legal disputes	2.2	0.3
Other non-recurring income and expenses	1.8	(1.0)
Total non-recurring income and expenses	**(15.7)**	**22.5**

8. Consob Communication DEM/6064293 dated 28 July 2006.

The non-recurring income relating to the pension fund reflects the beneficial effect of closing the Pension Fund operated by Indesit Company Ireland Ltd.

Redundancy incentives mainly comprise the cost of implementing the Group's reorganization plan during 2013.

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 2013
Restructuring expenses	(1.5)	(5.8)	(12.5)	(19.8)
Other non-recurring income and expenses	(3.5)	2.3	5.3	4.1
Total non-recurring income and expenses	**(5.0)**	**(3.5)**	**(7.2)**	**(15.7)**

(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**

Attachment 3 (Consolidated income statement for the year ended 31 December 2013, 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 recorded in accordance with IAS 37 (incurred on average over the twelve months following accounting recognition); the provisions recorded 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 Net interest, commissions, exchange differences and other financial expenses and share of profit/loss of associates and others

Interest expense comprises:

(million euro)	Year 2013	Year 2012
Bond interests	(11.3)	(3.1)
Interest on medium- and long-term bank loans	(0.8)	(1.7)
Interest on short-term bank, loan and borrowings	(10.4)	(11.8)
Other interest expenses	(4.8)	(7.3)
Mark-to-market derivatives related to loans	(0.4)	0.0
Interest expenses on TFR and pension fund UK	(2.4)	(4.9)
Interest expenses	**(30.1)**	**(28.8)**

Interest income is analyzed below:

(million euro)	Year 2013	Year 2012
Interest income on deposits	2.3	2.0
Interest income on pension fund UK	0.0	0.0
Interest income	**2.3**	**2.0**

Exchange differences and other net financial expenses are analyzed below:

(million euro)	Year 2013	Year 2012
Net realised exchange rate differences	(3.1)	(15.7)
Net unrealised exchange rate differences	(15.6)	13.2
Commissions	(4.7)	(5.3)
Exchange rate differences and other financial expenses	**(23.5)**	**(7.9)**

The increase was due to the change in value of the managed options as cash flow hedge to hedge the exchange rate risk as well as the adverse changes in the exchange rates for the principal currencies to which the Group is exposed.

See note 11 for information about the derivatives outstanding at 31 December 2013.

Income from other investments was as follows:

(million euro)	Year 2013	Year 2012
Other investments	0.0	0.3
Share of profit (loss) of associates and other	0.0	0.3

8.7 Income tax

(million euro)	Year 2013	Year 2012
Current taxes	(32.5)	(43.4)
Changes in deferred tax assets/liabilities, net	18.8	3.6
Total	**(13.7)**	**(39.8)**

Current income taxes include IRAP of 3.5 million euro (4.3 million euro).

The income tax expenses for 2013 was 13.7 million euro (39.8 million euro), with an effective tax rate of 80.9% (39.2%).

The percentage increase in taxation was mainly due to the presence of tax fixed or nearly fixed (e.g. IRAP).

The changes on deferred taxes is attributable to legislative changes in Poland (about 8 million) and a revision of the estimated deferred tax liabilities.

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

(million euro)	**Year 2013**	**Year 2012**
Profit before tax	16.9	101.5
Tax rate	27.5%	27.5%
Theoretical tax charge	(4.6)	(27.9)
Effective tax charge	(13.7)	(39.8)
Difference	**(9.0)**	**(11.9)**
Effects relating to the Parent and companies based in Italy		
IRAP	(3.5)	(4.3)
Effect of taxation on dividends of subsidiaries to be distributed	24.8	22.8
Effect CFC and Russian companies	(11.3)	(2.5)
Effect prior year items and other non-deductible costs	(0.3)	(0.1)
Devaluation foreign withholding	(0.4)	(1.1)
Tax effect of prior years	(4.2)	0.4
Other effects	(0.3)	(2.5)
Total effects relating to the Parent and companies based in Italy	**4.8**	**12.8**
Effects relating to companies operating in other countries and tax differentials with respect to companies based in Italy	**(13.9)**	**(24.6)**
Total difference	**(9.0)**	**(11.9)**

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

Investment during 2013 amounted to 58.6 million euro (116.8 million euro). The additions to property, plant and equipment principally involved the replacement of plant and investment in new production lines.

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

The depreciation and impairment expenses was 78.2 million euro (79.8 million euro).

Unfulfilled orders placed with the suppliers of property, plant and equipment total 16.5 million euro (25.3 million euro) and relate to the completion of lines as part of new projects.

Advances to the suppliers of property, plant and equipment not yet delivered or constructed amount to 0.2 million euro (0.2 million euro)

Net disposals and retirements, 1.5 million euro (15.3 million euro), mainly reflect the reclassification of certain property, plant and equipment as available for sale (see note 9.21 for further details).

Construction in progress, 20.4 million euro (50.1 million euro), mainly relates to the Group's investment in new production lines.

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

Property, plant and equipment are analyzed as follows:

(million euro)	**31.12.2013**	**31.12.2012**
Land and buildings	236.7	255.5
Plant and machinery	240.6	251.0
Industrial and commercial equipment	96.2	93.9
Assets under construction	20.4	50.1
Other assets	21.5	22.5
Total property, plant and equipment	**615.4**	**673.1**

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

(million euro)	31.12.2012	Additions	Decreases	Exchange rate differences	Reclassifi-cations	31.12.2013
Land and buildings	406.7	6.8	(1.8)	(20.2)	(22.4)	369.0
Plant and machinery	738.3	14.6	(1.2)	(35.2)	15.8	732.3
Industrial and commercial equipment	418.1	16.4	(1.8)	(19.3)	19.5	432.9
Assets under construction	50.1	17.4	(0.0)	(1.6)	(45.5)	20.4
Other assets	93.1	3.5	(1.5)	(4.2)	0.8	91.5
Total	**1,706.2**	**58.6**	**(6.4)**	**(80.5)**	**(31.8)**	**1,646.1**

(million euro)	31.12.2011	Additions	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**

The changes in the related accumulated depreciation were as follows:

(million euro)	31.12.2012	Depreciation and impairment losses	Decreases	Exchange rate differences	Reclassifi-cations	31.12.2013
Land and buildings	(151.2)	(11.1)	0.7	6.3	23.0	(132.3)
Plant and machinery	(487.2)	(36.1)	1.1	23.3	7.2	(491.7)
Industrial and commercial equipment	(324.2)	(26.8)	1.8	11.5	1.1	(336.6)
Other assets	(70.8)	(4.1)	1.4	3.1	0.2	(70.3)
Total	**(1,033.4)**	**(78.2)**	**4.9**	**44.2**	**31.5**	**(1,030.9)**

(million euro)	31.12.2011	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)**

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

(million euro)	31.12.2012	Additions	Depreciation and impairment losses	Decreases	Exchange rate differences	Reclassifi-cations	31.12.2013
Land and buildings	255.5	6.8	(11.1)	(1.1)	(13.9)	0.6	236.7
Plant and machinery	251.0	14.6	(36.1)	(0.1)	(11.8)	23.0	240.6
Industrial and commercial equipment	93.9	16.4	(26.8)	(0.1)	(7.8)	20.6	96.2
Assets under construction	50.1	17.4	-	(0.0)	(1.6)	(45.5)	20.4
Other assets	22.5	3.5	(4.1)	(0.1)	(1.2)	0.9	21.5
Total	**673.1**	**58.6**	**(78.2)**	**(1.5)**	**(36.3)**	**(0.3)**	**615.4**

(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**

Finance leases

The Group was not party to any significant finance leases during 2013.

Non-cancellable operating leases

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

(million euro)	31.12.2013	31.12.2012
Within 1 year	15.1	13.4
Between 1 and 5 years	45.7	33.5
Beyond 5 years	36.2	21.4
Total minimun lease payments	**97.0**	**68.3**

The principal non-cancellable operating leases relate to the Radomsko warehouse in Poland and the Combs la Ville warehouse in France. These contracts expire in 2024 and 2018 respectively. Neither contract envisages the possibility of renewal or purchase of the assets concerned.

The income statement reflects rental expenses incurred under operating leases on an accruals basis, 9.5 million euro (20.2 million euro). The difference is primarily related to the lease expired in the UK through fine the first part of 2013.

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)	31.12.2013	31.12.2012
Goodwill	132.6	135.4
Brands with an indefinite useful life	107.6	106.8
Total goodwill and other intangible assets with an indefinite useful life	**240.1**	**242.2**

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)	31.12.2012	Investments	Impairment losses	Exchange rate differences	31.12.2013
Goodwill	135.4			(2.9)	132.6
Brands with an indefinite useful life	106.8	3.0		(2.3)	107.6
Total	**242.2**	**3.0**	**-**	**(5.1)**	**240.1**

(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**

At 31 December 2013 this caption comprises solely the amounts recorded 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.

A license to use the Hotpoint trademark in Australia was purchased in 2013. This investment is not linked to the acquisition of GDAH and is not involved in the related purchase price allocation.

The goodwill recognized at the time of acquisition using current exchange rates was allocated both to the UK CGU representing the UK market, 32.5 million euro (33.2 million euro), and to the Group as a whole (Group CGU), 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.

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 2013 and 31 December 2012 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 (2014-2018) and to the terminal value, considering the forecasts prepared by management and approved by the directors at the board meeting held on 21 March 2014.

The principal assumptions made in the strategic plan for the Group CGU are set out below:

- the volume of sales of MDA finished products is forecast to rise at a compound average growth rate (CAGR) of about 3.1%;
- the average unit revenues from the sale of MDA finished products are expected to fall slightly (CAGR of -0.2%);
- annual investment of about 110 million euro is expected in the period from 2015 to 2018 (120 million euro in 2014);
- exchange rates are forecast to remain stable in the period from 2015 to 2018, at the following levels: GBP/euro at 0.85, RUB/euro at 42.2, PLN/euro at 4.00, TRY/euro at 2.50 (slightly different to the rates expected in 2014);
- net working capital is expected to rise during the plan period.

The principal assumptions made in the strategic plan for the UK CGU are set out below:

- the volume of sales of MDA finished products is forecast to rise at a compound average growth rate (CAGR) of about 2.1%;
- the average unit revenues from the sale of MDA finished products are expected to fall (CAGR of -1.0%);
- annual investment is expected to average 30% of the total amount invested by the Group CGU;
- the exchange rate is stable in the plan (GBP/euro at 0.85);
- net working capital is expected to fall during the plan period.

Forecast cash flows have been discounted using a weighted-average cost of capital (WACC) of 9.32% (8.44%) for the Group CGU and of 8.56% (7.05%) 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 (2018), 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 including, in particular, the Russian market and the Turkish market.

A sensitivity analysis was performed to simulate the value of the CGU Group and the UK CGU varying combination of some basic parameters of the evaluation model.

In particular, we note the risk of impairment values for average cost of capital (WACC), an increase of 200 bsp factor values and nominal long-term growth (g) a decrease of 200 bsp (compared to the intake of g = 0).

It is believed that, given the current market conditions, the probability of occurrence of such a scenario is considered to be remote.

The impairment test on the UK CGU and the Group CGU was carried out internally and approved by the directors on 21 March 2014. 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)	31.12.2013	31.12.2012
Development expenses	44.0	42.1
Licenses and software	24.9	27.9
Brands with a finite life	11.7	14.3
Intangible assets under construction	11.1	15.4
Other intangible assets with finite life	7.0	4.0
Total	**98.7**	**103.8**

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

(million euro)	31.12.2012	Increases	Decreases	Exchange rate differences	Reclassifi-cation	31.12.2013
Development expenses	103.7	14.0	(0.0)	(1.2)	(16.0)	100.6
Licenses and software	84.3	4.5	(0.1)	(0.8)	2.9	90.8
Brands with a finite life	23.7	-	-	(1.1)	-	22.5
Intangible assets under construction	15.4	8.6	-	(0.1)	(12.8)	11.1
Other intangible assets	8.1	0.9	-	(0.1)	2.9	11.8
Total	**235.2**	**28.0**	**(0.1)**	**(3.4)**	**(23.0)**	**236.8**

(million euro)	31.12.2011	Increases	Decreases	Exchange rate differences	Reclassifi-cation	31.12.2012
Development expenses	91.6	16.7	-	0.1	(4.7)	103.7
Licenses 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**

The changes in the related accumulated amortization were as follows:

(million euro)	31.12.2012	Amortization and impairment losses	Decreases	Exchange rate differences	Reclassifi-cation	31.12.2013
Development expenses	(61.6)	(18.2)	-	0.5	22.7	(56.6)
Licenses and software	(56.4)	(10.9)	0.1	0.6	0.6	(65.9)
Brands with a finite life	(9.3)	(2.4)	-	0.9	(0.0)	(10.9)
Other intangible assets	(4.1)	(0.7)	0.0	0.0	0.0	(4.7)
Total	**(131.4)**	**(32.1)**	**0.1**	**2.1**	**23.3**	**(138.1)**

(million euro)	31.12.2011	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)
Licenses 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)**

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

(million euro)	31.12.2012	Increases	Amortization and impairment losses	Decreases	Exchange rate differences	Reclassifi-cation	31.12.2013
Development expenses	42.1	14.0	(18.2)	(0.0)	(0.7)	6.7	44.0
Licenses and software	27.9	4.5	(10.9)	(0.0)	(0.1)	3.5	24.9
Brands with a finite life	14.3	-	(2.4)	-	(0.3)	(0.0)	11.7
Assets under construction	15.4	8.6	-	-	(0.1)	(12.8)	11.1
Other intangible assets	4.0	0.9	(0.7)	0.0	(0.0)	2.9	7.0
Total	**103.8**	**28.0**	**(32.1)**	**(0.0)**	**(1.3)**	**0.3**	**98.7**

(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
Licenses 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**

Including assets in progress, the development expenses capitalized during 2013 totaled 14.0 million euro (16.7 million euro).

The external costs of capitalized development amounted to 1.3 million euro.

Development costs relate to the costs incurred for the development of new products. These expenses are subject to an annual review of their recoverability based on the return on investment. Please refer to the Report on Operations for further information.

The Licenses 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.

Trademarks with a finite life include the Cannon name, recorded on the acquisition of GDAH. The 2013 amortization expenses relating to the above trademark was 2.4 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 Trade Place 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)	**31.12.2013**	**31.12.2012**
Advances on leasing	1.7	0.0
Other investments	0.6	0.9
Total other non-current assets	**2.3**	**0.9**

This caption principally includes the carrying amount, 0.6 million euro (0.9 million euro), of the investments in other companies in which, in general, the Group holds less than 20% of the equity capital or voting rights.

The equity investments held by Indesit Company are not listed and their securities are not traded in a regulated market. Accordingly, their fair value cannot be determined reliably since there were no transactions involving these securities during the past year.

9.6 Deferred tax assets

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

(million euro)	31.12.2012	Credits/ charges to income statement	Credits/ charges to equity	Exchange rate effect	Other movements	Reclassifi-cation	31.12.2013
Property, plant and equipment	4.1	4.5	0.0	(0.1)	0.0	0.0	8.5
Intangible assets	(1.0)	0.3	0.0	(0.2)	0.0	0.0	(0.9)
Inventories	4.6	0.5	0.0	(0.3)	0.0	0.0	4.8
Financial liabilities	0.9	(2.4)	1.5	(0.0)	0.0	0.0	0.0
Pension fund	11.3	(5.5)	3.3	(0.1)	(0.0)	0.0	9.0
Provisions for risks	24.1	(7.4)	(0.1)	(0.6)	(0.0)	0.0	15.9
Grants	31.8	9.3	0.0	3.8	0.0	0.0	44.8
Tax consolidation and other non-deductible expenses	18.7	12.4	(1.6)	(1.4)	(21.7)	0.0	6.3
Tax losses carried forward	37.2	6.6	(1.8)	(0.6)	0.0	0.0	41.6
Total	**131.7**	**18.3**	**1.2**	**0.5**	**(21.8)**	**0.0**	**130.0**
Amounts offset	(13.0)	12.4	0.0	0.0	0.0	0.0	(0.5)
Total net	**118.8**	**30.8**	**1.2**	**0.5**	**(21.8)**	**0.0**	**129.5**

There has been an overall reduction of 12.4 million euro in the deferred tax assets relating to Indesit Company UK Holding 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 recorded in relation to prior-year tax losses amount to 41.6 million euro (37.2 million euro), while those not recorded amount to 36.9 million euro (22.8 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.	150.7	unlimited	27.5%	25.3	16.2	41.5
Indesit Company Spain	45.5	15 years	30.0%	-	13.6	13.6
Indesit Company France	29.4	unlimited	34.8%	6.1	4.1	10.2
Indesit Company Portugal	11.2	4/6 years	26.5%	-	3.0	3.0
Indesit Company UK Holding	13.3	unlimited	23.3%	3.1	-	3.1
Indesit Polska	8.9	5 years	19.0%	1.7	-	1.7
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	10.9	5 years	20.0%	2.2	-	2.2
Indesit Company Esya Beyaz Pazarlama S.S.	15.2	5 years	20.0%	3.0	-	3.0
Indesit Company Ireland Ltd.	1.2	unlimited	12.5%	0.2	-	0.2
Total	**469.7**			**41.6**	**36.9**	**78.5**

9.7 Inventories

Inventories are analyzed as follows:

(million euro)	31.12.2013	31.12.2012
Raw materials	108.5	134.4
Obsolescence provision	(2.1)	(2.4)
Total raw materials	**106.4**	**132.0**
Finished products and semi-finished products	179.4	183.7
Obsolescence provision	(10.6)	(11.9)
Total finished products and semi-finished products	**168.8**	**171.8**
Spare parts	29.3	30.9
Obsolescence provision	(2.1)	(3.0)
Total spare parts	**27.2**	**28.0**
Total inventories	**302.4**	**331.8**

Inventories have decreased overall by 29.4 million euro since the end of 2012, mainly due to the rationalization of raw material levels.

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 26.7 million euro (30.1 million euro) at 31 December 2013. The net provisions and losses during the year amounted to 10.8 million euro (25.6 million euro). The reduction reflects the losses recorded in 2012 by Indesit Company UK Ltd.

Trade receivables are analyzed below:

(million euro)	31.12.2013	31.12.2012
Trade receivables	453.2	495.4
Allowance for doubtful accounts	(26.7)	(30.1)
Net trade receivables	**426.5**	**465.3**

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

The securitization involves the without-recourse sale of trade receivables, on a revolving basis, by the Parent Company 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 73.2 million euro at 31 December 2013, comprising senior securities issued on the ABS market, 96.8 million euro, net of the cash held by them, 23.6 million euro.

At the same date, the liability of Group operating companies to vehicle companies for receivables sold but not yet collected amounts to 110.9 million euro, while their financial receivables represented by junior securities total 35.9 million euro.

The without-recourse sale of UK and Polish receivables reduced trade receivables by 33.3 million euro, being the amount sold but not collected by 31 December 2103 (30.8 million euro in the UK).

The concentration risk associated with the 10 largest customers is 23.6% (19.9% in 2012) of total gross performing receivables.

Trade receivables are analyzed by maturity below:

(million euro)	31.12.2013	31.12.2012
Receivables not overdue	**416.6**	**458.4**
Overdue in 1 month	2.4	0.3
Overdue by 1 to 3 months	5.1	5.2
Overdue by 3 to 6 months	2.4	1.5
Total overdue receivables not impaired	**9.9**	**6.9**
Receivables impaired	**26.7**	**30.1**
Trade receivables	**453.2**	**495.4**

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 [9]. These amounts are analyzed below:

(million euro)	31.12.2013	31.12.2012
Tax advances paid	14.1	16.3
Total tax receivables	**14.1**	**16.3**

9.10 Other receivables and current assets

Other receivables and current assets are analyzed as follows:

(million euro)	31.12.2013	31.12.2012
Due from employees	1.6	2.1
Due from social security and pension institutions	5.7	3.4
Grants due from public bodies	3.5	3.8
VAT receivables	38.3	52.8
Other receivables	14.2	13.2
Total other receivables and current assets	**63.2**	**75.4**

The reduction in VAT recoverable reflects the change in sales with respect to that in purchasing costs, principally in Poland.

9. Tax receivables include the recognition in 2013 of the CICE tax credit available to the French company, 0.2 million euro.

9.11 Equity attributable to the Group

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

	31.12.2013		31.12.2012	
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**

147,000 options granted in 2003, at 12.6439 euro each, expired during the year. No new stock options were granted during the year. Accordingly, the Group has no stock option plans at 31 December 2013.

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.

Dividend payments during 2013 totaled 20.6 million euro (23.7 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 Company's net profit each year.

