DēLonghi Group

Half-year financial report at 30 June 2013

DēLonghi KENWOOD BRAUN Ariete

Contents

COMPANY OFFICERS *

Board of Directors

GIUSEPPE DE'LONGHI	Chairman
FABIO DE'LONGHI	Vice Chairman and Chief Executive Officer
ALBERTO CLÒ **	Director
RENATO CORRADA **	Director
SILVIA DE'LONGHI	Director
CARLO GARAVAGLIA	Director
CRISTINA PAGNI **	Director
STEFANIA PETRUCCIOLI**	Director
GIORGIO SANDRI	Director
SILVIO SARTORI	Director

Board of Statutory Auditors

GIANLUCA PONZELLINI	Chairman
PAOLA MIGNANI	Standing member
ALBERTO VILLANI	Standing member
PIERA TULA	Alternate auditor
ENRICO PIAN	Alternate auditor

External Auditors

RECONTA ERNST & YOUNG S.P.A. ***

Internal Auditing and Corporate Governance Committee

RENATO CORRADA **
SILVIO SARTORI
STEFANIA PETRUCCIOLI**

Compensation Committee

ALBERTO CLÒ **
CARLO GARAVAGLIA
CRISTINA PAGNI **

* The company officers were elected at the shareholders' meeting of 23 April 2013 for the period 2013-2015.
** Independent directors.
*** The engagement to audit the financial statements for 2010-2018 was approved at the shareholders' meeting of 21 April 2010.

KEY PERFORMANCE INDICATORS

Second-quarter income statement

(€/million)	2nd quarter 2013	% revenues	2nd quarter 2012 (*)	% revenues	Change	% Change
Revenues	350.3	100.0%	326.7	100.0%	23.6	7.2%
Net industrial margin	167.3	47.7%	156.1	47.8%	11.2	7.2%
EBITDA before non-recurring income/expenses	38.8	11.1%	39.4	12.0%	(0.6)	(1.5%)
EBITDA	38.3	10.9%	32.9	10.1%	5.5	16.6%
EBIT adjusted	27.7	7.9%	24.6	7.5%	3.0	12.4%

First-Half income statement

(€/million)	1st half 2013	% revenues	1st half 2012 (*)	% revenues	Change	% Change
Revenues	670.8	100.0%	644.4	100.0%	26.5	4.1%
Constant currency change	*38.2*	*5.9%*				
Net industrial margin	327.9	48.9%	305.3	47.4%	22.6	7.4%
EBITDA before non-recurring income/expenses	83.3	12.4%	82.2	12.8%	1.1	1.4%
EBITDA	82.9	12.4%	74.2	11.5%	8.6	11.6%
EBIT adjusted	61.7	9.2%	58.2	9.0%	3.5	6.1%
Profit (loss) pertaining to the group	31.3	4.7%	32.4	5.0%	(1.1)	(3.4%)

(*)As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

Statement of financial position

(€/million)	30.06.2013	30.06.2012 (*)	31.12.2012 (*)
Net working capital	214.2	233.1	243.4
Net capital employed	697.5	497.4	723.2
Net debt/(Net financial assets)	88.3	(75.2)	92.9
of which:			
- *Net bank financial position*	*14.8*	*(56.0)*	*19.9*
- *Other financial (receivables) payables (**)*	*73.5*	*(19.2)*	*73.0*
Net equity	609.1	572.7	630.3
Net working capital/Net revenues	13.8%	15.7%	15.9%

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.
(**) The figure at 30 June 2013 and at 31 December 2012 includes the current value of the earn-out (including the interest accrued at the end of the reporting period).

INTERIM REPORT ON OPERATIONS

REVIEW OF PERFORMANCE

De'Longhi closed the second quarter of 2013 with revenues of €350.3 million, an increase of 7.2% with respect to the second quarter of 2012; revenues for the entire first half of 2013 amounted to €670.8 million (an increase of €26.5 million or +4.1% with respect to the first half of 2012), despite the unfavorable trend in exchange rates and the drop in sales for Comfort (air conditioners and portable heaters); at constant exchange rates growth in the first half of 2012 would have come to +5.9% or €38.2 million.

EBITDA before non-recurring expenses reached €83.3 million (€82.2 million in the first half of 2012), falling as a percentage of revenues from the 12.8% reported in the first half of 2012 to 12.4% in the first half of 2013. This change reflects not only the continuous slowdown in consumption, but also the direct management of the Braun operations begun in the period, the costs incurred for the transition and to launch new products on the market, as well as the negative exchange effect with respect to the first half of 2012.

The Group's strategies to focus on food preparation and coffee and the positioning in the high end of the market, as well as the stabilization of the industrial platforms, allowed De'Longhi to offset the negative economic environment and preserve the Group's profitability, while also generating good cash flow. The Group's domestic leadership in espresso coffee machines and the good positioning in the food preparation segment, along with the Group's capacity for innovation, helped to maintain profitability high despite the cyclical consumer slowdowns, including in emerging markets where, however, the Group is still investing.

The breakdown of revenues by product lines shows a good sales trend for Kenwood brand kitchen machines and hand blenders, thanks also to the contribution of the Braun brand products.
Sales of coffee machines, down with respect to the first half of 2012, were impacted by several commercial factors including the lack of certain promotional campaigns in the first six months of 2013. Sales for Comfort (air conditioners and portable heaters