The cumulative translation adjustment or translation reserve is negative by 170.5 million euro, reflecting the exchange differences arising on the translation of foreign currency financial statements. The overall reduction in reserves during the year deriving from the translation of foreign currency financial statements amounts to 60.4 million euro. In particular, the appreciation of the Polish zloty contributed 4.6 million euro, the British pound, 8.7 million euro, the Russian ruble, 29.1 million euro, and the Turkish lira, 15.6 million euro. Taken together, the other currencies contributed an additional reduction of 2.4 million euro.

The negative remeasurement reserve amounts to 89.8 million euro. There was a 10.0 million euro reduction in reserves during 2013 due to remeasurement of the actuarial gains/losses associated with the total defined benefit liability.

Other reserves amount to 10.8 million euro. These comprise the negative cash flow reserve, 7.8 million euro; the reserve for share-based payments, 0.3 million euro; the negative revaluation reserve, 0.5 million euro, and other reserves totaling 18.8 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 560.2 million euro following an increase of 61.7 million euro on allocation of the Parent Company's results for 2012, a decrease of 20.6 million euro following the payment of dividends to the shareholders of the Parent Company, and the net effect of reclassifications totaling 12.8 million euro.

With reference to the amounts reported in the consolidated statement of comprehensive income, the cash flow reserve decreased by 4.1 million euro during 2013.

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:

	31.12.2013	31.12.2012
Basic attributable earnings (million euro)	3.2	61.7
Basic average number of ordinary shares (thousands)	102,625.9	102,625.9
Ordinary EPS (without savings shares effect)	**0.03**	**0.60**
Unit earnings attributed to savings shares (euro)	0.03	0.60
Number of savings shares (thousand)	511.3	511.3
Earnings attributed to savings shares (million euro)	(0.02)	(0.31)
Basic attributable earnings (million euro)	3.2	61.4
Basic average number of ordinary shares (thousands)	102,625.9	102,625.9
Basic EPS (euro)	**0.03**	**0.60**
Basic attributable earnings (million euro)	3.2	61.4
Basic average number of ordinary shares (thousands)	102.6	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)	**0.03**	**0.60**

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	31.12.2013	31.12.2012
Current financial assets	9.13.1	17.9	29.4
Cash and cash equivalents	9.13.2	330.8	142.8
Banks and other loans and borrowings	9.13.3	(307.4)	(197.8)
Net financial indebtedness position - short term		**41.3**	**(25.6)**
Medium/long-term financial payables	9.13.4	(368.6)	(232.3)
Net financial position (1)		**(327.4)**	**(257.9)**
Other non-current financial assets	9.13.5	1.9	1.5
Total net financial indebtedness		**(325.5)**	**(256.4)**

(1) As defined in Consob Communication DEM/6064293 dated 28.07.2006, applying the CESR recommendations dated 10.02.2005.

9.13.1 Current financial assets

Current financial assets include the fair value adjustment of derivative financial instruments, 12.1 million euro (18.4 million euro), and other current financial receivables, 5.9 million euro (11.0 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 23.6 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)	31.12.2013	31.12.2012
Current portion of bank, loans and borrowings	27.0	79.8
Short-term advances for securitization	96.6	87.7
Liability from the measurement of derivative instruments	28.5	7.4
Current portion of bond and Eurobond	142.1	8.1
Current portion of medium/long-term bank, loans and borrowings	12.9	14.4
Current portion of other medium/long-term bank, loans and borrowings	0.4	0.5
Total	**307.4**	**197.8**

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.

The significant increase in current financial payables reflects the bond tranche of 148.0 million dollars that falls due in 2014.

9.13.4 Medium and long-term loans and borrowings

The medium/long-term financial payables are analyzed as follows:

(million euro)	31.12.2013	31.12.2012
Bonds	19.6	156.8
Due to banks and other financial backers	52.7	75.6
Eurobond	296.4	-
Total	**368.6**	**232.3**

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*).

The Eurobond, denominated in euro, relates to a fixed-rate loan subscribed for by institutional investors that is listed in Luxembourg and fall due on 26 April 2018.

The nominal value of this Eurobond is 300.0 million euro, while its amortized cost at 31 December 2013 is 296.4 million euro.

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

Medium/long-term financial payables are analyzed by maturity in the following table:

(million euro)	Medium/ long-term financial payables	Between 1 and 5 years	Beyond 5 years
Bonds	19.6	19.6	-
Due to banks and other financial backers	52.7	52.7	-
Eurobond	296.4	296.4	-
Total	**368.6**	**368.6**	**-**

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	-	-	-			
Notes - Series E	25.0	-	19.6	17.09.2016	Fixed	CCS
Total notes issued in USD	**25.0**	**-**	**19.6**			
Notes - Series D						
Total notes issued in euro	**-**	**-**	**-**			
Total fair value			**19.6**			

The interest rate and exchange rate 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 lenders principally comprise the amortizing line of credit made available by the EIB (repayable in 2018) and amounting to 50.0 million euro at 31 December 2013, and the COENV loan of 1.0 million euro (repayable in 2018). The also include 2.5 million euro representing the valuation of hedging instruments (interest rate and exchange rate hedges).

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

		Medium/long-term financial payables					
(million euro)	**Total**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**
Bond	19.6	-	1.0	18.6	-	-	19.6
Financial liabilities for derivatives' evaluation	2.5	-	0.5	2.0	-	-	2.5
Eurobond	296.4	-	-	-	-	296.4	296.4
Due to banks and other financial payables	50.1	-	12.2	12.5	12.8	12.8	50.1
Total	**368.6**	**-**	**13.7**	**33.1**	**12.8**	**309.1**	**368.6**

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 2013, 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)	31.12.2013	31.12.2012
Bind deposits	1.9	0.8
Assets for the measurement of derivative instruments	-	0.8
Total	**1.9**	**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	1.2	-	0.3	0.8
Assets for the measurement of derivative instruments	0.7	-	0.7	-
Total	**1.9**	**0.0**	**1.1**	**0.8**

9.14 Employee benefits

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

(million euro)	31.12.2013	31.12.2012
Italian post-employment benefits (TFR)	36.5	40.7
UK and Irish pension plans	37.9	36.7
Other countries pension plans and deferred benefit	6.6	6.9
Total employee benefits	**81.0**	**84.3**

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.

The Irish pension fund was closed during 2013.

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

	Employee severance indemnities		UK and Ireland pension plans	
(million euro)	**31.12.2013**	**31.12.2012**	**31.12.2013**	**31.12.2012**
Present value of the defined benefit obligation (start of year)	40.7	37.9	344.1	343.0
Current service cost	-	-	0.0	
Financial expenses	1.3	1.7	14.3	16.6
Contributions from plan participants	0.0	0.0	0.0	0.0
Actuarial (gains)/losses	(1.3)	5.8	13.1	33.0
Benefits paid by the plan/company	(4.3)	(5.0)	(11.0)	(11.3)
Curtailment of plan	0.0	0.4	0.0	0.0
Past service benefit	-	-	0.0	(45.3)
Changes in exchange rates	-	-	(14.8)	7.9
Present value of the defined benefit obligation (end of year)	**36.5**	**40.7**	**345.6**	**344.1**
Fair value of plan assets (start of year)	-	-	307.4	272.1
Expected return on plan assets	-	-	(3.9)	13.7
Actuarial gains/(losses)	-	-		0.0
Employer's contributions	4.3	5.0	8.4	8.5
Employees' contributions	-	-		
Benefits paid	(4.3)	(5.0)	(11.0)	(11.3)
Expenses	-	-	13.2	13.7
Change in exchange rates	-	-	(6.4)	10.8
Fair value of plan assets (end of year)	**0.0**	**0.0**	**307.7**	**307.4**
Present value of defined benefit obligation under funded plans	0.0	0.0	345.6	344.1
Fair value of plan assets	0.0	0.0	(307.7)	(307.4)
Deficit (surplus) of funded plans	**0.0**	**0.0**	**37.9**	**36.7**
Present value of defined benefit obligation under unfunded plans	36.5	40.7	0.0	0.0
Pension (cost) of unrecognised post service	-	-	-	-
Unrecognised assets (limit described in IAS 19.58b)	-	-	-	-
Net liability/(asset) recognised	**36.5**	**40.7**	**37.9**	**36.7**
Amortisation of surplus corridor	-	-	-	-
Current service cost	-	-	0.0	0.0
Past service benefit	-	-	0.0	(45.3)
Total operating costs	**-**	**-**	**0.0**	**(45.3)**

	Employee severance indemnities		UK and Ireland pension plans	
(million euro)	**31.12.2013**	**31.12.2012**	**31.12.2013**	**31.12.2012**
Interest expense	1.3	1.7	14.3	16.6
Expected return on plan assets	-	-	(13.2)	(13.7)
Total financial charges	**1.3**	**1.7**	**1.1**	**3.0**
Curtailment (gains) losses	0.0	0.4	-	-
Total charge to the income statement	**1.3**	**2.1**	**1.1**	**(42.3)**
Assumptions used to determine defined benefit obligations				
Discount rate	3.4%	3.3%	4.7%	4.5%
Salary increases	n.a.	n.a.	3.4%	3.2%
Inflation rate	2.0%	2.0%	2.4%	1.9%
Pension increase rate	n.a.	n.a.	2.4%	1.9%
Assumptions used to determine pension cost				
Discount rate	3.3%	4.6%	4.7%	4.5%
Expected return on plan assets	n.a.	n.a.	4.5%	5.8%
Expected salary increase	0.0%	0.0%	3.4%	3.2%
Inflation rate	2.0%	2.0%	2.4%	1.9%
Pension increase rate	n.a.	n.a.	2.4%	1.9%

The change in the discount rate reflects the decline during 2013 in the bond yields used for benchmarking purposes (corporate bonds with AA rating).

The principal demographic assumptions made by the UK and Ireland fund in order to determine the actuarial liability are presented below:

Demographic assumptions	**Years**
Male 60 years old in 2013	25.3
Female 60 years old in 2013	28.0
Male 60 years old in 2033	27.3
Female 60 years old in 2033	30.0

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

(million euro)	**31.12.2013**	**31.12.2012**
Corporate bonds	3.2%	46.5%
Diversified growth funds	70.9%	53.5%
Liability driven investment	25.9%	0.0%
Total	**100.0%**	**100.0%**

The Diversified growth 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 2013, the investment portfolio of these funds comprise:

- equities: 44.6%;
- bonds: 24.4%;
- other assets (commodities, property funds etc.): 17.8%;
- monetary: 13.2%.

Liability-driven investment refers to the use of derivatives to hedge interest rate and inflation risks.

The change in the actuarial gains and losses relating to the UK pension fund is analyzed below:

(million euro)	31.12.2013	31.12.2012
Effect of changes in demographic assumptions	(1.9)	0.0
Effect of changes in financial assumptions	(12.8)	(33.0)
Effect of other changes	(2.3)	3.5
Total	**(17.0)**	**(29.5)**

The change in the actuarial gains and losses relating to employee severance indemnities is analyzed below:

(million euro)	31.12.2013	31.12.2012
Effect of changes in demographic assumptions	(0.4)	5.2
Effect of changes in financial assumptions	(0.9)	0.6
Effect of other changes	0.0	0.0
Total	**(1.3)**	**5.8**

Sensitivity analyses are presented below:

UK Pension fund	Changes in assumptions	Impact on liabilities
Discount rate	-0.25%	+4.3%
Inflation rate	+0.25%	+4.1%
Rate of salary increase	+0.25%	+0.6%
Mortality rate	+1 year	+2.2%
Commutation	of 10%	-0.2%

TFR	Changes in assumptions	Impact on liabilities
Discount rate	-0.40%	+5.38%
Discount rate	+0.40%	-4.82%

9.15 Provisions for risks and expenses

The provisions for risks and expenses are analyzed as follows:

2013 movements (million euro)	Opening balance 01.01.2013	Provision	Utilisations	Other movements	Closing balance 31.12.2013	Current portion	Non-current portion
Provision for warranties	44.3	6.4	(8.8)	(2.1)	39.8	26.8	13.0
Provision for agents' termination indemnity	1.4	0.1	(0.2)	-	1.4	0.0	1.4
Provision for restructuring	28.2	1.0	(9.9)	(0.1)	19.2	17.9	1.4
Provision for WEEE	14.7	(0.7)	(9.7)	-	4.4	1.0	3.4
Provision for onerous contracts	1.3	0.1	(0.5)	(0.0)	0.9	0.3	0.6
Provision for disputes and other risks	24.5	21.9	(3.0)	(0.1)	43.3	6.4	36.9
Total	**114.5**	**28.8**	**(32.0)**	**(2.3)**	**109.0**	**52.3**	**56.7**

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**

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 expenses associated with the industrial reorganization plans being implemented at certain of the Group's factories. The increase in this provision principally reflects the restructuring plan for the None factory, while the decrease mainly relates to utilizations consequent to the restructuring activities commenced in the prior year.

The provision for WEEE covers the expenses 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 provision for this fund has been adjusted downwards to 9.7 million euro from the Spanish company of the Group.

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 0.9 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 2013, this caption comprises the provisions for outstanding disputes, 7.3 million euro (5.5 million euro), the provision for environmental risks, 4.5 million euro (4.9 million euro), and the provision for product liability and other risks, 31.5 million euro (14.14 million euro).

There are, at the balance sheet date, contingent liabilities, mainly pertaining to situations of pre-litigation for damages allegedly suffered by third parties using the product.

The Other movements column of the table reporting the movements in the provisions for risks and expenses 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 2013 amount to 18.8 million euro (69.4 million euro) and the cash flow effect was 34.9 million euro (absorption of 5.5 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)	31.12.2012	Credited/ charged to income statement	Credited/ charged to equity	Exchange rate effect	Other movements	31.12.2013
Property, plant and equipment	2.0	(1.1)	-	(0.3)	-	0.7
Intangible assets	27.3	(0.6)	-	(4.2)	-	22.4
Inventories	(2.1)	(2.1)	-	(0.2)	-	(4.3)
Non-current financial liabilities	1.8	(0.6)	(0.9)	(0.0)	-	0.2
Employee benefits	3.6	(0.2)	(11.4)	(0.5)	0.4	(8.2)
Government grants	0.1	-	-	-	-	0.1
Provisions for risks and charges	(0.6)	(0.8)	-	(0.0)	(0.0)	(1.5)
Other	7.4	5.0	-	0.4	-	12.8
Distributable retained earnings and other	8.9	-	-	-	-	8.9
Total	**48.4**	**(0.4)**	**(12.3)**	**(5.0)**	**0.4**	**31.0**
Amounts offset	(13.0)	12.4	-	-	-	(0.5)
Total, net	**35.5**	**12.0**	**(12.3)**	**(5.0)**	**0.4**	**30.5**

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)	31.12.2013	31.12.2012
Deferred grants for Special Economic Zone in Poland	11.6	15.2
Italy deferred grants	2.0	2.8
Turkey deferred grants	0.1	-
Non-current liabilities for employee benefits	6.1	9.0
Non-current liabilities for other social security institutions	2.7	3.0
Total	**22.6**	**29.9**

The grants collected in Poland principally relate to tax credits for investment relating to the factories in the Lodz and Radomsko Special Economic Zones. Access to these grants is subject to certain restrictions that are currently respected. The accounting treatment of these tax credits has involved, in accordance with IAS 20, the recognition of non-current liabilities that will be released to the income statement to match the depreciation expenses on the capital investment concerned. The reduction in this caption is consistent with the discussion presented in note 9.5.

Deferred grants from the State totaling 0.6 million euro in Italy (0.9 million euro) and 3.5 million euro (3.1 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)	31.12.2013	31.12.2012
Trade payables for investments	34.3	61.1
Trade payables for purchases	704.5	783.7
Total trade payables	**738.9**	**844.8**

9.19 Tax payables

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

(million euro)	31.12.2013	31.12.2012
Current taxes payables	15.2	9.9
Taxes withheld from employees and freelance workers	10.1	13.7
Total tax payables	**25.3**	**23.6**

9.20 Other payables

Other payables are analyzed as follows:

(million euro)	31.12.2013	31.12.2012
Due to social security and pension institutions	19.8	25.8
Due to employees	40.9	42.8
VAT payable	29.1	26.5
Other payables	6.9	7.6
Total	**96.8**	**102.7**

9.21 Assets held for sale

The assets held for sale, 2.1 million euro, relate to a UK property owned by Indesit Company UK Ltd. that is likely to be sold during 2014.

The decrease compared to 2012 relates to the sale of a property in Poland under an operating lease.

10. Notes to the consolidated cash flow statement

10.1 Net results, income tax, depreciation, payment of income tax

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 13.7 million euro, while payments of 18.4 million euro were made in 2013 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 collected

The other non-monetary income and expenses, net, comprise all non-monetary items recorded 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 cash flow reserve, provisions for warranties, provisions for risks and expenses, 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 Payments for additions to property, plant and equipment and proceeds from their disposal

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 Purchase and disposal of other 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 20.6 million euro was authorized at the Parent Company's shareholders' meeting held to approve the 2013 financial statements, as also mentioned in note 9.11.

10.8 Repayments of medium/long-term financial payables and bonds

The repayments of other medium/long-term financial payables relate to loans from banks and other providers of finance. The repayment of 14.1 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.

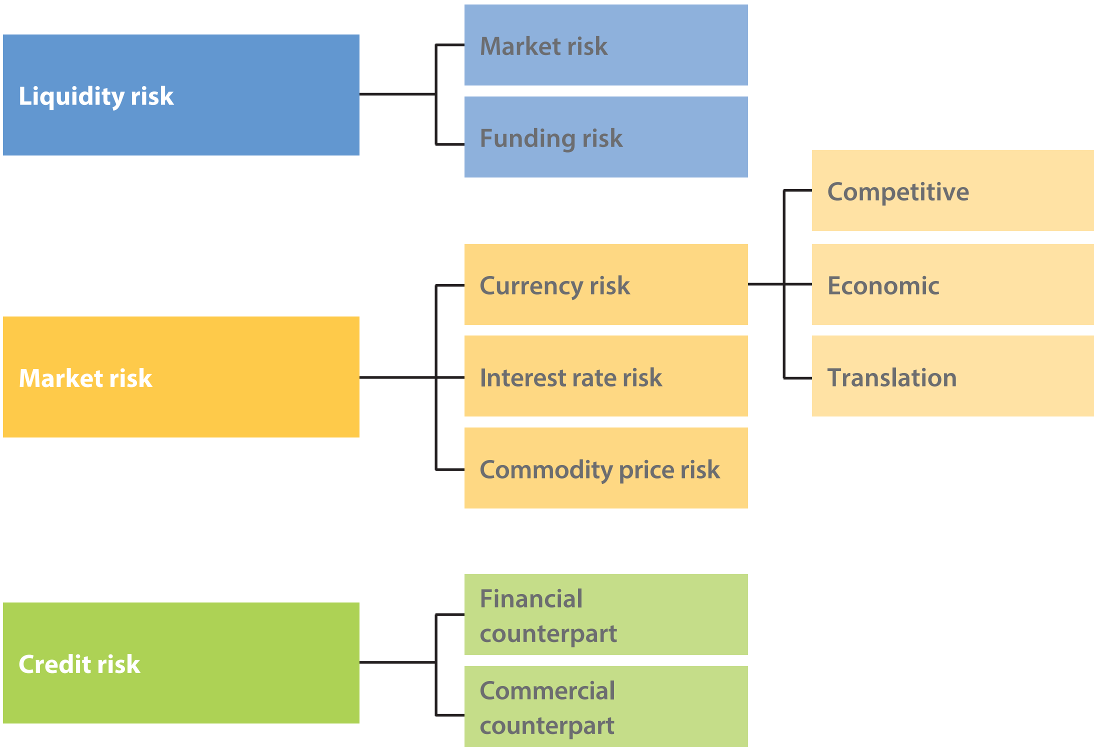
No new loans were arranged during the year ended 31 December 2013.

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 2013 amount to 400.0 million euro, comprising a syndicated line from banks arranged in July 2011 and expiring in 2016. At 31 December 2012, the unused, committed lines of credit totaled 400.0 million euro.

At 31 December 2013, 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 2014. The Group has significant uncommitted lines of credit available at 31 December 2013.

During 2013, 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 2013. 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 31.12.2013	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	738.9	738.9	215.7	397.1	126.1	0.0	0.0
Bonds	458.0	521.9	0.0	4.3	143.4	374.2	0.0
Due to banks	185.2	190.7	108.8	4.7	25.9	51.4	0.0
Other financial payables	1.8	1.8	0.0	0.2	0.5	1.1	0.0
Derivative instruments	31.0	26.9	1.2	0.4	22.8	2.5	0.0
Total	**1,414.9**	**1,480.3**	**325.7**	**406.7**	**318.6**	**429.2**	**0.0**

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 Company. These changes do not give rise to an immediate difference between expected and actual cash flows, but merely have an accounting effect on the Group's consolidated equity. The effect on cash flows only arises in the event of equity transactions involving Group companies that prepare foreign currency financial statements (e.g. capital reductions, payment of dividends, corporate liquidations etc.).

The Group is exposed to the following main currencies at 31 December 2013: the British pound, the Polish zloty, the Russian ruble, the Turkish lira, the US dollar and the Ukrainian hryvnia.

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 cash flow 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 2013, 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.

31.12.2013 (million euro)	**Variation +10%**		**Variation -10%**	
	P&L effect	**Equity effect**	**P&L effect**	**Equity effect**
Derivative instrument hedging of cash flow hedging	2.5	(6.5)	0.0	4.0
Derivative instrument hedging of fair value hedging	2.8	0.0	(3.6)	0.0
Total	**5.3**	**(6.5)**	**(3.5)**	**4.0**

31.12.2012 (million euro)	**Variation +10%**		**Variation -10%**	
	P&L effect	**Equity effect**	**P&L effect**	**Equity effect**
Derivative instrument hedging of cash flow hedging	(2.5)	7.6	(2.7)	4.0
Derivative instrument hedging of fair value hedging	(4.3)	0.0	4.8	0.0
Total	**(6.8)**	**7.6**	**2.0**	**4.0**

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 2013, would have had an adverse effect on the Group's operating profit (ignoring the tax effect) of about 57.8 million euro (positive effect of about 70.6 million euro), assuming no changes in other factors.

The model assumes the same distribution of revenues and costs as in 2013. 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**	**ARS**	**HUF**	**UAH**	**USD**	**Total**
Operating profit	**(43.5)**	**(21.9)**	**(6.8)**	**9.5**	**(0.8)**	**(0.2)**	**(6.5)**	**12.4**	**(57.8)**
% effect on total	*75.3%*	*37.8%*	*11.7%*	*-16.5%*	*1.4%*	*0.3%*	*11.2%*	*-21.4%*	*100.0%*

Negative variation effect of 10% of currency on operation profit

(million euro)	**GBP**	**RUB**	**TRY**	**PLN**	**ARS**	**HUF**	**UAH**	**USD**	**Total**
Operating profit	**53.2**	**26.7**	**8.3**	**(11.6)**	**1.0**	**0.2**	**7.9**	**(15.1)**	**70.6**
% effect on total	*75.3%*	*37.8%*	*11.7%*	*-16.5%*	*1.4%*	*0.3%*	*11.2%*	*-21.4%*	*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 2013.

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

Currency	GBP	PLN	RUB	USD	TRY	UAH
Long/short exposure	394.2	(99.3)	198.9	(136.2)	88.7	71.3
Hedges	(394.9)	117.0	0.0	138.6	0.0	0.0
Residual exposure	**(0.6)**	**17.6**	**198.9**	**2.4**	**88.7**	**71.3**

* The amounts are in million euro equivalents.

At the end of 2013, 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 2014 if the exposures to risk remained the same as those at 31 December 2013, 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.

31.12.2013 (million euro)	**Variation +100bps**	
	P&L effect	**Equity effect**
Net indebtedness of floating rate	(2.4)	0.0
Derivative instrument hedging of fixed rate loans	(0.9)	0.0
Derivative instrument hedging of floating rate loans	1.9	0.4
Total	**(1.3)**	**0.4**

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

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 2013 for the consumption of raw materials, components and other materials.

(million euro)	**31.12.2013**	**31.12.2012**
Steel	(205.9)	(229.0)
Plastics	(249.0)	(261.3)
Components and transformations	(999.9)	(1,067.8)
Other material	(104.2)	(107.1)
Total	**(1,559.0)**	**(1,665.3)**

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 2014 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 2013. For the Russian market, prices will again be fixed quarterly during 2014 due, in part, to normal contractual practice there; accordingly, the steel price for just the first quarter of 2014 was fixed at the end of 2013.

For non-ferrous metals (nickel, copper and aluminum), the supply agreements for 2014 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 2014 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 2013 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 0.7 million euro, while a hypothetical 10% increase in the prices of these commodities would raise the fair value of the derivatives by 0.7 million euro.

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

Hierarchy of levels in the measurement of fair value

With regard to financial instruments recognized at fair value in the statement of financial position, IFRS 7 and IFRS 13 require 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 2013:

- all the financial instruments measured at fair value are represented by Level 2 derivatives (same as in 2012);
- there were no transfers from Level 1 to Level 2, or vice versa, during 2013;
- there were also no transfers from Level 3 to other levels, or vice versa, during 2013.

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.

Group policy is to write down receivables overdue by more than 60 days by 50% and those overdue by more than 120 days by 75%, while those overdue by more than 180 days are written off 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 with reference to the monthly reports received.

Credit risk: quantitative information

The Group's maximum theoretical exposure to credit risk is represented by the book value of the financial assets recorded in the statement of financial position, 779.2 million euro (659.4 million euro).

Solely with regard to trade receivables at 31 December 2013, the concentration of the ten largest customers (all major retail chains) is 23.6% (19.2%) 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 2013. 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 recorded in 2013 due to hedges with notionals in excess of the underlying flows (overhedges).

The ineffective cash flow hedges identified in 2013 resulted in the recognition of costs totaling 0.2 million euro.

With regard to the handling of the Cash Flow Hedge Reserve it should be noted that the proportion of variation due to the release of the annual positive effects of cover in the income statement amounted to 4.5 million euro and the decrease due to the annual assessment is equal to 8.6 million euro.

Changes in the fair value of derivative instruments and the related underlying transactions for fair value hedges are reported in the summary table of transactions outstanding at year-end.

Fair value

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).

Determination of the fair value of derivatives takes account of the credit risk relating to individual banking counterparts and the risk of non-performance by the Indesit Group (own credit risk), as required by IFRS 13.

A credit risk adjustment is applied to the market values determined using the valuation techniques described. This considers the probability of default extrapolated from the market CDS spreads for banking counterparts and the credit spreads implied by the yields on a basket of corporate bonds with the same rating as that of the Group, estimated using internal valuation models.

With reference to the valuations carried out at 31 December 2013, the size of this adjustment with respect to risk-free market values is limited due to the short residual duration of the derivative positions outstanding at year-end.

Based on the current wording of IAS 39, the application of a credit risk adjustment when calculating the fair value of derivatives represents a source of ineffectiveness (although not significant for the Group) in the hedging relationships recognized for hedge accounting purposes. This is because the adjustment is only calculated with reference to the derivative instruments concerned and is not reflected in the valuation of the related underlyings.

Categories of financial asset/liability

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

31.12.2013 (million euro)	Loans and receivables	Financial assets measured at fair value through profit or loss: Financial assets measured at fair value upon initial measurement	Financial assets measured at fair value through profit or loss: 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	1.9	-	-	-	-	-	1.9	1.9
Trade receivables	426.5	-	-	-	-	-	426.5	426.5
Assets held for sale	2.1	-	-	-	-	-	2.1	2.1
Current financial assets	5.9	-	-	-	-	12.1	17.9	17.9
Cash and cash equivalents	330.8	-	-	-	-	-	330.8	330.8
							779.2	**779.2**

31.12.2012 (million euro)	Loans and receivables	Financial assets measured at fair value through profit or loss: Financial assets measured at fair value upon initial measurement	Financial assets measured at fair value through profit or loss: 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
Assets held for sale	20.4	-	-	-	-	-	20.4	20.4
Current financial assets	11.0	-	-	-	-	18.4	29.4	29.4
Cash and cash equivalents	142.8	-	-	-	-	-	142.8	142.8
							659.4	**659.4**

31.12.2013 (million euro)	Financial liabilities measured at fair value through profit or loss		Other financial liabilities measured at amortised cost	Hedging instruments	Total carrying amount	Total fair value
	Financial liabilities measured at fair value upon initial measurement	Financial liabilities held for trading				
Medium/long-term financial liabilities	-	-	366.1	2.5	368.6	373.8
Trade payables	-	-	738.9	-	738.9	738.9
Short-term financial liabilities	-	-	278.9	28.5	307.4	297.8
					1,414.9	**1,410.5**

31.12.2012 (million euro)	Financial liabilities measured at fair value through profit or loss		Other financial liabilities measured at amortised cost	Hedging instruments	Total carrying amount	Total fair value
	Financial liabilities measured at fair value upon initial measurement	Financial liabilities held for trading				
Medium/long-term financial liabilities	-	-	219.1	13.2	232.3	233.3
Trade payables	-	-	844.8	-	844.8	844.8
Short-term financial liabilities	-	-	190.4	7.4	197.8	198.1
					1,274.9	**1,276.2**

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 U.S. Private Placement bonds fall into the category of financial liabilities measured at amortized cost, they are actually recorded at fair value. This is determined with reference solely to the hedged risk factors, using the accounting rules applicable to fair value hedges. The interest rate and 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 amount of trade receivables and payables is a reasonable approximation of their fair value.

Financial assets and liabilities measured at fair value

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

			Notional amount		Fair value of derivates	
(million euro)		Nature of risk hedged	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	Cash flow hedges					
a)	Currency options	Currency	473.6	246.8	(0.4)	6.6
b)	IRS on loans short term	Interest rate	305.0	350.0	(6.6)	(12.5)
c)	Forward	Price/Currency	179.0	123.5	(4.2)	2.9
	Total		**957.6**	**720.4**	**(11.2)**	**(3.0)**
	Fair value hedges					
d)	CCS on bonds	Currency/Interest rate	144.5	144.5	(11.7)	(0.1)
e)	IRS on bonds	Interest rate	18.3	18.3	0.8	1.5
f)	Other trading operations	Interest rate	45.0	-	(0.3)	-
	Total		**207.8**	**162.8**	**(11.3)**	**1.4**
	Other hedges					
g)	Forward	Currency	326.6	273.3	3.4	0.3
	Total		**326.6**	**273.3**	**3.4**	**0.3**
	Grand total		**1,492.0**	**1,156.4**	**(19.0)**	**(1.4)**

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, and the U.S. dollar against the euro. The hedged exchange risks mainly relate to highly likely future transactions expected to take place within one year, with the consequent release of the cash flow reserve to the income statement.

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 2013 comprise IRS with a total notional of 305.0 million euro. These hedge the interest-rate risk on an average of about 177.5 million euro of underlying payables (short term) with the following maturities:

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

				Classification at 31.12.2013				
Change in fair value of derivatives at 31.12.2013 vs 31.12.2012	**Change in fair value of underlyings at 31.12.2013 vs 31.12.2012**	**Change in fair value of underlyings at 31.12.2013 vs inception date**	**Change in fair value of derivatives at 31.12.2013 vs inception date**	**Other non-current financial assets**	**Current financial assets**	**Medium/ long-term financial payables**	**Banks and other financial payables**	**Total**
(7.0)	n.a.	n.a.	n.a.	-	4.5	-	(4.9)	(0.4)
5.9	n.a.	n.a.	n.a.	-	-	(1.3)	(5.3)	(6.6)
(7.1)	n.a.	n.a.	n.a.	-	1.2		(5.4)	(4.2)
(8.1)				**-**	**5.7**	**(1.3)**	**(15.5)**	**(11.2)**
(11.6)	11.6	10.2	(11.6)	-	1.8	(1.2)	(12.3)	(11.7)
(0.8)	0.8	(0.8)	0.6	-	0.8	-	-	0.8
(0.3)	n.a.	n.a.	n.a.	-	-	-	(0.3)	(0.3)
(12.7)	**12.4**	**9.4**	**(11.0)**	**-**	**2.5**	**(1.2)**	**(12.6)**	**(11.3)**
3.2	n.a.	n.a.	n.a.		3.9		(0.4)	3.4
3.2	**-**	**-**	**-**	**-**	**3.9**	**-**	**(0.4)**	**3.4**
(17.6)	**12.4**	**9.4**	**(11.0)**	**-**	**12.1**	**(2.5)**	**(28.5)**	**(19.0)**

- 50 million euro from 17 March 2012 to 17 March 2015.

The forwards, designated as cash flow hedges, were arranged to hedge the exchange-rate risk on highly likely future transactions, and the price risk on highly likely future purchases of commodities and semi-finished products.

The cross currency swap was arranged to hedge the interest-rate and exchange-rate risks deriving from commitments in relation to the U.S. Private Placement of bonds. This transaction converted the fixed-rate U.S. dollar bonds into floating-rate euro.

The interest-rate swap relates to the euro tranche of the U.S. 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.

Other trading transactions include a float-to-fix interest rate swap that expires on 17 March 2014.

The forwards not recognized as cash flow hedges were arranged to hedge exchange-rate 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, the managers with strategic responsibility for operations, planning and control - until April 2013 comprise the Chief Financial Officer, Chief Supply Chain & IT Officer, Chief Commercial Officer, Chief Division Officer Food Treatment, Chief Division Officer Home Care, Chief Division Officer Services & Consumer Care, Chief HR Officer. From May 2013 are identified in the figures of Chief Operating Officers, Sales & Marketing, Chief Operating Officer, Products & Technology, Chief Financial Officer and Chief HR Officer.

The table below lists the expected gross remuneration of the above persons for 2013, 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 2013 due to directors, statutory auditors and executives with strategic responsibilities

(million euro)	Short-term benefits	Long-term benefits	Stock options
Directors	3.1	0.7	-
Statutory Auditors	0.2	-	-
Executives with strategic responsibilities	2.5	0.9	-
Total	**5.8**	**1.6**	**-**

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**	**-**

List of the principal related parties with which transactions were carried out during the year.

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 related parties	**Type of relationship**
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
Progetti International S.p.A.	Other related - Controlled by Fineldo S.p.A., Group Parent of Indesit Company
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
TM NEWS S.p.A.	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
Trade Place 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.

Faber Factor S.r.l. in liquidation was sold 27 December 2013.

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 Company, 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)	Year 2013	Year 2012
Revenue		
Other related parties	0.8	0.8
Associates	-	-
Parent	0.4	0.3
Total	**1.1**	**1.1**
Cost of sales		
Associates	-	-
Other related parties	(0.2)	(0.4)
Total	**(0.2)**	**(0.4)**
Selling and distribution expenses		
Other related parties	-	-
Associates	-	-
Total	**0.0**	**0.0**
General and administrative expenses		
Associates	-	-
Other related parties	(8.5)	(13.8)
Parent	-	-
Total	**(8.5)**	**(13.8)**
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)	31.12.2013	31.12.2012
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	3.2	2.6
Parent	0.2	0.3
Total	**3.4**	**2.9**
Trade payables		
Associates	-	-
Other related parties	0.1	0.2
Parent	0.0	0.0
Total	**0.1**	**0.2**
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 1.8 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 1.2 million euro due from Progetti International S.p.A.

The cash flow generated by transactions with related parties was 0.1 million euro (absorption of 0.1 million euro).

Attachments

Attachment 1

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

			Group interest	
Name	**Registered office**	**Share capital**	**Direct**	**Indirect**
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
Closed Joint Stock Company Indesit International ZAO	Russia	RUB 1,664,165,000	100.00	-
Fabrica Portugal S.A.	Portugal	EUR 11,250,000	-	96.40
FCT Cirano	France	-	-	-
General Domestic Appliances Holdings Ltd.	UK	GBP 26,000,000	-	100.00
General Domestic Appliances International Ltd.	UK	GBP 100,000	-	100.00
Indesit Argentina S.A.	Argentina	ARS 24,070,220	3.00	97.00
Indesit Company Belgium S.A.	Belgium	EUR 150,000	-	100.00
Indesit Company Beyaz Esya Pazarlama A.S.	Turkey	TRY 5,167,994	100.00	-
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	Turkey	TRY 134,038,073	36.16	63.84
Indesit Company Ceská S.r.o.	Czech Republic	CZK 1,000,000	100.00	-
Indesit Company Deutschland GmbH	Germany	EUR 550,000	-	100.00
Indesit Company France S.a.s.	France	EUR 17,000,000	-	100.00
Indesit Company International Business S.A.	Switzerland	SFR 250,000	-	100.00
Indesit Company International B.V.	The Netherlands	EUR 272,270	-	100.00
Indesit Company Luxembourg S.A.	Luxembourg	EUR 117,977,729	100.00	-
Indesit Company Magyarország Kft	Hungary	HUF 25,000,000	-	100.00
Indesit Company Nordics AB	Sweden	SEK 50,000	100.00	
Indesit Company Österreich Ges. m.b.H.	Austria	EUR 18,168.21	-	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	0.56	99.44
Indesit Company UK Holdings Ltd.	UK	EUR 163,000,000	38.65	61.35
Indesit Company UK Ltd.	UK	GBP 76,195,645	-	100.00
Indesit Electrodomesticos S.A.	Spain	EUR 1,000,000	78.95	21.05
Indesit IP S.r.l.	Italy	EUR 10,000	100.00	
Indesit Ireland Ltd.	Ireland	EUR 100,000	-	100.00
Indesit Middle East FZE	UAE	AED 1,000,000	-	100.00
Indesit Rus LLC	Russia	RUB 4,340,000	100.00	-
Indesit Ukraine LLC	Ukraine	UAH 11,234,634	100.00	-
Jackson Appliances Ltd.	UK	GBP 7.5	-	100.00
Merloni Domestic Appliances Ltd.	UK	GBP 90,175,500	19.60	80.40
Olympia Finance S.r.l. - Società Unipersonale	Italy	EUR 12,000	-	-
Wuxi Indesit Domestic Appliance Technology Co. Ltd.	China	EUR 900,000	-	100.00
Xpelair Ltd.	UK	GBP 8.25	-	100.00

Attachment 2

List of other investments in subsidiaries and associates

Name	Registered office	Share capital	Group interest	
			Direct	Indirect
Indesit Company Bulgaria S.r.l.u.	Bulgaria	BGL 7,805,000	100.00	-
Indesit Company Domestic Appliances Hellas Mepe	Greece	EUR 18,000	-	100.00
Indesit Company Singapore Pte. Ltd.	Singapore	SGD 100,000	-	100.00
Trade Place B.V.	The Netherlands	EUR 30,000	20.00	-

Attachment 3

Consolidated income statement for the year ended 31 December 2013, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

	Year 2013			Year 2012		
(million euro)	**Balances**	**Of which non recurring**	**Of which with related parties**	**Balances**	**Of which non recurring**	**Of which with related parties**
Revenue	2,671.1	-	1.1	2,893.7	-	0.0
Cost of sales	(2,054.8)	(5.0)	(0.2)	(2,180.2)	5.5	(0.0)
Selling and distribution expenses	(437.3)	(3.5)	0.0	(468.9)	12.6	-
General and administrative expenses	(110.9)	(7.2)	(8.5)	(108.8)	4.4	(13.8)
Operating profit	**68.1**			**135.8**		
Interest expenses	(27.8)	-	-	(26.8)	-	-
Interest income	(18.8)	-	-	(2.5)	-	-
Exchange rate differences and other net financial expenses	(4.7)	-	-	(5.3)	-	-
Share of profit (losses) of associates	(0.0)	-	-	0.3	-	-
Profit before tax	**16.9**			**101.5**		
Income tax	(13.7)		n.a.	(39.8)	-	n.a.
Profit for the year	**3.2**			**61.7**		

	Year 2013			Year 2012		
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%	0.2%	0.0%	100%	-0.3%	0.0%
Selling and distribution expenses	100%	0.8%	0.0%	100%	-2.7%	0.0%
General and administrative expenses	100%	6.5%	7.7%	100%	-4.1%	12.7%
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%**		

Attachment 4

Consolidated statement of financial position at 31 December 2013, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

	31.12.2013			31.12.2012		
Million euro and percentage weight over Consolidated balance sheet items	**Balances**	**Of which with related parties**	**Weight %**	**Balances**	**Of which with related parties**	**Weight %**
Assets						
Property, plant and equipment	615.4	-	-	673.1	-	-
Goodwill and other intangible assets with an indefinite useful life	240.1	-	-	242.2	-	-
Other intangible assets with a finite life	98.7	-	-	103.8	-	-
Investments in associates	0.5	-	-	0.5	-	-
Other non-current assets	2.3	-	-	0.9	-	-
Deferred tax assets	129.5	-	-	118.8	-	-
Other non-current financial assets	1.9	-	-	1.5	-	-
Total non-current assets	**1,088.3**		**-**	**1,140.8**		**-**
Inventories	302.4	-	-	331.8	-	-
Trade receivables	426.5	3.4	0.8%	465.3	2.9	0.6%
Current financial assets	17.9	-	-	29.4	-	-
Tax receivables	14.1	-	-	16.3	-	-
Other receivables and current assets	63.2	-	-	75.4	-	-
Cash and cash equivalents	330.8	-		142.8	-	-
Assets held for sale	2.1	-	-	20.4	-	-
Total current assets	**1,157.0**			**1,081.4**		
Total assets	**2,245.4**			**2,222.2**		

Million euro and percentage weight over Consolidated balance sheet items	31.12.2013			31.12.2012		
	Balances	Of which with related parties	Weight %	Balances	Of which with related parties	Weight %
Equity						
Share capital	92.8	-	-	92.8	-	-
Reserves	(191.0)	-	-	(103.9)	-	-
Retained earnings	560.2	-	-	506.3	-	-
Profit attributable to owners of the Parent	3.2	-	-	61.7	-	-
Equity attributable to owners of the Parent	**465.3**		**-**	**556.9**		**-**
Non-controlling interests	0.0	-	-	0.0	-	-
Total equity	**465.3**		**-**	**557.0**		**-**
Liabilities						
Non-current loans and borrowings	368.6	-	-	232.3	-	-
Employee benefits	81.0	-	-	84.3	-	-
Provisions for risks and charges	56.7	-	-	50.1	-	-
Deferred tax liabilities	30.5	-	-	35.5	-	-
Other non-current liabilities	22.6	-	-	29.9	-	-
Total non-current liabilities	**559.5**		**-**	**432.1**		**-**
Banks and other loans and borrowings	307.4	-	-	197.8	-	-
Provisions for risks and charges	52.3	-	-	64.4	-	-
Trade payables	738.9	0.1	0.0%	844.8	0.2	0.0%
Tax payables	25.3	-	-	23.6	-	-
Other payables	96.8	-	-	102.7	-	-
Total current liabilities	**1,220.6**			**1,233.1**		
Total liabilities	**1,780.1**			**1,665.2**		
Total equity and liabilities	**2,245.4**			**2,222.2**		

Attachment 5

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

Services	Service supplier	Beneficiary	Fees (thousand euro)
Audit	Reconta Ernst Young	Parent	870
	Reconta Ernst Young	Subsidiaries	310
	Reconta Ernst Young network	Subsidiaries	744
Other services:			
- Agreed-upon procedures	Reconta Ernst Young	Parent	54
- Tax and advisory services	Reconta Ernst Young	Parent	20
- Tax and advisory services	Reconta Ernst Young	Subsidiaries	23
Total			**2,020**

Peterborough, 21 March 2014

for the Board of Directors

The Chairman
Marco Milani

Attestation in respect of the Consolidated financial statements at 31 December 2013 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 responsible for preparing the Company's financial reports, Stefano Cavacini, pursuant to paras. 3 and 4 of art. 154-*bis* of Decree no. 58 dated 24 February 1998, hereby confirm:

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

throughout 2013 of the administrative and accounting procedures applied for the preparation of the Consolidated financial statements.

The undersigned also confirm that the 2013 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 underlying accounting records and accounting entries;
- are suitable for the purpose of providing a true and fair view of the economic and financial position of the Company and the Group as a whole.

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

21 March 2014

The Chief Executive Officer

Marco Milani

The Manager responsible for preparing the Company's financial reports

Stefano Cavacini

Report of the independent auditors

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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

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

1. We have audited the consolidated financial statements of Indesit Company S.p.A. and its subsidiaries, (the "Indesit Company Group") as of 31 December 2013 and for the year then ended, comprising the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement, the statement of changes in equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Indesit Company S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   With respect to the comparative data related to the consolidated financial statements of the prior year and the statement of financial position at 1 January 2012, derived from the consolidated financial statements at 31 December 2011, all restated as a result of the retrospective application of the amendment to IAS 19, as described in the related explanatory notes, reference should be made to the report issued by other auditors respectively on 26 March 2013 and on 28 March 2012. We have examined the method used to restate the comparative financial data and the information presented in the explanatory notes in this respect for the purpose of issuing this opinion.

3. In our opinion, the consolidated financial statements of the Indesit Company Group at 31 December 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Indesit Company Group for the year then ended.

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4. The Directors of Indesit Company S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance and Ownership Structure published in the section "Company", subsection "Governance" of Indesit Company S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and Ownership Structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and Ownership Structure, are consistent with the consolidated financial statements of the Indesit Company Group at 31 December 2013.

Ancona, 1 April 2014

Reconta Ernst & Young S.p.A.

Signed by: Gianluca Focaccia, Partner

This report has been translated into the English language solely for the convenience of international readers.

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Separate financial statements at 31 December 2013
Separate financial statements

Indesit Company S.p.A.

Separate income statement for the year ended 31 December 2013 [1]

(million euro)	Note	Year 2013	Year 2012
Revenue from sales and services	6.1	931.3	1,017.5
Change in work in progress, semi-finished and finished products	6.2	1.1	(12.6)
Other revenue and income	6.3	92.4	100.9
Purchase of raw materials, services and leases and rentals	6.4	(778.3)	(838.4)
Payroll costs	6.5	(178.8)	(206.7)
Depreciation, amortisation and impairment losses	6.6	(56.2)	(59.0)
Change in raw materials, components and consumables	6.7	(2.8)	(4.7)
Provisions and other operating expenses	6.8	(29.7)	(28.2)
Operating profit	**6.9**	**(21.1)**	**(31.2)**
Dividends from subsidiaries, associates and others	6.10	46.0	109.2
Interest income from subsidiaries and associates	6.11	5.3	1.9
Interest income from third parties	6.12	0.2	0.0
Interest expenses from subsidiaries and associates	6.13	(11.2)	(10.1)
Interest expenses from third parties and Parent	6.14	(19.7)	(15.0)
Exchange rate differences	6.15	0.4	0.1
Reversal of impairment losses on investments	6.16	0.0	0.0
Impairment losses on investments	6.17	0.0	(9.2)
Net financial income and expenses		**21.1**	**76.9**
Profit before tax		**0.1**	**45.7**
Income tax expense	6.18	4.7	0.2
Profit for the year		**4.8**	**45.9**

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 2013

(million euro)	Note	Year 2013	Year 2012
Profit (loss) for the year (A)		**4.8**	**45.9**
Effects with possible future impact on the income statement		**(4.3)**	**0.5**
Profit/(loss) on the cash flow hedge	8.14	(6.0)	0.7
Tax effect	8.14	1.6	(0.2)
Total profit/(loss) on the cash flow hedge	8.14	(4.3)	0.5
Total profit/(loss) arising from the translation of foreign operations	8.14	-	-
Effects that do not have future impact on the income statement		**0.9**	**(4.2)**
Profit/(loss) on the cash flow hedge	8.14	1.3	(5.8)
Tax effect	8.14	(0.3)	1.6
Total profit/(loss) from effects of remeasurement	8.14	0.9	(4.2)
Total other comprehensive income/(loss), net of tax (B)		**(3.4)**	**(3.7)**
Total comprehensive income/(loss) (A + B)		**1.4**	**42.2**
Attributable to non-controlling interests		**0.0**	**(0.0)**
Attributable to owners of the Parent		**1.4**	**42.3**

As indicated in the introduction, the comparative information reported in the separate statement of comprehensive income has been restated.

Separate statement of financial position at 31 December 2013 [2]

(million euro)	Note	31.12.2013	31.12.2012 restated	01.01.2012 restated
Assets				
Property, plant and equipment	7.1	150.1	179.6	190.7
Goodwill and other intangible assets with an indefinite life		-	-	-
Other intangible assets with a finite life	7.2	70.9	72.6	69.8
Investments in associates	7.3	0.5	0.5	0.5
Investments in subsidiaries and other non-current assets	7.4	668.5	667.3	455.6
Deferred tax assets	7.5	42.5	33.9	24.0
Other non-current financial assets	7.11.4	53.7	0.4	50.0
Total non-current assets		**986.2**	**954.4**	**790.5**
Inventories	7.6	88.5	90.3	107.6
Trade receivables	7.7	335.0	416.3	406.0
Current financial assets	7.11.1	188.2	37.3	137.5
Tax receivables	7.8	10.4	5.2	1.4
Other receivables and current assets	7.9	21.5	19.8	26.2
Cash and cash equivalents	7.11.2	40.7	10.2	9.1
Assets held for sale		-	-	7.1
Total current assets		**684.3**	**579.1**	**695.0**
Total assets		**1,670.4**	**1,533.5**	**1,485.5**
Equity				
Share capital		92.8	92.8	92.8
Reserves		47.0	42.2	46.7
Retained earnings		350.1	324.4	337.9
Profit for the year		4.8	45.9	10.4
Total equity	**7.10**	**494.7**	**505.3**	**487.9**

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.

(million euro)	Note	31.12.2013	31.12.2012 restated	01.01.2012 restated
Liabilities				
Medium and long-term loans and borrowings	7.11.5	422.3	232.4	248.1
Employee benefits	7.12	36.5	40.7	37.8
Provisions for risks and charges	7.13	16.5	23.4	18.7
Deferred tax liabilities	7.14	-	-	-
Other non-current liabilities	7.15	10.8	14.6	15.8
Total non-current liabilities		**486.2**	**311.1**	**320.4**
Banks and other short-term loans and borrowings	7.11.3	267.3	233.3	181.4
Provisions for risks and charges	7.13	31.1	37.9	36.2
Trade payables	7.16	343.5	389.6	400.2
Tax payables	7.17	5.2	8.3	12.5
Other payables	7.18	42.5	48.0	46.9
Total current liabilities		**689.5**	**717.1**	**677.2**
Total liabilities		**1,175.7**	**1,028.1**	**997.6**
Total equity and liabilities		**1,670.4**	**1,533.5**	**1,485.5**

As indicated in the introduction, the comparative information reported in the separate statement of financial position has been restated.

Separate cash flow statement for the year ended 31 December 2013 [3]

(million euro)	Note	Year 2013	Year 2012 restated	01.01.2012 restated
Profit for the year	8.1	4.8	45.9	10.4
Income taxes	8.1	(4.7)	(0.2)	16.7
Impairment losses on investments and other financial assets	8.1	0.0	1.3	0.9
Depreciation and amortisation	8.1	56.2	59.0	59.3
Other non-monetary expenses, net	8.2	2.1	(93.1)	(16.1)
Change in trade receivables	8.3	1.7	17.4	59.4
Change in inventories	8.3	83.3	(12.3)	(0.9)
Change in trade payables	8.3	(32.1)	(4.9)	(86.4)
Change in other assets and liabilities	8.4	(30.8)	17.5	(47.7)
Income taxes	8.1	(6.4)	(10.9)	(9.3)
Interest paid	8.2	(22.1)	(12.9)	(14.8)
Interest received	8.2	3.5	2.2	2.6
Cash flows from (used in) operating activities		**55.6**	**9.0**	**(25.8)**
Acquisition of property, plant and equipment	8.5	(26.6)	(34.4)	(32.0)
Proceeds from sale of property, plant and equipment	8.5	9.2	6.6	7.6
Acquisition of intangible assets	8.6	(23.6)	(27.6)	(25.4)
Proceeds from sale of intangible assets	8.6	0.0	0.8	0.9
Acquisition of non-current financial assets	8.7	(0.7)	(109.0)	(2.8)
Proceeds from sale of non-current financial assets	8.7	0.0	0.0	0.0
Cash flows from (used in) investing activities		**(41.6)**	**(163.6)**	**(51.6)**
Other changes in equity		(3.1)	(5.8)	0.3
Change in hedging reserve on derivatives	8.8	4.3	(0.5)	(4.3)
Dividends paid	8.8	(20.6)	(23.7)	(31.0)
Dividends received	8.9	16.0	104.8	28.8
New short/medium/long-term loans and borrowings	8.10	296.4	0.0	75.0
Repayments of short/medium/long-term loans and borrowings	8.10	(106.4)	(15.7)	(2.3)
Change in short, medium and long-term financial liabilities/assets	8.11	(170.1)	96.6	11.5
Cash flows from (used in) financing activities		**16.5**	**155.7**	**77.9**
Net cash flows		30.5	1.1	0.6
Cash and cash equivalents, start of year	7.11	10.2	9.1	8.5
Cash and cash equivalents, end of year	7.11	40.7	10.2	9.1
Total change in cash and cash equivalents		**30.5**	**1.1**	**0.6**

As indicated in the Reclassifications, the comparative information reported in the separate cash flow statement has been restated.

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.

Separate statement of changes in equity

(million euro)	Opening balances	Opening balances (restated)	Other profit/losses, net of taxation	Profit for the year	Income (expenses) recognised directly in equity	Dividends paid	Exercise of stock option rights and other movements	Allocation of profit for the year	Total effects of transactions with owners of the Parent	Closing balances
Separate statement of changes in equity as at 31 December 2013										
Share capital	**92.8**	**92.8**	-	-	-	-	-	-	-	**92.8**
Share premium reserve	**35.9**	**35.9**	-	-	-	-	-	-	-	**35.9**
Legal reserve	**22.7**	**22.7**	-	-	-	-	-	-	-	**22.7**
Remeasurement reserve	**-**	**(4.0)**	0.9		0.9		-	-	-	**(3.1)**
Other reserves	**(12.4)**	**(12.4)**	4.3		4.3		(0.4)		(0.4)	**(8.5)**
Retained earnings	**324.4**	**324.4**	-		-	(20.6)	0.4	45.9	25.7	**350.1**
Profit attributable to owners of the Parent	**45.9**	**45.9**	-	4.8	4.8		-	(45.9)	(45.9)	**4.8**
Total equity	**509.3**	**505.3**	**5.3**	**4.8**	**10.1**	**(20.6)**	**-**	**-**	**(20.6)**	**494.7**
Separate statement of changes in equity as at 31 December 2012										
Share capital	**92.8**	**92.8**	-	-	-	-	-	-	-	**92.8**
Share premium reserve	**35.9**	**35.9**	-	-	-	-	-	-	-	**35.9**
Legal reserve	**22.7**	**22.7**	-	-	-	-	-	-	-	**22.7**
Remeasurement reserve	**-**	**0.2**	(4.2)	-	(4.2)	-	-	-	-	**(4.0)**
Other reserves	**(11.9)**	**(11.9)**	(0.5)		(0.5)	-	-	-	-	**(12.4)**
Retained earnings	**337.7**	**337.7**	-	0.0	0.0	0.0	(23.7)	10.4	(13.3)	**324.4**
Profit attributable to owners of the Parent	**10.4**	**10.4**	-	45.9	45.9	-	-	(10.4)	(10.4)	**45.9**
Total equity	**487.7**	**487.9**	**(4.7)**	**45.9**	**41.2**	**0.0**	**(23.7)**	**-**	**(23.7)**	**505.3**

As indicated in the Reclassifications, the comparative information reported in the separate statement of changes in equity has been restated.

Separate financial statements at 31 December 2013
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 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 2013

The draft separate financial statements at 31 December 2013 were approved by the Board of Directors on 21 March 2014 and have been audited. The Shareholders' Meeting called to approve the separate financial statements has the right to make changes to them.

The Board of Directors also approved the consolidated financial statements of the Indesit Company Group on the same date.

3. Significant events subsequent to year-end

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

4. Declaration 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 2013 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 2013 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 2013, prepared on a combined basis, provides information about the results of both the Group and the Parent Company.

5. Principal accounting policies

5.1 Basis of preparation and accounting policies adopted

The currency of presentation of the separate financial statements is the euro, and the financial statement balances are stated in millions of euro (except where stated otherwise). The separate financial statements are prepared on an historical cost basis, except with regard to derivative financial instruments, financial assets held for sale and financial instruments classified as available for sale, which are stated at their fair value. The financial statements are also prepared on a going-concern basis.

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

The accounting policies adopted for the preparation of the separate financial statements at 31 December 2013 have also been applied on a consistent basis to all the comparative financial information.

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 expenses. 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 expenses, 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. The amounts determined take account of the current budget and future forecasts for the principal income statement items (based on the guidelines contained in the strategic plan), using new management reporting software.

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 expenses. If a financial outflow is considered possible or, in extremely rare circumstances, probable without being able to determine the amount, the situation is reported in the explanatory notes.

Treatment of foreign currency transactions

Foreign currency transactions
All transactions are recorded in euro. Transactions not carried out in euro are translated using the exchange rates 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 recorded at historical cost in currencies other than the euro are translated using the historical rates applying at the time of the related transactions. Non-monetary assets and liabilities measured at fair value in currencies other than the euro are translated using the exchange rates ruling at the time that their fair value was determined.

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

Fair Value Hedges (hedges of assets and liabilities)
If a derivative financial instrument is designated to hedge the risk of changes in the fair value of a 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 cash flow reserve, within equity, while the ineffective portion (if any) is taken to the income statement. If the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the cash flow reserve is removed from equity and included in the initial cost of such non-financial asset or liability. If the hedge of a forecast transaction subsequently results in the recognition of a financial asset or liability, the cash flow reserve is released to the income statement in the period when the asset acquired or recognized liability has an effect on the income statement. In other cases, the cash flow reserve is released to the income statement in a manner consistent with the hedged transaction i.e. when its economic effects are 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 cash flow 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 expenses. 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 expensed 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 expensed 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 expensed 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 expensed 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 recorded to reflect the positive difference between purchase cost and the value of the Company's equity interest at the time of acquisition, after having recorded all assets, liabilities and identifiable contingent liabilities attributable to both the Company and third parties at their full fair value. This method of accounting applies to all acquisitions made subsequent to 31 December 2002. The value of goodwill deriving from earlier acquisitions was determined by using the amount recorded in accordance with Italian GAAP.

The value of goodwill is verified with reference to the cash generating units (CGUs) that benefit from the synergies deriving from the acquisition. The expected cash flows are discounted at the cost of capital, having regard for the specific risks associated with the unit concerned. Impairment is 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 expensed 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 expensed 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 production 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 recorded to reflect any impairment losses arising subsequent to initial recognition.

Other development expenditures are expensed to the income statement in the year incurred.

Other intangible assets

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

Equity investments

Investments in subsidiaries, associates and other companies that are not classified as held for sale are stated at cost, as adjusted for any impairment, 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 recorded 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 expenses.

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 recorded, 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 recorded 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 expensed 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 expenses, 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, recorded at nominal value, comprise cash on hand, bank and postal deposits and equivalent assets that can be liquidated in the very-short term (three months) and are not subject to significant fluctuations 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 recorded assets of a cash-generating unit (CGU) have suffered a loss in value, their recoverable value is estimated and any excess carrying value is expensed 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 recorded 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 2013 and 31 December 2012, 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 expenses, is recorded 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 expenses, 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 recorded at the fair value of the consideration received and, subsequently, at the amount determined in accordance with IAS 37 or, if greater, at the amount initially recognized less the amount released on a straight-line basis to the income statement in accordance with IAS 18, where applicable.

Guarantees given without expenses to subsidiaries are measured at fair value and added to the carrying amount of the equity investment.

Trade payables and other payables

Trade payables and other payables due on normal commercial terms, generally within one year, are recorded at the fair value of the initial consideration, 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 expensed 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 recorded at the expected future value of the benefits to be received by employees and accrued by them in the current and prior years. These benefits are discounted and the resulting obligation is stated net of the fair value of any pension plan assets. The net obligation is determined separately for each plan using actuarial assumptions and is calculated each year, or more frequently, with the support of an independent actuary using the projected unit credit method. The benefits are discounted using the rate for a bond with an AA rating and a maturity date that is consistent with the timing of the related payments to employees.

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 expensed 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 expensed 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 expenses

The provisions for risks and expenses are recorded to cover obligations, of a legal or constructive nature (under contracts or for other reasons), deriving from past events. Provisions for risks and expenses 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 recorded as a financial expenses.

The principal liabilities covered by provisions are described below.

Warranties

Provisions for legally-required and voluntary warranty costs are recorded at the time the related products are sold. The provision is determined with reference to the call rate for the products still under warranty 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 recorded at the time a constructive obligation arises, such as when the Company informs interested parties about the restructuring plan or makes sufficiently specific announcements which induce interested parties to believe that the related obligations will be met.

Onerous contracts

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

Product disposal (WEEE)

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

At the start, the Directive established different 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 recorded for other future expenses 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 expenses 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 recorded in the income statement based on their stage of completion at the reporting date, determined with reference to the work performed or, alternatively, to the percentage of completion with respect to the total.

Dividends

Collectible dividends are 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 revenue 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 expenses, expenses 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 expenses for the depreciation and amortization of property, plant and equipment and intangible assets over their useful lives, and the related impairment writedowns 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 recorded in the income statement of measuring the transactions that hedge interest-rate and exchange-rate risks.

Financial expenses

Financial expenses include the interest expenses 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 recorded 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 expensed 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 recorded 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 Company 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 recorded in the income statement and reported separately.

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

Earnings per share

Earnings per share is calculated and presented at Group level. See note 9.11 to the consolidated financial statements.

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

IAS 1 - Presentation of Financial Statements - Presentation of items of other comprehensive income
The amendment to IAS 1 covers the grouping of items that comprise the other components of comprehensive income. Items that might in future be reclassified to the income statement (e.g. net profits from the hedging of net investments, differences arising on the translation of foreign operations, net gains deriving from cash flow hedges, and net gains/losses from AFS financial assets) must now be presented separately from items that will never be reclassified (e.g. actuarial gains/losses on defined benefit plans and the revaluation of land and buildings). The amendment only relates to the presentation of items and has had no effect on the results and financial position of the Company.

IAS 12 - Deferred Tax: Recovery of Underlying Assets
This amendment clarifies how to determine deferred taxation in relation to real estate investments measured at fair value. The amendment introduces the assumption, which may be refuted, that the carrying amount of a real estate investment, measured using the fair value model envisaged in IAS 40, will be recovered through sale and that, accordingly, the related deferred taxation should be measured on a sale basis. The assumption is refuted if the real estate investment is depreciable and held with the objective of using over time substantially all the benefits deriving from such investment, rather than by realizing these benefits from its sale. The amendment has had no effect on the results, financial position and disclosures made by the Company.

IFRS 7 - Disclosures - Offsetting Financial Assets and Liabilities
These amendments require the entity to provide information about offset rights and the related agreements (e.g. guarantees). The disclosures will provide readers with useful information for assessing the effect of offset agreements on the financial position of the entity. The new disclosures are required in relation to all financial instruments that are subject to offset, in accordance with *IAS 32 - Financial Instruments: Presentation*. The disclosures are also required for financial instruments subject to framework agreements that provide for enforceable offsets and similar agreements, regardless of whether or not such offsets are made pursuant to IAS 32. These amendments have had no effect on the results or financial position of the Company.

IAS 19 (2011) - Employee Benefits (IAS 19R)
This standard requires Company to cease using the corridor method, applied through 2012, and to apply 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. The changes in the pension fund relating to service costs and net interest (e.g. curtailment) are now reflected in the income statement, while the changes due to remeasurement (e.g. changes in actuarial assumptions) are reported in the statement of comprehensive income.

IFRS 13 - Fair Value Measurement
IFRS 13 introduces a standard guideline for all IFRS measurements at fair value. IFRS 13 does not modify the cases in which fair value measurement is used, but does provide guidelines for how to measure fair value for IFRS purposes when the application of fair value is required or allowed by international accounting standards. The application of IFRS 13 has had no significant effect on the fair value measurements made by the Company.

IFRS 13 also requires specific disclosures to be made about fair value, some of which replace those currently envisaged by other standards, including *IFRS 7 - Financial Instruments: Disclosures*.

5.3 Amendments and interpretations applicable from 1 January 2013 but not relevant to the Company

IFRIC 20 - Excavation Costs in the Production Phase of a Surface Mine
This interpretation applies to the excavation costs incurred in the production phase of surface mining activities. The interpretation relates to the accounting recognition of the benefits deriving from excavation activities. The new interpretation has had no effect on the Company.

In addition to the amendments and new standards summarized above, an amendment has also been made to IFRS 1 First-time adoption of International Financial Reporting Standards that applies to financial years commencing on or after 1 January 2013. This amendment is not relevant to the Company, which is not a new user of the IFRS.

The Company has not adopted in advance the new standards, interpretations and amendments that have been issued but which are not yet in force.

5.4 Amendments and interpretations Issued but not yet effective from 1 January 2013

Amendments to IAS 32 - Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities. The Company does not expect a significant impact from the adoption of the amendment.

IFRS 10 - Consolidated Financial Statements and IAS 27 (2011) - Separate Financial Statements
IFRS 10 replaces the portion of IAS 27 - Consolidated and Separate Financial governing the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all companies, including the company's purpose (special purpose entity). With respect to the provisions that were in IAS 27, the changes introduced by IFRS 10 will require management to make judgments relevant to determine which entities are controlled and, therefore, must be consolidated by a parent. On the basis of the preliminary analysis carried out, there is expected that IFRS 10 has no impact on the investments currently held by the Group.

This principle applies to financial years beginning on 1 January 2014, or later.

The Company does not expect a significant impact from the adoption of the principle.

IFRS 11 - Joint Arrangements to control
IFRS 11 replaces IAS 31 - Interests in Joint Ventures and SIC 13 - Jointly Controlled Entities - Contributions in kind by Venturers.

IFRS 11 removes the option to account for jointly controlled entities using the proportionate consolidation method. Jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.
This principle applies to financial years beginning on 1 January 2014, or later and must be applied retrospectively to agreements to joint ventures at the date of initial application.

The Company does not expect a significant impact from the adoption of the principle.

IFRS 12 - Disclosure of Interests in Other Entities
The IFRS12 includes all of the provisions on information previously included in IAS 27 on the consolidated financial statements, as well as all the provisions of disclosures of IAS 31 and IAS 28. This information relates to the equity of a corporation in subsidiaries, joint ventures, associates and structured entities.

The Company does not expect a significant impact from the adoption of the principle.

IAS 28 (2011) - Investments in associates and joint ventures
Following the new IFRS 11 - Joint Arrangements and IFRS 12 - Controlled Disclosure of Interests in Other Entities, IAS 28, it was renamed Investments in associates and joint ventures, and describes the application of the equity method for investments in companies jointly controlled entity, in addition to associates. The amendments are effective for annual periods beginning on or after 1 January 2014.

The Company does not expect a significant impact from the adoption of the principle.

IAS 32 - Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
The amendments clarify the meaning of "currently has a legally enforceable right to offset." The amendments also clarify the application of the principle of compensation of IAS 32 in the case of settlement systems (such as central clearing houses) which apply gross settlement mechanisms not simultaneous. These changes should not result in impacts on the financial position or results of the Company and will be effective for annual reporting periods beginning on or after 1 January 2014.

The Company does not expect a significant impact from the adoption of the principle.

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)	Year 2013	Year 2012
Revenue from sale of finished products and spare parts	910.9	996.8
Revenue from provision of services	20.3	20.8
Total	**931.3**	**1,017.5**
of which:	-	-
- intercompany	532.3	582.2
- third parts	399.0	435.4

Revenue from Italian customers was 348.6 million euro (367.6 million euro), while revenue from foreign customers was 582.7 million euro (650.0 million euro), of which 532.3 million euro (582.2 million euro) was from subsidiaries.

Revenue from sales to subsidiaries is analyzed as follows:

(million euro)	Year 2013	Year 2012
Indesit Company Portugal Electrodomésticos S.A.	10.1	9.3
Indesit Electrodomesticos S.A.	16.0	13.6
Indesit Company France S.A.	76.0	109.2
Indesit Company Deutschland GmbH	3.9	5.3
Indesit Company International B.V.	15.9	19.0
Indesit Company Polska Sp.zo.o.	46.3	45.3
Indesit Company International Business S.A.	80.3	80.2
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	31.7	26.0
Indesit Company Magyarország Kft	5.1	14.0
Indesit Company UK Ltd.	146.0	154.6
Indesit Argentina S.A.	1.8	0.9
Closed Joint Stock Company Indesit International	(0.0)	-
Indesit Österreich GmbH	20.9	19.6
Indesit Company Rus Ltd.	63.0	84.3
Indesit Company Nordics AB	15.2	-
Indesit Ukraine LLC	0.1	0.7
Total subsidiaries	**532.3**	**582.2**

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

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 25.4% in 2013. The weighting of production at Italian locations with respect to the total output of finished products has fallen by 35.6% with respect to 2012.

The above reductions mainly reflect market demand and the reorganization of production at the Group's factories.

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 process, semi-finished and finished products

The change in inventories of semi-finished and finished products and spare parts is summarized below:

(million euro)	Year 2013	Year 2012
Semi-finished products	0.1	0.2
Finished products and spare parts	1.0	(12.8)
Total	**1.1**	**(12.6)**

The change in inventories of raw materials, semi-finished and finished products, and spare parts is reported net of the change in the provision for obsolescence, which has decreased by 1.1 million euro (1.9 million euro). The lower costs reflect the increase in inventories and the impairment of residual stocks of products not complying with the new energy labeling directives recorded in 2012.

6.3 Other revenues and income

Other revenues and income are analyzed as follows:

(million euro)	Year 2013	Year 2012
Increase in intangible assets for internal work	16.3	15.0
Insurance reimbursement	0.5	1.0
Revenue from cost sharing	39.7	49.9
Recharge of services and royalties	26.4	27.1
Capital gains	0.2	0.0
Operating grants	0.7	2.0
Capital grants	0.6	0.9
Steel grants for export	0.6	0.7
Other income	7.3	4.3
Total	**92.4**	**100.9**

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.

The reexpenses 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 trademarks and the related technological know-how (*royalties*).

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

(million euro)	Year 2013	Year 2012
Recharge of services and royalties to subsidiaries		
Indesit Company Portugal Electrodomésticos S.A.	0.6	0.7
Indesit Electrodomesticos S.A.	0.8	1.0
Indesit Company France S.A.	3.2	5.3
Indesit Company Deutschland GmbH	0.3	0.4
Indesit Company International B.V.	0.4	0.5
Indesit Company Polska Sp.zo.o.	25.9	27.9
Indesit Company International Business S.A.	2.3	2.8
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	9.3	11.9
Indesit Company Magyarország Kft	1.1	1.3
Indesit Company UK Ltd.	11.1	14.4
Closed Joint Stock Company Indesit International	10.0	10.6
Indesit Company Rus Ltd.	1.0	-
Indesit Ukraine LLC	0.2	0.2
Total subsidiaries	**66.1**	**77.0**

The decrease with respect to the prior year mainly reflects the different distribution of reexpenses to the Group's manufacturing companies.

6.4 Materials, services, leases and rentals

This caption comprises:

(million euro)	Year 2013	Year 2012
Purchase of raw materials, components and goods	(670.3)	(708.4)
Maintenance	(10.1)	(10.3)
Distribution expenses	(56.6)	(63.2)
Advertising	(15.2)	(24.2)
Technical assistance	(6.1)	(7.4)
Services	(14.3)	(18.7)
Statutory Auditors fees	(0.2)	(0.2)
Utilities	(9.3)	(9.7)
Use of third parties	(11.1)	(11.2)
Insurance	(2.7)	(3.8)
Other expenses	(27.2)	(30.8)
Revenue from the sale of raw material	34.8	36.1
Revenue from the recharge of expenses	10.0	13.4
Total cost of raw materials, services and leases	**(778.3)**	**(838.4)**

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

The reduction in purchasing 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. Further savings were also made in relation to miscellaneous services and to advertising and promotion costs.

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

(million euro)	Year 2013	Year 2012
Purchase of finished products, raw materials and services to subsidiaries		
Indesit Company Appliances Hellas Mepe	(1.2)	(1.7)
Indesit Österreich GmbH	(2.3)	(2.1)
Indesit Company Bulgaria Ltd.	(1.1)	(1.2)
Indesit Company Norge Ltd.	-	(0.8)
Indesit Company International Business S.A.	(0.4)	(0.7)
Indesit Company UK Ltd.	(20.5)	(15.2)
Indesit Company Portugal Electrodomésticos S.A.	(0.4)	(0.7)
Indesit Electrodomesticos S.A.	(0.2)	(0.1)
Indesit Company IP S.r.l.	(0.0)	(0.0)
Indesit Company France S.A.	(0.6)	(0.5)
Indesit Company Deutschland GmbH	(0.7)	(0.3)
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	(0.6)	(0.8)
Indesit Company Beyaz Esya Pazarlama A.S.	(31.4)	(36.0)
Indesit Company Polska Sp.zo.o.	(127.0)	(113.4)
Closed Joint Stock Company Indesit International	(0.2)	(0.2)
Aeradriatica S.p.A.	(2.1)	(2.2)
Indesit Company International B.V.	(0.1)	(0.1)
Wuxi Indesit Domestic Appliance Technology Co. Ltd.	(1.4)	(1.3)
Indesit Company Rus Ltd.	(1.2)	(0.2)
Indesit Company Nordics AB	(1.8)	(0.4)
Total subsidiaries	**(193.1)**	**(178.0)**

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

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

(million euro)	Year 2013	Year 2012
Revenue from the sale of raw materials to subsidiaries		
Indesit Company Polska Sp.zo.o.	3.9	4.7
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	0.1	0.1
Indesit Company UK Ltd.	-	0.0
Closed Joint Stock Company Indesit International	0.1	0.5
Indesit Company Rus Ltd.	0.0	0.0
Total subsidiaries	**4.0**	**5.3**

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

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

(million euro)	**Year 2013**	**Year 2012**
Revenue from the recharge of expenses to subsidiaries		
Indesit Company Portugal Electrodomésticos S.A.	0.1	0.2
Indesit Electrodomesticos S.A.	0.3	0.4
Indesit Company France S.A.	1.4	2.3
Indesit Company Deutschland GmbH	0.1	0.1
Indesit Company International B.V.	0.1	0.2
Indesit Company Polska Sp.zo.o.	1.2	1.4
Indesit Company International Business S.A.	0.6	0.6
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	0.2	0.2
Indesit Company Magyarország Kft	1.5	1.6
Indesit Company Ceská S.r.o.	0.1	0.1
Indesit Company UK Ltd.	0.5	1.0
Indesit Österreich GmbH	0.1	0.1
Closed Joint Stock Company Indesit International	1.7	1.7
Aeradriatica S.p.A.	0.1	0.1
Indesit Company Rus Ltd.	1.7	2.7
Indesit Company IP S.r.l.	0.0	0.0
Indesit Company Belgium S.A.	0.0	0.0
Indesit Company Beyaz Esya Pazarlama A.S.	0.3	0.4
Indesit Company Nordics AB	0.2	0.0
Indesit Company Luxembourg S.A.	0.0	0.0
Indesit Ukraine LLC	0.1	0.1
Indesit Company Appliances Hellas Mepe	0.0	-
Total subsidiaries	**10.0**	**13.4**
Parent		
Revenue vs Fineldo	0.1	0.0
Total Parent	**0.1**	**0.0**
Total subsidiaries and Parent	**10.0**	**13.4**

6.5 Payroll costs

Payroll costs are analyzed as follows:

(million euro)	Year 2013	Year 2012
Wages and salaries	(127.6)	(148.4)
Social security and pension contributions	(40.2)	(44.6)
Post-employment benefits TFR	(9.5)	(10.1)
Other expenses	(1.5)	(3.6)
Total	**(178.8)**	**(206.7)**

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

The Social security and pension contributions caption principally comprises payroll contributions.

Employees are analyzed by category below:

	Employees 31.12.2013		Employees 31.12.2012		Monthly
Qualification	Permanent	Temporary	Permanent	Temporary	average 2013
Executives	98	0	116	0	111
Managerial staff	286	4	304	0	290
Clerical staff	962	50	991	47	974
Factory workers	2,822	2	3,032	1	2,885
Total	**4,168**	**56**	**4,443**	**48**	**4,260**

6.6 Depreciation and impairment

(million euro)	Year 2013	Year 2012
Depreciation of property, plant and equipment	(30.9)	(35.1)
Depreciation, amortisation of intangible assets	(25.3)	(23.9)
Total	**(56.2)**	**(59.0)**

6.7 Change in inventories of raw, ancillary and consumable materials and goods for resale

The change in inventories of raw materials is reported net of the change in the provision for obsolescence.

6.8 Provisions/ utilizations and other operating income/expenses

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

(million euro)	Year 2013	Year 2012
Provision for doubtful accounts	(1.5)	(1.8)
Liberal disbursement	(0.3)	(0.5)
IMU (local property tax)	(1.0)	(1.0)
Associative contribution	(1.0)	(0.9)
Expenses for licenses and brands	(3.3)	(4.4)
Provisions and other operating expenses	(22.5)	(19.5)
Total	**(29.7)**	**(28.2)**

The cost of licenses, 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.

This caption includes provisions for and utilizations of the provisions for risks, as well as residual income and expenses.

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)	Year 2013	Year 2012
Redundancies charges	(14.5)	(4.7)
Restructuring charges	0.3	(11.3)
Other non-recurring income (expenses)	0.2	(2.2)
Environmental clean up	-	2.4
Total	**(13.9)**	**(15.9)**

The increase in leaving incentives reflects the termination payments agreed with executives affected by the reorganization plan.

The reduction in reorganization costs is a consequence of the higher expenses and costs associated with the closure of the None factory, recorded in 2012.

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

(million euro)	Year 2013					
	Balances	Redundancies	Restructuring charges	Other non-recurring income (expenses)	Enviromental clean up	Total non-recuring items
Revenue from sales and services	931.3	-	-	-	-	-
Change in work in progress, semi-finished and finished products	1.1	-	-	1.3	-	1.3
Other income and expenses	92.4	-	0.0	2.3	-	2.4
Purchase of raw materials, services and costs for utilization of third party assets	(778.3)	-	(0.5)	(0.7)	-	(1.2)
Payroll costs	(178.8)	-	0.9	(0.0)	-	0.9
Depreciation, amortization and impairment losses	(56.2)	-	-	(1.0)	-	(1.0)
Change in raw materials, auxiliary and components	(2.8)	-	-	-	-	-
Provisions and other operating charges	(29.7)	(14.5)	(0.0)	(1.6)	-	(16.2)
Operating profit	**(21.1)**	**(14.5)**	**0.3**	**0.2**	**-**	**(13.9)**

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

(million euro)	Year 2013	Year 2012
Revenue	931.3	1,017.5
Operating profit (loss)	(21.1)	(31.2)
Operating margin %	**-2.3%**	**-3.1%**
Non-recurring items	(13.9)	(15.9)
Operating profit of recurring activities	(7.1)	(15.3)
Operating margin of recurring activities %	**-0.8%**	**-1.5%**

The operating loss (EBIT) was 21.1 million euro (31.2 million euro), representing -2.3% of revenue (-3.1%).

Net non-recurring expenses amounted to 13.9 million euro (15.9 million euro).

Before non-recurring items, the operating loss was 7.1 million euro (15.3 million euro).

The change in operating profit is analysed in the Report on operations.

Attachment 2 (Income statement for the year ended 31 December 2013, prepared pursuant to Consob Resolution 15519 dated 27 July 2006 and Consob Communication DEM/6064293 dated 28 July 2006) to these notes summarizes the overall effect of non-recurring expenses on the income statement.

Non-recurring items have an immediate cash flow effect, except for redundancy and restructuring costs whose cash flow effect is spread over a number of years consistent with the release of the related provisions in accordance with the matching principle.

6.10 Dividends from subsidiaries, associates and others

The dividends collected by the Company are detailed in the following table:

(million euro)	Year 2013	Year 2012
Subsidiaries		
Closed Joint Stock Company Indesit International	-	26.9
Indesit Company Rus Ltd.	-	63.0
Indesit Company UK Holdings Ltd.	-	19.3
Indesit Company Luxembourg S.A.	46.0	-
Total subsidiaries	**46.0**	**109.2**

6.11 Other financial income from subsidiaries

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

(million euro)	Year 2013	Year 2012
Subsidiaries		
Indesit Company International Business S.A.	2.6	0.1
Indesit Company France S.A.	0.1	0.1
Indesit Company Portugal Electrodomésticos S.A.	0.0	-
Indesit Company UK Ltd.	0.1	0.1
Indesit Company Beyaz Esya Pazarlama A.S.	0.1	0.0
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	1.9	1.0
Indesit Company Magyarország Kft	0.0	0.0
Indesit Company Polska Sp.zo.o.	0.2	0.3
Indesit Company Luxembourg S.A.	0.1	0.1
Indesit Company Deutschland GmbH	-	0.0
Indesit Electrodomesticos S.A.	0.0	-
General Domestic Appliances Holdings Ltd.	0.1	0.1
Indesit Company Nordics AB	0.0	0.0
Indesit Ukraine LLC	0.0	0.0
Total subsidiaries	**5.3**	**1.9**

6.12 Financial income from third parties

Financial income from third parties shows a balance of 0.2 million euro in 2013 (null in 2012).

6.13 Financial expenses from subsidiaries and associates

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

(million euro)	Year 2013	Year 2012
Subsidiaries		
Indesit Company International Business S.A.	(5.9)	(4.2)
Indesit Company Luxembourg S.A.	(5.2)	(5.7)
Indesit Company UK Ltd.	(0.1)	(0.1)
Indesit Company Portugal Electrodomésticos S.A.	-	(0.0)
Indesit Company Beyaz Esya Pazarlama A.S.	-	(0.0)
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	(0.0)	(0.0)
Indesit Electrodomesticos S.A.	(0.0)	(0.0)
Indesit Company France S.A.	(0.0)	(0.1)
Indesit Company International B.V.	(0.0)	(0.0)
Indesit Company Deutschland GmbH	(0.0)	-
Total subsidiaries	**(11.2)**	**(10.1)**

6.14 Financial expenses from third parties and the parent company

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

(million euro)	Year 2013	Year 2012
Interest on medium/long-term bank loans and borrowings	(0.8)	(1.7)
Interest on short-term borrowing	(2.6)	(5.1)
Other interest and expenses	(16.3)	(8.2)
Total	**(19.7)**	**(15.0)**

Interest on short-term borrowing includes expenses relating to hot money amounting to 2.6 million euro (5.1 million euro).

Other interest and expenses include expenses relating to the Eurobond for 9.4 million euro; expenses relating to the securitization program, 1.7 million euro (1.7 million euro); financial expenses associated with the discounting of severance indemnities, 1.3 million euro (1.7 million euro) and the effect of discounting other non-current provisions, 0.8 million euro (1.1 million euro); expenses from use of the revolving line of credit, 2.3 million euro (2.0 million euro); current account interest expense, 0.2 million euro (0.5 million euro); other interest expenses and commissions, 0.6 million euro (1.2 million euro).

6.15 Exchange gains and losses

The following table analyzes exchange fluctuations, identifying both realised and unrealised gains and losses.

(million euro)	Year 2013	Year 2012
Realised exchange rate fluctuations, net	(0.1)	(0.1)
Unrealised exchange rate fluctuations, net	0.5	0.1
Total	**0.4**	**0.1**

6.16 Writebacks in the value of equity investments

No equity investments were revalued in 2013 or 2012.

6.17 Impairment in the value of equity investments

During the year 2013 no impairment in the value of equity investments has been recognized (8.9 million euro in 2012).

6.18 Income tax

The taxation expenses to the income statement is analyzed below.

(million euro)	31.12.2013	31.12.2012
IRES	(1.2)	(6.7)
IRAP	(3.6)	(4.1)
Deferred tax assets, net	10.1	8.1
Prior year taxes	(0.4)	2.9
Other income taxes	(0.2)	(0.1)
Total	**4.7**	**0.2**

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

(million euro)	Year 2013	Year 2012
Profit before tax	0.1	45.7
Theoretical tax charge	(0.0)	(12.6)
Actual tax charge	4.7	0.2
Total difference	**4.8**	**12.8**
IRAP (current and deferred)	(3.5)	(4.3)
Effects of tax on foreign dividends expected	24.8	22.8
Effect of deferred tax assets on losses not recognized	(10.0)	-
Other	(6.6)	(5.7)
Total difference	**4.8**	**12.8**

The item Other is mainly composed by adjustments related to previous year taxes.

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 table presented on the following page.

The change in property, plant and equipment reflects additions of 10.67 million euro linked to the investment in new products, and retirements, net of the related accumulated depreciation, of 9.2 million euro.

The depreciation and impairment expenses for the year were 30.9 million euro (35.1 million euro).

Unfulfilled orders placed for the supply of property, plant and equipment amount to 15.5 million euro.

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

The changes in historical cost are presented below:

(million euro)	31.12.2012	Additions	Decreases	Reclassifi-cations	Other movements	31.12.2013
Land and buildings	128.6	1.1	(1.3)	0.4	-	128.8
Plant and machinery	340.2	2.2	(15.8)	3.5	0.0	330.1
Industrial and commercial equipment	275.8	3.8	(8.0)	10.1	(0.0)	281.6
Assets under construction	15.8	3.1	-	(14.2)	0.0	4.7
Other assets	37.4	0.3	(1.8)	0.2	-	36.2
Total	**797.7**	**10.6**	**(26.8)**	**(0.0)**	**0.0**	**781.5**

(million euro)	31.12.2011	Additions	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	0.0	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	(0.0)	37.4
Total	**803.3**	**30.7**	**(36.5)**	**-**	**0.2**	**797.7**

The change in accumulated depreciation is presented below:

(million euro)	31.12.2012	Depreciation and impairment losses	Decreases	Reclassifi-cations	Other movements	31.12.2013
Land and buildings	(54.5)	(3.4)	0.7	-	0.0	(57.2)
Plant and machinery	(282.6)	(12.8)	9.7	-	-	(285.7)
Industrial and commercial equipment	(246.3)	(13.8)	5.5	-	(0.0)	(254.6)
Other assets	(34.7)	(0.9)	1.7	-	0.0	(33.9)
Total	**(618.1)**	**(30.9)**	**17.6**	**-**	**(0.0)**	**(631.4)**

(million euro)	31.12.2011	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)**

The change in net carrying amount is presented below:

(million euro)	31.12.2012	Additions	Depreciation and impairment losses	Decreases	Reclassifi-cations	Other movements	31.12.2013
Land and buildings	74.0	1.1	(3.4)	(0.6)	0.4	0.0	71.6
Plant and machinery	57.7	2.2	(12.8)	(6.1)	3.5	0.0	44.5
Industrial and commercial equipment	29.4	3.8	(13.8)	(2.5)	10.1	(0.0)	27.0
Assets under construction	15.8	3.1	-	-	(14.2)	0.0	4.7
Other assets	2.7	0.3	(0.9)	(0.1)	0.2	0.0	2.3
Total	**179.6**	**10.6**	**(30.9)**	**(9.2)**	**(0.0)**	**0.0**	**150.1**

(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	0.0	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)**	**-**	**0.2**	**179.6**

7.2 Other intangible assets with a finite life

The changes in historical cost are presented below:

(million euro)	31.12.2012	Increases	Amortization and impairment losses	Decreases	Reclassification	Other movements	31.12.2013
Development costs	89.5	12.3	-	(0.0)	5.5	(21.8)	85.5
Licenses and software	66.2	3.5	-	(0.0)	3.3	(0.6)	72.4
Brands with a finite life	0.1	-	-	-	-	-	0.1
Intangible assets under construction	11.1	7.8	-	-	(8.8)	(0.0)	10.2
Other intangible assets	-	-	-	-	-	-	-
Total	**167.0**	**23.6**	**-**	**(0.0)**	**-**	**(22.4)**	**168.2**

(million euro)	31.12.2011	Increases	Amortization and impairment losses	Decreases	Reclassification	Other movements	31.12.2012
Development costs	79.3	11.7	-	(0.2)	4.3	(5.6)	89.5
Licenses 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)	0.0	11.1
Other intangible assets	0.2	0.0	-	-	-	(0.2)	-
Total	**154.3**	**27.6**	**-**	**(0.7)**	**-**	**(14.2)**	**167.0**

The change in accumulated depreciation is presented below:

(million euro)	31.12.2012	Increases	Amortization and impairment losses	Decreases	Reclassification	Other movements	31.12.2013
Development costs	(53.3)	-	(15.6)	-	-	21.8	(47.1)
Licenses and software	(41.0)	-	(9.7)	0.0	-	0.6	(50.1)
Brands with a finite life	(0.1)	-	-	-	-	-	(0.1)
Other intangible assets	-	-	-	-	-	-	-
Total	**(94.4)**	**-**	**(25.3)**	**0.0**	**-**	**22.4**	**(97.3)**

(million euro)	31.12.2011	Increases	Amortization and impairment losses	Decreases	Reclassification	Other movements	31.12.2012
Development costs	(45.1)	-	(13.7)	-	0.0	5.6	(53.3)
Licenses 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)**

The change in net carrying amount is presented below:

(million euro)	31.12.2012	Increases	Amortization and impairment losses	Decreases	Reclassification	Other movements	31.12.2013
Development costs	36.3	12.3	(15.6)	(0.0)	5.5	-	38.4
Licenses and software	25.2	3.5	(9.7)	(0.0)	3.3	(0.0)	22.3
Brands with a finite life	-	-	-	-	-	-	-
Intangible assets under construction	11.1	7.8	-	-	(8.8)	(0.0)	10.2
Other intangible assets	-	-	-	-	-	-	-
Total	**72.6**	**23.6**	**(25.3)**	**(0.0)**	**-**	**(0.0)**	**70.9**

(million euro)	31.12.2011	Increases	Amortization and Impairment losses	Decreases	Reclassification	Other movements	31.12.2012
Development costs	34.2	11.7	(13.7)	(0.2)	4.3	(0.0)	36.3
Licenses 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)	0.0	11.1
Other intangible assets	0.1	0.0	-	-	-	(0.1)	-
Total	**69.8**	**27.6**	**(23.9)**	**(0.7)**	**-**	**(0.1)**	**72.6**

Capitalized development costs amounted to 12.3 million euro (11.7 million euro), mainly in relation to the work on new products.

The development work performed has resulted in the acquisition of additional know-how in the industrial and commercial fields.

The elimination of fully amortized development costs resulted in the cancellation of historical costs totaling 21.8 million euro (5.6 million euro).

The amortization expenses for the year relating to development costs was 15.6 million euro (13.7 million euro).

The increases in the Licenses and software caption include 3.2 million euro (4.8 million euro) incurred to develop and enhance software programs, and 0.3 million euro (0.7 million euro) relating to IT user licenses (SAP, Microsoft etc.).

Capitalized licenses, with a total historical cost of 11.4 million euro, mainly relate to the right to use the Ariston brand, 6.6 million euro (accumulated amortization of 4.5 million euro at 31 December 2013), and the rights to software, 4.9 million euro.

The elimination of fully amortized software and licenses resulted in the cancellation of historical costs totaling 0.4 million euro (6.7 million euro) and 0.2 million euro (1.7 million euro) respectively.

The amortization expenses for software and licenses totaled 8.6 million euro (8.9 million euro) and 1.1 million euro (1.2 million euro) respectively.

The Group's principal brands, Hotpoint and Indesit, are not recorded 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 license 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 recorded trademark is therefore the Star brand, acquired on the absorption of that company in 2003. The historical cost recognized, 0.1 million euro, has been fully amortized.

Assets in progress principally comprise development costs of 7.1 million euro (7.8 million euro) and software and licenses amounting to 3.1 million euro (3.3 million euro).

Other intangible assets relate to leasehold improvements.

7.3 Investments in associates

Investments in associates are analyzed below:

Company name (million euro)	**%**	**31.12.2013**	**31.12.2012**
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 holdings in subsidiaries, holdings 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.

Company name (million euro)	%	31.12.2013	31.12.2012
Subsidiaries			
Aeradriatica S.p.A.	100.00	20.3	20.3
Indesit Argentina S.A.	3.00	0.2	0.2
Indesit Company Luxembourg S.A.	100.00	105.2	105.2
Merloni Domestic Appliances Ltd.	19.60	13.6	13.6
Indesit Company Uk Holdings Ltd.	38.70	136.7	136.7
Indesit Company Portugal Electrodomésticos S.A.	0.56	0.0	0.0
Indesit Electrodomesticos S.A.	79.00	0.6	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 Company Ceská S.r.o.	100.00	0.0	0.0
Indesit Company Bulgaria Ltd.	100.00	0.0	0.0
Indesit Company Polska Sp.zo.o.	100.00	222.2	221.7
Indesit Company Rus Ltd.	100.00	0.1	0.1
Closed Joint Stock Company Indesit International	100.00	143.2	143.2
Indesit Company IP S.r.l.	100.00	0.0	0.0
Indesit Company Nordics AB	100.00	0.1	0.0
Indesit Ukraine LLC	100.00	0.0	0.0
Total subsidiaries		**668.1**	**667.0**
Other companies			
Consorzio CONAI	0	0,0	0,0
Partecipazione Consorzio ECODOM	4.81	0,0	0,0
Consorzio delle Dennie - Investment	0	0,0	0,0
Distretto elettrodomestico S.c.ar.l.	6.45	0,0	0,0
Emittente titoli S.p.A. - c/Investments	1.09	0,1	0,1
Unifabriano S.c.ar.l. - Investments	0	0,0	0,0
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
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		**0.4**	**0.4**
Total investments in subsidiaries and other investments		**668.5**	**667.3**

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)	31.12.2012	Increases	Impairment losses	Decreases	Reclassification	Other movements	31.12.2013
Indesit Argentina S.A.	0.2		-	-	-	-	0.2
Indesit Company Bulgaria Ltd.	0.0	-	-	-	-	-	0.0
Indesit Company Ceská S.r.o.	0.0	-	-	-	-	-	0.0
Indesit Electrodomesticos S.A.	-	-	-	-	-	-	-
Merloni Domestic Appliances Ltd.	13.6	0.6	-	-	-	-	14.2
Indesit Company UK Holdings Ltd.	136.7	-	-	-	-	-	136.7
Indesit Company IP S.r.l.	0.0	-	-	-	-	-	0.0
Aeradriatica S.p.A.	20.3	-	-	-	-	-	20.3
Indesit Company Luxembourg S.A.	105.2	-	-	-	-	-	105.2
Indesit Company Polska Sp.zo.o.	221.7	-	-	-	-	0.4	222.2
Indesit Company Portugal Electrodomésticos S.A.	0.0	-	-	-	-	-	0.0
Indesit Company Rus Ltd.	0.1	-	-	-	-	-	0.1
Closed Joint Stock Company Indesit International	143.2	-	-	-	-	0.0	143.2
Indesit Company Beyaz Esya Pazarlama A.S.	3.8	-	-	-	-	-	3.8
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	22.1	-	-	-	-	0.1	22.1
Indesit Ukraine LLC	-	-	-	-	-	-	-
Indesit Company Nordics AB	0.0	-	-	-	-	-	0.0
Total	**667.0**	**0.6**	**-**	**-**	**-**	**0.5**	**668.1**

There were no significant changes in the equity investments held by the Parent Company during 2013, except for an increase of 0.6 million euro due to the recapitalization of Indesit Electrodomesticos S.A. and the financial guarantee given on behalf of Indesit Polska Sp.zo.o.

The cumulative write-downs recorded are analyzed in the following table.

Company name (million euro)	31.12.2013	31.12.2012
Indesit Company Beyaz Esya Pazarlama A.S.	(4.3)	(4.3)
Merloni Domestic Appliances Ltd.	(10.6)	(10.6)
Indesit Electrodomesticos S.A.	(49.1)	(45.2)
Aeradriatica S.p.A.	(0.2)	(0.2)
Indesit Ukraine LLC	(1.1)	(1.1)
Radio A Korasidis AE	(0.7)	(0.7)
Total	**(66.0)**	**(62.1)**

There is no basis for the reinstatement of these write-downs at the reporting date.

The carrying amount of equity investments is compared with their equity value in Attachment 5. The negative differences identified by that comparison essentially relate to Indesit Company UK Holdings, the recoverable value of which has been verified by impairment testing of the UK CGU, as discussed in the analyses of intangible assets with an indefinite useful life and of goodwill, presented in note 9.2 to the consolidated financial statements. Taking account of the results of these analyses, the difference between the carrying amount of the investment in Indesit Company UK Holding and its valuation under the equity method is deemed to be recoverable.

Negative differences were also identified in relation to Merloni Domestic Appliances Ltd., 3.7 million euro; Indesit Company UK Holdings Ltd., 106.3 million euro; Indesit Company Luxembourg S.A., 6.7 million euro; Indesit Ukraine LLC, 6.8 million euro, and the two Turkish companies, totaling 8.3 million euro. With regard to Meroni Domestic Appliances, Indesit Company UK Holdings Ltd. and Indesit Company Luxembourg S.A., the recoverable value of the entities active in the UK market is checked annually via the impairment test of the UK CGU. The losses relating to the Turkish companies and the Ukrainian company are not deemed to be permanent based on expectations of development of its.

7.5 Deferred tax assets

Deferred tax assets at 31 December 2013 amount to 42.5 million euro (33.9 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)	**31.12.2013**	**31.12.2012**
Raw materials	28.0	30.8
Obsolescence provision	(1.0)	(1.0)
Total raw materials	**27.0**	**29.8**
Finished and semi-finished products	54.9	54.3
Obsolescence provision	(5.7)	(6.1)
Total finished and semi-finished products	**49.2**	**48.3**
Spare parts	13.2	13.8
Obsolescence provision	(0.9)	(1.6)
Total spare parts	**12.3**	**12.2**
Total inventories	**88.5**	**90.3**

The provision for obsolescence totals 7.6 million euro (8.7 million euro) following a net decrease during the year of 1.1 million euro (net increase of 1.9 million euro).

7.7 Trade receivables

Trade receivables comprise amounts due from customers as a result of commercial transactions and the provision of services, 335.0 million euro (418.3 million euro), stated net of the allowance for doubtful accounts of 12.0 million euro (15.2 million euro).

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

The securitization involves the without-recourse sale of trade receivables, on a revolving basis, by the Parent Company 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 2013, they total 59.1 million euro (64.4 million euro).

Other financial payables include the liability to Olympia Finance S.r.l., 88.5 million euro (89.5 million euro). The financial liability at 31 December 2013 exceeds the amount of receivables sold but not derecognized, since it includes about 29.4 million euro (25.1 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 2014.

Advances to suppliers at 31 December 2013 amount to 0.3 million euro (0.5 million euro).

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

(million euro)	31.12.2013	31.12.2012
Opening balance	**15.2**	**17.3**
Provision	1.5	1.8
Utilisation	(4.7)	(3.9)
Closing balance	**12.0**	**15.2**

Amounts due from subsidiaries are detailed below:

(million euro)	**31.12.2013**	**31.12.2012**
Trade receivables from subsidiaries		
Fabrica Portugal S.A.	0.4	0.4
Indesit Company UK Ltd.	43.3	54.3
Indesit Company Portugal Electrodomésticos S.A.	4.0	4.2
Indesit Electrodomesticos S.A.	5.7	7.9
Indesit Company France S.A.	18.5	28.0
Indesit Company Deutschland GmbH	0.9	0.8
Indesit Company International B.V.	3.5	4.6
Indesit Company International B.V. - rep. office	0.0	0.0
Indesit Company Bulgaria Ltd.	-	0.0
Indesit Company International Business S.A.	32.5	33.3
Indesit Company Ceská S.r.o.	0.1	0.1
Indesit Company Magyarország Kft	3.7	9.7
Indesit Company Polska Sp.zo.o.	38.8	44.3
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	10.0	53.5
Indesit Company Beyaz Esya Pazarlama A.S.	1.1	1.7
Indesit Company Norge Ltd.	0.1	0.2
Indesit Company Appliances Hellas Mepe	0.1	0.1
Indesit Argentina S.A.	0.8	0.8
Closed Joint Stock Company Indesit International	6.1	11.4
Wuxi Indesit Home Appliance Co. Ltd.	-	-
General Domestic Appliances Holdings Ltd.	0.1	0.3
Indesit Österreich GmbH	3.9	4.3
Indesit Company Rus Ltd.	15.5	15.1
Indesit Company Belgium S.A.	0.0	0.0
Indesit Company IP S.r.l.	0.0	0.0
Aeradriatica S.p.A.	0.1	0.1
Wuxi Indesit Domestic Appliance Technology Co., Ltd.	-	-
Indesit Ukraine LLC	0.3	0.3
Indesit Company Luxembourg S.A.	0.3	0.2
Indesit Company Nordics A.B.	2.7	0.1
Total subsidiaries	**192.6**	**275.7**

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 132.9 million euro (130.3 million euro) and 9.3 million euro (12.4 million euro).

7.8 Tax receivables

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

(million euro)	31.12.2013	31.12.2012
IRES	8.9	3.0
IRAP	0.6	1.4
IRPEF on advances of post-employment benefits	-	-
Advance taxation	0.9	0.9
Total	**10.4**	**5.2**

7.9 Other receivables and current assets

Other receivables and current assets are analyzed as follows:

(million euro)	31.12.2013	31.12.2012
Due from employees	0.5	0.7
Grants due from public bodies	3.5	3.8
Due from social security and pension institutions	5.5	3.1
Other VAT receivables	3.6	4.4
Other receivables v/state administrators	7.4	7.3
Other receivables	1.0	0.4
Total	**21.5**	**19.8**

Grants receivable from public administrations include 1.2 million euro in reimbursements on exports of finished products containing steel components (1.5 million euro) and 2.3 million euro in start-up grants to be collected (2.3 million euro).

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

7.10 Shareholders' equity

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

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

	31.12.2013		31.12.2012	
Description	Number of shares	Euro	Number of shares	Euro
Ordinary shares	113,665.7	102,299.1	113,665.7	102,299.1
Savings shares	511.3	460.2	511.3	460.2
Total	**114,177.0**	**102,759.3**	**114,177.0**	**102,759.3**

147,500 options granted in 2003, at 12.6439 euro each, expired during the year. 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 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 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 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.

The cash flow hedge reserve has increased by 4.3 million euro.

The remeasurement reserve is negative and equal to 3.1 million euro.

Retained earnings (comprising the extraordinary reserve) have decreased by 10.6 million euro.

The profit for 2012 of 45.9 million euro was partially used for the payment of dividends totaling 20.6 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, 8.5 million euro. Other reserves are analyzed as follows:

(million euro)	**31.12.2013**	**31.12.2012**
Hedging reserve - derivatives	(4.6)	(8.9)
Retained earnings	1.4	1.4
Stock option reserve	0.0	0.4
Grants Law no. 488/92	11.2	11.2
Reserve par. 21 Law no. 219 of 14/05/81	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
IAS reserve and share premium reserve	(23.5)	(19.5)
Total	**(8.5)**	**(8.4)**

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 4.6 million euro.

The merger surplus reserve, 1.4 million euro, was formed on the absorption 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 2013 amounted to 20.6 million euro (23.6 million euro), while those paid on the savings shares in accordance with the articles of association amounted to 0.1 million euro (0.1 million euro).

The Board meeting held on 21 March 2014 approved these separate financial statements and recommended to the shareholders' meeting not to distribute the profit and assign each non-convertible savings shares in circulation 0.045 euro.

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	31.12.2013	31.12.2012
Current financial assets	7.11.1	188.2	37.3
Cash and cash equivalents	7.11.2	40.7	10.2
Banks and other loans and borrowings	7.11.3	(267.3)	(233.3)
Net financial indebtedness - short term		**(38.5)**	**(185.8)**
Medium/long-term financial payables	7.11.5	(422.3)	(232.4)
Net financial position *		**(460.8)**	**(418.2)**
Other non-current financial assets	7.11.4	53.7	0.4
Net financial indebtedness		**(407.2)**	**(417.7)**

* As defined in Consob Communication DEM/6064293 dated 28.07.2006, applying the CESR recommendations dated 10.02.2005.

The changes in liquidity during the year are analyzed in the following paragraphs.

7.11.1 Current financial assets

Current financial assets comprise the intercompany current accounts with Indesit Company International Business S.A. totaling 151.0 million euro (28.6 million euro), together with amounts due from factoring companies, 4.6 million euro (7.1 million euro), and other receivables, 2.6 million euro (1.6 million euro).

7.11.2 Cash and cash equivalents

Cash and cash equivalents, 40.7 million euro (10.2 million euro) comprise bank and postal deposits, and cash and cash equivalents on hand.

7.11.3 Current financial payables

Current financial payables comprise amounts due within one year.

(million euro)	31.12.2013	31.12.2012
Short-term advances from banks	7.1	59.8
Short-term advances for factoring of receivables	88.5	89.5
Current portion of loans MCC	12.9	14.4
Current portion of other medium/long-term loans	0.6	0.5
Liability from the measurement of derivative instruments	5.6	5.5
Short-term liability to bondholders	9.2	-
Financial payables due to Indesit Company International Business S.A.	0.0	0.0
Financial payables due to Indesit Company Luxembourg S.A.	143.4	63.7
Total	**267.3**	**233.3**

The decrease in short-term advances from banks relates to use of the uncommitted lines of credit in 2012.

Short-term advances against 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.

7.11.4 Other non-current financial assets

Other non-current financial assets include 53.6 million euro (0.4 million euro) due from Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.

7.11.5 Medium/ long-term financial payables

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

(million euro)	31.12.2013	31.12.2012
Loans and borrowings from Indesit Company Luxembourg S.A.	73.5	162.2
Due to banks	49.4	61.5
Due to other financial payables	298.1	1.8
Liability from the measurement of derivative instruments	1.3	7.0
Total	**422.3**	**232.4**

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 a syndicated revolving line of credit for 268.0 million euro that expires in 2016 (unused at 31 December 2013).

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

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 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 parameters are monitored constantly by the Group. All covenants are met at 31 December 2013.

Medium and long-term payables are analyzed by maturity in the following table.

		Medium/long-term financial liabilities					
(million euro)	**Total**	**2015**	**2016**	**2017**	**2018**	**2019 and over**	**Total**
Loans and borrowings from Indesit Company Luxembourg S.A.	73.5	0.0	20.8	52.7	0.0	0.0	73.5
Eurobond	296.4	0.0	0.0	0.0	296.4	0.0	296.4
Due to banks and other financial payables	52.5	13.8	12.6	12.8	12.8	0.4	52.5
Total	**422.3**	**13.8**	**33.4**	**65.5**	**309.2**	**0.4**	**422.3**

(million euro)	**Medium/ long-term financial liabilities**	**Due between 1 and 5 years**	**Due beyond 5 years**
Eurobond	296.4	296.4	
Loans and borrowings from Indesit Company Luxembourg S.A.	73.5	73.5	
Due to banks	49.4	49.4	
Due to other financial payables	1.8	1.4	0.4
Liability from the measurement of derivative instruments	1.3	1.3	
Total	**422.3**	**421.9**	**0.4**

7.12 Employee benefits

The liability for employee benefits totals 36.5 million euro (40.7 million euro) and comprises the provision for severance indemnities.

The following schedule reconciles the assets and liabilities recorded in relation to defined benefit plans and the expenses made to the income statement, and presents the principal actuarial assumptions.

	Employee severance indemnities	
(million euro)	**31.12.2013**	**31.12.2012**
Present value of the defined benefit obligation (start of year)	40.7	37.9
Current service cost	-	-
Financial expenses	1.3	1.7
Contributions from plan participants	0.0	0.0
Actuarial (gains)/losses	(1.3)	5.8
Benefits paid by the plan/company	(4.3)	(5.0)
Curtailment of plan	0.0	0.4
Past service benefit	-	-
Changes in exchange rates	-	-
Present value of the defined benefit obligation (end of year)	**36.5**	**40.7**
Fair value of plan assets (start of year)	-	-
Expected return on plan assets	-	-
Actuarial (gains)/losses	-	-
Employer's contributions	4.3	5.0
Employees' contributions	-	-
Benefits paid	(4.3)	(5.0)
Expenses	-	-
Change in exchange rates	-	-
Fair value of plan assets (end of year)	**0.0**	**0.0**
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	36.5	40.7
Actuarial (gains)/losses not recognised	-	-
Unrecognised assets (limit described in IAS 19 par. 58b)	-	-
Recognised net liabilities/(assets)	**36.5**	**40.7**
Depreciation surplus corridor	-	-
Benefit costs for current service	-	-
Past service benefit	-	-
Total operating costs	**-**	**-**

	Employee severance indemnities	
(million euro)	**31.12.2013**	**31.12.2012**
Interest expense	1.3	1.7
Expected return on plan assets	-	-
Total financial expenses	**1.3**	**1.7**
Profit/Loss on curtailment	0.0	0.4
Total charge to profit or loss	**1.3**	**2.1**
Assumptions used to determine defined benefit obligations		
Discount rate	3.4%	3.3%
Salary increases	n.a.	n.a.
Inflation rate	2.0%	2.0%
Rate of pension increase	n.a.	n.a.
Assumptions used to determine pension cost		
Discount rate	3.3%	4.6%
Expected return on plan assets	n.a.	n.a.
Expected salary increases	0.0%	0.0%
Inflation rate	2.0%	2.0%
Rate of pension increase	**n.a.**	**n.a.**

The change in the discount rate reflects the decline during 2013 in the bond yields used for benchmarking purposes (corporate bonds with AA rating).

7.13 Provisions for risks and expenses

The provisions for risks and expenses cover estimated current and non-current liabilities the exact timing and/or extent of which are uncertain.

This caption is analyzed as follows:

2013 movements (million euro)	**Opening balance**	**Provisions**	**Utilisations**	**Closing balance**	**Current portion**	**Non-current portion**
Provision for warranties	17.3	1.8	(4.6)	14.4	9.0	5.4
Provision for agents' termination indemnity	1.4	0.1	(0.2)	1.4	0.0	1.4
Provision for restructuring	26.5	0.0	(8.9)	17.6	17.6	0.0
Provision for WEEE	4.2	0.0	(0.4)	3.8	1.8	2.0
Provision for disputes and other risks	11.9	2.7	(4.3)	10.4	2.7	7.7
Other risk provisions	0.0	0.0	0.0	0.0	0.0	0.0
Total	**61.3**	**4.7**	**(18.3)**	**47.6**	**31.1**	**16.5**

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	-	(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	0.0
Total	**54.9**	**20.7**	**(14.3)**	**61.3**	**37.9**	**23.4**

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 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.

Total payables and provisions for non-recurring transactions at 31 December 2013 amount to 22.3 million euro (29.4 million euro) and the cash flow absorbed by them was 6.8 million euro (18.3 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 already specified in note 7.5.

Statement deferred taxes (million euro)	2012 IRES	2012 IRAP	Changes IRES	Changes IRAP	2013 IRES	2013 IRAP
Deferred tax liabilities						
Dividends	(12.1)	0.0	12.1	0.0	(0.0)	0.0
Changes in severance indemnities	(1.2)	(0.4)	0.2	0.1	(1.0)	(0.3)
Leased goods	(2.1)	0.0	0.2	0.0	(1.8)	0.0
Total	**(15.4)**	**(0.4)**	**12.6**	**0.1**	**(2.9)**	**(0.3)**
Effect of reducing IRES and IRAP rates	-	-			-	-
Deferred tax assets						
Entertainment expenses	0.0	(0.0)	0.0	0.0	0.0	0.0
Remuneration to directors and employees	1.0	0.0	0.3	0.1	1.3	0.1
Impairment losses on receivables	3.6	0.0	(0.5)	0.0	3.1	0.0
Other provisions for risks	12.2	0.6	(1.9)	(0.1)	10.3	0.6
Provisions for warranties	1.6	0.3	0.2	(0.0)	1.8	0.3
Intangible assets and goodwill	0.0	0.0	0.0	(0.0)	0.0	0.0
Tax losses carried forward	25.5	0.0	(0.2)	0.0	25.3	0.0
Cash flow hedging reserve	4.9	0.0	(2.0)	0.0	2.9	0.0
Total	**48.8**	**0.9**	**(4.0)**	**0.0**	**44.7**	**1.0**
Effect of reducing IRES and IRAP rates	-	-			-	-
Deferred tax assets and liabilities	**33.3**	**0.6**	**8.5**	**0.1**	**41.8**	**0.7**
Balance		**33.9**		**8.6**		**42.5**

The net deferred tax assets amount to about 42.5 million euro at 31 December 2013, following a net change of about 8.6 million euro with respect to the prior year.

The change in deferred tax assets includes 0.5 million euro reflected in equity reserves in relation to the change in the cash flow hedge and in the remeasurement of employee benefits in application of IAS 19R.

The net deferred tax assets relating to IRAP amount to about 0.7 million euro. This balance mainly reflects the deferred taxes calculated on temporary differences arising in relation to the provisions for risks and expenses.

Deferred tax assets and liabilities have been recorded 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 2.0 million euro (2.7 million euro) and the deferred bonuses of directors and employees amounting to 6.1 million euro (9.0 million euro), together with the related social security contributions and expenses of 2.7 million euro (3.0 million euro).

Deferred grants from the government and other entities comprise grants for planned investment by "Distretto dell'Elettrodomestico Società Consortile ar.l." 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 343.5 million euro (389.6 million euro).

Certain payables are due to subsidiaries, as shown in the following table.

(million euro)	31.12.2013	31.12.2012
Trade payables due to subsidiaries		
Indesit Company Polska Sp.zo.o.	41.4	42.0
Indesit Company International Business S.A.	1.0	0.8
Indesit Company UK Ltd.	12.9	8.3
Indesit Company International B.V.	0.0	0.0
Indesit Company Portugal Electrodomésticos S.A.	0.2	0.3
Indesit Electrodomesticos S.A.	0.1	0.1
Indesit Company France S.A.	0.6	0.9
Indesit Company Beyaz Esya Pazarlama A.S.	5.2	13.8
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	0.2	0.2
Indesit Company Deutschland GmbH	2.0	2.1
Indesit Company Appliances Hellas Mepe	0.1	0.3
Indesit Company Bulgaria Ltd.	0.2	0.2
Indesit Company Norge Ltd.	-	0.2
Indesit Österreich GmbH	4.4	2.1
Indesit Company IP S.r.l.	0.0	0.0
Aeradriatica S.p.A.	1.0	0.8
Wuxi Indesit Home Appliance Co. Ltd.	-	-
Wuxi Indesit Domestic Appliance Technology Co., Ltd.	0.5	-
Indesit Company Luxembourg S.A.	0.2	0.2
Indesit Company Magyarország Kft	-	-
Closed Joint Stock Company Indesit International	0.0	0.0
Indesit Company Nordics A.B.	0.6	0.3
Indesit Company Rus Ltd.	0.6	0.0
Total	**71.2**	**72.7**

With reference to the analysis by geographical area, trade payables (excluding the above amounts due to subsidiaries) include 116.3 million euro (144.3 million euro) due to Italian suppliers and 30.9 million euro (36.8 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)	31.12.2013	31.12.2012
Withholding taxes on employees	4.9	7.9
Withholding taxes on consultants	0.3	0.3
Other taxes	0.1	0.0
Total	**5.2**	**8.3**

7.18 Other payables

Other payables are analyzed as follows:

(million euro)	31.12.2013	31.12.2012
Due to social security and pension institutions	14.2	17.8
Due to employees	25.3	24.8
Due to Pension funds	1.9	1.9
VAT payable	0.4	0.5
Other	0.7	3.1
Total	**42.5**	**48.0**

8. Notes to the Separate cash flow statement

8.1 Net profit, income tax, writedown of equity investments and financial assets, depreciation, tax paid

Net profit, income taxes, write-downs of equity investments and financial assets and depreciation, all non-monetary items, are reported directly on the face of the income statement, which is analyzed elsewhere.

Tax payments during the year totaled 6.4 million euro (10.9 million euro) while the provision for taxation amounted to 4.7 million euro (0.2 million euro).

8.2 Other non-monetary income and expenses, net, interest paid and collected

The other non-monetary income and expenses, net, comprise all non-monetary items recorded 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). The interest collected and paid, reported separately, was essentially the same as the amounts recorded 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 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 (decrease of 16.0 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 their disposal

The cash flow 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 their disposal

The cash flow from investment in intangible assets relates both to the purchase of licenses and software, and to development costs, which are analyzed in note 7.2.

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.

8.7 Proceeds from the sale of non-current financial assets and investment in financial fixed assets

The investment in financial fixed assets mainly relates to the financial guarantees given in favor of a number of subsidiaries.

8.8 Change in the cash flow reserve and payment of dividends

The change in the cash flow reserve reflects the effect of remeasuring the derivatives recognized on a hedge accounting basis. Dividend payments amounted to 20.6 million euro in 2013 (see note 7.10).

8.9 Dividends collected

The dividends collected were received from subsidiaries during 2013, as analyzed in note 6.10.

8.10 Arrangement and repayment of short, medium and long-term financial payables

The arrangement and repayment of medium/long-term financial payables relates to the repayment in 2013 of intercompany loans granted to subsidiaries.

8.11 Change in current financial payables/ receivables

The change in current financial payables includes the change in short-term bank loans 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 2013, the carrying amount of the financial assets and liabilities recorded 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 2013, 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.

31.12.2013 (million euro)	Variation +100bps		Variation -20bps	
	P&L effect	Equity effect	P&L effect	Equity effect
Net indebtedness at floating rate	(2.1)	0.0	n.a.	n.a.
Derivative instruments hedging fixed rate loans	0.0	0.0	n.a.	n.a.
Derivative instruments hedging floating rate loans	1.9	0.4	n.a.	n.a.
Total	**(0.2)**	**0.5**	**-**	**-**

31.12.2012 (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	0.0	0.0	n.a.	n.a.
Derivative instruments hedging floating rate loans	1.9	2.5	n.a.	n.a.
Total	**(1.9)**	**2.5**	**0.0**	**0.0**

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 2013:

- all the financial instruments measured at fair value are represented by Level 2 derivatives (same as in 2012);
- there were no transfers from Level 1 to Level 2, or vice versa, during 2013;
- there were also no transfers from Level 3 to other levels, or vice versa, during 2013.

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 recorded in the statement of financial position.

		Financial assets measured at fair value through profit or loss							
31.12.2013 (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 carrying amount**	**Total fair value**
Non-current financial assets	53.7	-	-	-	-	-	-	53.7	53.7
Trade receivables	335.0	-	-	-	-	-	-	335.0	335.0
Current financial assets	188.2	-	-	-	-	-	-	188.2	188.2
Cash and cash equivalents	40.7	-	-	-	-	-	-	40.7	40.7
Total	**617.5**	**-**	**-**	**-**	**-**	**-**	**-**	**617.5**	**617.5**

		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 recognition**	**Financial assets held for trading**	**Financial assets available for sale**	**Financial assets held to maturity**	**Hedging instruments**	**Total carrying amount**	**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**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**466.3**	**466.3**

31.12.2013 (million euro)	Financial liabilities measured at fair value through profit or loss		Other financial liabilities held to maturity	Hedging instruments	Total carrying amount	Total fair value
	Financial liabilities measured at fair value upon initial recognition	Financial liability held for trading				
Medium/long-term financial liabilities	-	-	421.0	1.3	422.3	428.2
Trade payables	-	-	343.5	-	343.5	343.5
Banks and other short-term financial liabilities	-	-	261.7	5.6	267.3	258.4
Total	**-**	**-**	**1,026.2**	**6.9**	**1,033.1**	**1,030.1**

31.12.2012 (million euro)	Financial liabilities measured at fair value through profit or loss		Other financial liabilities held to maturity	Hedging instruments	Total carrying amount	Total fair value
	Financial liabilities measured at fair value upon initial recognition	Financial liability held for trading				
Medium/long-term financial liabilities	-	-	225.4	7.0	232.4	233.4
Trade payables	-	-	391.6	-	391.6	391.6
Banks and other short-term financial liabilities	-	-	227.7	5.5	233.3	233.7
Total	**-**	**-**	**844.7**	**12.5**	**857.3**	**858.6**

Analysis of financial liabilities by maturity

The following table analyzes financial liabilities and trade payables by maturity.

(million euro)	Carrying amount 31.12.2013	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	(343.5)	(343.5)	(67.1)	(192.7)	(83.8)	0.0	0.0
Eurobond	(305.6)	(367.5)	0.0	0.0	(13.5)	(354.0)	0.0
Due to banks	(157.8)	(148.0)	(82.6)	(7.4)	(6.6)	(51.4)	0.0
Other financial payables	(219.3)	(228.5)	0.0	(1.5)	(145.0)	(82.0)	0.0
Derivatives	(6.9)	(7.0)	(0.4)	(0.9)	(4.3)	(1.3)	0.0
Total	**(1,033.2)**	**(1,094.5)**	**(150.1)**	**(202.5)**	**(253.2)**	**(488.7)**	**0.0**

(million euro)	Carrying 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
Eurobond	0.0	0.0	0.0	0.0	0.0	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)**

9.3 Derivative financial instruments outstanding at year end

The derivatives outstanding at 31 December 2013 comprise an IRS with a total notional of 305.0 million euro. This hedges the interest-rate risk on an average of about 177.5 million euro of underlying payables (short term) with the following maturities:

- 105 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.

		Notional amount		Fair value of derivatives	
(million euro)	Nature of risk hedged	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Cash flow hedges					
IRS on short-term borrowings	Interest rate	305.0	350.0	(6.6)	(12.5)
Total		**305.0**	**350.0**	**(6.6)**	**(12.5)**
Transactions of fair value hedging					
Other transactions of trading	Interest rate	45.0	-	(0.3)	-
Total		**45.0**	**-**	**(0.3)**	**-**
Total		**350.0**	**350.0**	**(6.9)**	**(12.5)**

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

10.1 Remuneration of management

The gross remuneration of the above persons, comprising all forms of compensation (gross pay, bonuses, fringe benefits, etc.), is shown in the following table.

Remuneration and annual fees for the year 2013 due to directors, statutory auditors and executives

(million euro)	Short-term benefits	Long-term benefits	Stock options
Directors	3.1	0.7	-
Statutory Auditors	0.2	-	-
Executives	2.5	0.9	-
Total	**5.8**	**1.6**	**-**

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**	**-**

Change in fair value of derivatives at 31.12.2013 vs 31.12.2012	Change in fair value of underlyings at 31.12.2013 vs 31.12.2012	Change in fair value of underlyings at 31.12.2013 vs inception date	Change in fair value of derivatives at 31.12.2013 vs inception date	31 December 2013						
				Other non-current financial assets	Current financial assets	Current financial assets	Medium/ long-term loans and borrowings	Banks and other financial liabilities	Banks and other financial liabilities	Total
5.9	n.a.	n.a.	n.a.	-		-		(1.3)	(5.3)	(6.6)
5.9	**n.a.**	**n.a.**	**n.a.**	**-**	**-**	**-**	**-**	**(1.3)**	**(5.3)**	**(6.6)**
(0.3)	n.a.	n.a.	n.a.		-	-		-	(0.3)	(0.3)
(0.3)	**n.a.**	**n.a.**	**n.a.**	**-**	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
5.6	**n.a.**	**n.a.**	**n.a.**	**-**	**-**	**-**	**-**	**(1.3)**	**(5.6)**	**(6.9)**

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 arms'-length terms and in the interests of the Company.

List of related parties	Type of relationship
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
Progetti International S.p.A.	Other related - Controlled by Fineldo S.p.A., Group Parent of Indesit company
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
Trade Place B.V.	Associate
Indesit Company UK Ltd. Group Personal Pension Plan	Pension fund
Merloni Ireland Pension Plan	Pension fund

Faber Factor S.r. in liquidation was sold on 27 December 2013.

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

Progetti International S.p.A.
The Progetti International S.p.A. has leased property to Indesit Company and, in turn, is reexpensed 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 Company, associates and other related parties.

Furthermore, in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication DEM/6064293 dated 28 July 2006, Attachments 2 and 3 present the income statement and statement of financial position showing the transactions with related parties separately and indicating their percentage incidence with respect to each account caption.

There have not been any atypical and/or unusual transactions with related parties.

(million euro)	Year 2013	Year 2012
Revenue from sales and services		
Subsidiaries	532.3	582.2
Total	**532.3**	**582.2**
Other income and expenses		
Subsidiaries	66.1	77.0
Total	**66.1**	**77.0**
Purchase of raw materials, services and costs for utilization of third party assets		
Subsidiaries	(181.0)	(161.8)
Other related parties	(0.4)	(0.6)
Parent	0.1	0.0
Total	**(181.3)**	**(162.3)**
Payroll costs		
Subsidiaries	2.5	2.4
Other related parties	(7.4)	(12.6)
Parent	0.3	0.3
Total	**(4.6)**	**(9.8)**
Provisions and other expenses		
Other related parties	(0.2)	(0.2)
Total	**(0.2)**	**(0.2)**
Financial income and expenses		
Subsidiaries	40.1	101.0
Parent		
Total	**40.1**	**101.0**

(million euro)	31.12.2013	31.12.2012
Property, plant and equipment		
Other related parties		
Total		
Non-current assets		
Subsidiaries	53.7	0.0
Total	**53.7**	**0.0**
Trade receivables		
Subsidiaries	192.6	275.7
Other related parties	0.2	0.3
Parent	3.2	2.6
Total	**196.1**	**278.6**
Current financial assets		
Subsidiaries	182.9	29.3
Total	**182.9**	**29.3**
Medium and long-term interest-bearing loans and borrowings		
Subsidiaries	74.8	169.1
Total	**74.8**	**169.1**
Banks and other loans and borrowings		
Subsidiaries	149.0	69.2
Total	**149.0**	**69.2**
Trade payables		
Subsidiaries	71.2	72.7
Other related parties	0.0	0.0
Parent	0.1	0.2
Total	**71.3**	**72.9**

The cash generated by transactions with other related parties totaled 0.1 million euro (0.1 million euro) and mainly arose from sales made to subsidiaries.

Attachments

Attachment 1

List of directly and indirectly-held companies

Name	Location	Share capital	Group interest	
			Direct	Indirect
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
Closed Joint Stock Company Indesit International ZAO	Russia	RUB 1,664,165,000	100.00	-
Fabrica Portugal S.A.	Portugal	EUR 11,250,000	-	96.40
General Domestic Appliances Holdings Ltd.	UK	GBP 26,000,000	-	100.00
General Domestic Appliances International Ltd.	UK	GBP 100,000	-	100.00
Indesit Company Nordics AB	Sweden	SEK 50,000	100.00	
Indesit Argentina S.A.	Argentina	ARS 24,070,220	3.00	97.00
Indesit Company Belgium S.A.	Belgium	EUR 150,000	-	100.00
Indesit Company Beyaz Esya Pazarlama A.S.	Turkey	TRY 5,167,994	100.00	-
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	Turkey	TRY 134,038,073	36.16	63.84
Indesit Company Bulgaria Srlu	Bulgaria	BGL 7,805,000	100.00	-
Indesit Company Ceská S.r.o.	Czech Republic	CZK 1,000,000	100.00	-
Indesit Company Deutschland GmbH	Germany	EUR 550,000	-	100.00
Indesit Company Domestic Appliances Hellas Mepe	Greece	EUR 18,000	-	100.00
Indesit Company France S.a.s	France	EUR 17,000,000	-	100.00
Indesit Company International Business S.A.	Switzerland	SFR 250,000	-	100.00
Indesit Company International B.V.	The Netherlands	EUR 272,270	-	100.00
Indesit Company Luxembourg S.A.	Luxembourg	EUR 117,977,729	100.00	-
Indesit Company Magyarország Kft	Hungary	HUF 25,000,000	-	100.00
Indesit Company Österreich GmbH	Austria	EUR 18,168.21	-	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
Indesit Company Singapore Pte. Ltd.	Singapore	SGD 100,000	-	100.00
Indesit Company UK Holdings Ltd.	UK	EUR 163,000,000	38.65	61.35
Indesit Company UK Ltd.	UK	GBP 76,195,645	-	100.00
Indesit Electrodomesticos S.A.	Spain	EUR 1,000,000	78.95	21.05
Indesit IP S.r.l.	Italy	EUR 10,000	100.00	
Indesit Ireland Ltd.	Ireland	EUR 100,000	-	100.00
Indesit Middle East FZE	UAE	AED 1,000,000	-	100.00
Indesit Rus LLC	Russia	RUB 4,340,000	100.00	-
Indesit Ukraine LLC	Ukraine	UAH 11,234,634	100.00	-
Jackson Appliances Ltd.	UK	GBP 7.5	-	100.00
Merloni Domestic Appliances Ltd.	UK	GBP 90,175,500	19.60	80.40
Trade Place B.V.	The Netherlands	EUR 30,000	20.00	-
Wuxi Indesit Domestic Appliance Technology Co. Ltd.	China	EUR 900,000	-	100.00
Xpelair Ltd.	UK	GBP 8.25	-	100.00

Attachment 2

Separate income statement for the year ended 31 December 2013, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

	Year 2013			Year 2012		
(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	931.3	0.0	532.3	1,017.5	0.0	582.2
Change in work in progress, semi-finished and finished products	1.1	1.3	0.0	(12.6)	(1.9)	0.0
Other revenue and income	92.4	2.4	66.1	100.9	0.0	77.0
Purchase of raw materials, services and leases and rentals	(778.3)	(1.2)	(181.3)	(838.4)	(0.5)	(162.3)
Payroll costs	(178.8)	0.9	10.2	(206.7)	(0.7)	(9.8)
Depreciation, amortisation and impairment losses	(56.2)	(1.0)	0.0	(59.0)	(0.5)	0.0
Change in raw materials, components and consumables	(2.8)	0.0	0.0	(4.7)	0.0	0.0
Provisions and other operating expenses	(29.7)	(16.2)	(0.2)	(28.2)	(12.4)	(0.2)
Operating profit	**(21.1)**	**(13.9)**	**427.1**	**(31.2)**	**(15.9)**	**486.7**
Dividends from subsidiaries, associates and others	46.0	0.0	46.0	109.2	0.0	109.2
Interest income from subsidiaries and associates	5.3	0.0	5.3	1.9	0.0	1.9
Interest income from third parties	0.2	0.0	0.0	0.0	0.0	0.0
Interest expenses from subsidiaries and associates	(11.2)	0.0	(11.2)	(10.1)	0.0	(10.1)
Interest expenses from third parties and Parent	(19.7)	0.0	0.0	(15.0)	0.0	0.0
Exchange rate differences	0.4	0.0	0.0	0.1	0.0	0.0
Reversal of impairment losses on investments	0.0	0.0	0.0	0.0	0.0	0.0
Impairment losses on investments	0.0	0.0	0.0	(9.2)	0.0	0.0
Net financial income and expenses	**21.1**	**0.0**	**40.1**	**76.9**	**0.0**	**101.0**
Profit before tax	**0.1**	**(13.9)**	**467.2**	**45.7**	**(15.9)**	**587.7**
Income tax expense	4.7			0.2		
Profit for the year	**4.8**	**(13.9)**	**467.2**	**45.9**	**(15.9)**	**587.7**

Weight % of single items	31.12.2013 Balances	31.12.2013 Of which non-recurring	31.12.2013 Of which with related parties	31.12.2012 Balances	31.12.2012 Of which non-recurring	31.12.2012 Of which with related parties
Revenue from sales and services	100%	0.0 %	0.6 %	100%	0.0 %	0.6 %
Change in work in progress, semi-finished and finished products	100%	1.2 %	0.0 %	100%	0.1 %	0.0 %
Other revenue and income	100%	0.0 %	0.7 %	100%	0.0 %	0.8 %
Purchase of raw materials, services and leases and rentals	100%	0.0 %	0.2 %	100%	0.0 %	0.2 %
Payroll costs	100%	(0.0%)	(0.0%)	100%	0.0 %	0.0 %
Depreciation, amortisation and impairment losses	100%	0.0 %	0.0 %	100%	0.0 %	0.0 %
Change in raw materials, components and consumables	100%	0.0 %	0.0 %	100%	0.0 %	0.0 %
Provisions and other operating expenses	100%	0.5 %	0.0 %	100%	0.4 %	0.0 %
Operating profit	**100%**			**100%**		
Dividends from subsidiaries, associates and others	100%	0.0 %	1.0 %	100%	0.0 %	1.0 %
Interest income from subsidiaries and associates	100%	0.0 %	1.0 %	100%	0.0 %	1.0 %
Interest income from third parties	100%			100%		
Interest expenses from subsidiaries and associates	100%	0.0 %	1.0 %	100%	0.0 %	1.0 %
Interest expenses from third parties and Parent	100%	0.0 %	0.0 %	100%	0.0 %	0.0 %
Exchange rate differences	100%	0.0 %	0.0 %	100%	0.0 %	0.0 %
Reversal of impairment losses on investments	100%			100%		
Impairment losses on investments	100%			100%	0.0 %	0.0 %
Net financial income and expenses	**100%**			**100%**		
Profit before tax	**100%**	**n.a.**		**100%**	**-0.3%**	
Income tax expense	100%	0.0 %		100%	0.0 %	
Profit for the year	**100%**			**100%**		

Attachment 3

Separate statement of financial position at 31 December 2013, prepared in accordance with Consob Resolution no. 15519 dated 27 July 2006 and Consob Communication no. DEM/6064293 dated 28 July 2006

	31.12.2013			31.12.2012		
(million euro)	**Balances**	**Of which with related parties**	**Weight %**	**Balances**	**Of which with related parties**	**Weight %**
Assets						
Property, plant and equipment	150.1	-	-	179.6		-
Goodwill and other intangible assets with an indefinite useful life	-	-		-		
Other intangible assets with a finite life	70.9	-	-	72.6		-
Investments in associates	0.5	-	-	0.5		-
Investments in subsidiaries and other investments	668.5	-	-	667.3		-
Deferred tax assets	42.5	-	0.0%	33.9		-
Other non-current financial assets	53.7	53.65	1.0%	0.4	-	-
Total non-current assets	**986.2**	**53.65**	**0.1%**	**954.4**	**0.0**	**0.0%**
Inventories	88.5	0.0	0.0%	90.3		0.0%
Trade receivables	335.0	196.1	0.6%	416.3	278.6	0.7%
Current financial assets	188.2	182.9	1.0%	37.3	29.3	0.8%
Tax receivables	10.4	-	-	5.2		-
Other receivables and current assets	21.5	-	-	19.8		-
Cash and cash equivalents	40.7	-	-	10.2		-
Assets held for sale	-	-		-		
Total current assets	**684.3**	**378.9**	**0.6%**	**579.1**	**307.9**	**0.5%**
Total assets	**1,670.4**	**432.6**	**0.3%**	**1,533.5**	**307.9**	**0.2%**

(million euro)	31.12.2013 Balances	31.12.2013 Of which with related parties	31.12.2013 Weight %	31.12.2012 Balances	31.12.2012 Of which with related parties	31.12.2012 Weight %
Equity						
Share capital	92.8	-	-	92.8		-
Reserves	47.0	-	-	42.2		-
Retained earnings	350.1	-	-	324.4		-
Profit for the year	4.8	-	-	45.9		-
Total equity	**494.7**	**-**	**-**	**505.3**		**-**
Medium and long-term loans and borrowings	422.3	74.8	0.2%	232.4	169.1	0.7%
Employee benefits	36.5	-	-	40.7		-
Provisions for risks and charges	16.5	-	-	23.4		-
Deferred tax liabilities	-	-		-		
Other non-current liabilities	10.8	-	-	14.6		-
Total non-current liabilities	**486.2**	**74.8**	**0.2%**	**311.1**	**169.1**	**0.6%**
Banks and other loans and borrowings	267.3	149.0	0.6%	233.3	69.2	0.3%
Provisions for risks and charges	31.1	0.0	0.0%	37.9		-
Trade payables	343.5	71.3	0.2%	389.6	72.9	0.2%
Tax payables	5.2	0.0	0.0%	8.3		-
Other payables	42.5	0.0	0.0%	48.0		-
Total current liabilities	**689.5**	**220.3**	**0.3%**	**717.1**	**142.1**	**0.2%**
Total liabilities	**1,175.7**	**295.1**	**0.3%**	**1,028.1**	**311.2**	**0.3%**
Total equity and liabilities	**1,670.4**			**1,533.5**		**0.0%**

Attachment 4

Separate income statement for the year ended 31 December 2013 classified by purpose of expenditure

(million euro)	Year 2013	Year 2012
Revenue	931.3	1,017.5
Cost of sales	(815.9)	(901.9)
Selling and distribution expenses	(98.5)	(116.6)
General and administrative expenses	(37.9)	(30.3)
Operating profit	**(21.1)**	**(31.2)**
Net financial expenses	(24.9)	(23.1)
Gains or losses from associates	46.0	100.0
Profit before tax	**0.1**	**45.7**
Income tax expenses	4.7	0.2
Profit for the year	**4.8**	**45.9**

Attachment 5

List of investments in subsidiaries and associates

2013

(million euro)	Location	Share capital	Equity	Of which profit (losses)
Investments in subsidiaries				
Indesit Company Luxembourg S.A.	Luxembourg	118.0	207.6	11.4
Indesit Company Rus Ltd.	Lipetzk (CSI)	0.1	2.3	4.3
Merloni Domestic Appliances Ltd.	Peterborough	108.2	50.6	0.3
Indesit Electrodomesticos S.A.	Alcobendas	1.0	6.3	5.6
Indesit Company Bulgaria Ltd.	Sofia	0.0	0.3	0.0
Indesit Company Polska Sp.zo.o.	Warsaw	130.2	236.3	7.5
Indesit Company Portugal Electrodomésticos S.A.	Lisbon	1.1	3.0	(2.2)
Indesit Company Beyaz Esya Pazarlama A.S.	Istanbul	3.8	(1.3)	(12.3)
Indesit Company Beyaz Esya Sanayi ve Ticaret A.S.	Manisa	101.8	51.4	(14.4)
Indesit Company Ceská S.r.o.	Prague	0.0	0.3	0.1
Closed Joint Stock Company Indesit International	Lipetzk (CSI)	47.4	226.2	10.9
Aeradriatica S.p.A.	Fabriano (Italy)	23.1	19.5	(0.5)
Indesit Argentina S.A.	Argentina	2.8	7.9	2.4
Indesit Ukraine LLC	Ukraine	1.0	(6.8)	(3.1)
Indesit Company IP S.r.l.	Fabriano (Italy)	0.0	0.0	(0.0)
Indesit Company Nordics A.B.	Kungens Kurva	0.0	0.3	0.2
Indesit Company Uk Holdings Ltd.	Peterborough	163.0	415.1	(10.2)
Investments in associates				
Trade Place B.V.		0.0	(0.0)	0.1

The information relating to Trade Place B.V. relates to 2012.

Share investment %	Portion of equity in balance sheet (A)	Carrying amount (B)	Measurement using the equity method adjustment (C)	(C) - (B)
100.0	207.6	105.2	191.5	86.3
100.0	2.3	0.1	(4.2)	(4.3)
19.6	9.9	13.6	10.1	(3.5)
79.0	5.0	0.6	(3.9)	(4.5)
100.0	0.3	0.0	0.3	0.3
100.0	236.3	222.2	232.5	10.3
0.0	0.0	0.0	0.0	0.0
100.0	(1.3)	3.8	11.3	7.5
36.2	18.6	22.1	29.1	6.9
100.0	0.3	0.0	0.3	0.2
100.0	226.2	143.2	242.4	99.2
100.0	19.5	20.3	20.1	(0.2)
3.0	0.2	0.2	0.2	(0.0)
100.0	(6.8)	0.0	(4.0)	(4.0)
100.0	0.0	0.0	0.0	0.0
100.0	0.3	0.1	0.0	(0.1)
38.7	160.4	136.7	60.0	(76.6)
20.0	(0.0)	0.5	(0.0)	(0.5)

Attachment 6

Summary of the availability of reserves

(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	102.8	0.0	-	-
Nominal amount of treasury shares	(9.9)		0.0	(9.9)	-	-
Equity related reserves						
Share premium reserve	35.9	A, B	35.9	0.0	-	-
Share premium owner reserve	(23.0)		0.0	(23.0)	-	-
Revalutation reserve	(0.4)	A, B	0.0	(0.4)	-	-
Reserve for grants (3)	18.1	A, B, C	0.0	18.1	-	-
Surplus fusion reserve	1.4		1.4	0.0	-	-
Profit reserve and other						
Legal reserve	22.7	B	22.7	0.0	-	-
Statutary reserves	0.0		0.0	0.0	-	-
Stock options reserve	0.0	A, B	0.0	0.0	-	-
Cash flow hedge reserve	(4.6)	A, B	(4.6)	0.0	-	-
Remeasurement reserve	(3.1)	A, B	(3.1)	0.0	-	-
Retained earnings	350.1	A, B, C	349.9	0.2	-	-
Total share capital and reserve	**489.9**		**505.0**	**(15.0)**	**-**	**-**
Profit/Losses for the year	4.8				-	-
Total equity	**494.7**				**-**	**-**
Restriction pursuant to article 2426 paragraph 5			**(38.4)**	**(38.4)**	**-**	**-**
Restriction on unrealized gains on exchange rate fluctuations			**(0.5)**	**(0.5)**	**-**	**-**
Net total			**(61.3)**	**(581.3)**	**-**	**-**

Legend:
A: for capital increase
B: for hedging losses
C: for distribution to shareholders

Attachment 7

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

Services	Service supplier	Beneficiary	Fees (thousand euro)
Audit	Reconta Ernst Young	Parent	870
	Reconta Ernst Young [(1)]	Subsidiaries	310
Other services:			
- Agreed-upon procedures	Reconta Ernst Young	Parent	54
- Performance of advisory services and tax	Reconta Ernst Young	Parent	20
Total			**1,254**

(1) The audit has been carried out by Reconta EY with the assistance of the EY network, present in the countries where the subsidiaries operate.

Peterborough, 21 March 2014

for the Board of Directors

The Chairman
Marco Milani

Attestation in respect of the Separate financial statements at 31 December 2013 pursuant to art. 154-*bis* of Decree 58/1998

The Chief Executive Officer Marco Milani and the Manager responsible for preparing the Company's financial reports, Stefano Cavacini, pursuant to paras. 3 and 4 of art. 154-*bis* of Decree no. 58/1998, hereby confirm:

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

throughout 2013 of the administrative and accounting procedures applied for the preparation of the Separate financial statements.

The undersigned also confirm that the 2013 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 underlying accounting records and accounting entries;
- are suitable for the purpose of providing a true and fair view of the economic and financial position of the Company.

The report on operations includes a reliable analysis of the performance, results and financial situation of the Company, as well as a description of the principal risks and uncertainties to which it is exposed.

21 March 2014

The Chief Executive Officer

Marco Milani

The Manager responsible for preparing the Company's financial reports

Stefano Cavacini

Report of the independent auditors

Building a better working world

Reconta Ernst & Young S.p.A.
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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

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

1. We have audited the financial statements of Indesit Company S.p.A. as of 31 December 2013 and for the year then ended, comprising the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement, the statement of changes in equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Indesit Company S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   With respect to the comparative data related to the financial statements of the prior year and the statement of financial position at 1 January 2012, derived from the financial statements at 31 December 2011, all restated as a result of the retrospective application of the amendment to IAS 19, as described in the related explanatory notes, reference should be made to the report issued by other auditors respectively on 26 March 2013 and on 28 March 2012 . We have examined the method used to restate the comparative financial data and the information presented in the explanatory notes in this respect for the purpose of issuing this opinion.

3. In our opinion, the financial statements of the Indesit Company S.p.A. at 31 December 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Indesit Company S.p.A. for the year then ended.

4. The Directors of Indesit Company S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance and Ownership Structure published in the section "Company", subsection "Governance" of Indesit Company S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and Ownership Structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and Ownership Structure, are consistent with the financial statements of Indesit Company S.p.A. at 31 December 2013.

Ancona, 1 April 2014

Reconta Ernst & Young S.p.A.

Signed by: Gianluca Focaccia, Partner

This report has been translated into the English language solely for the convenience of international readers.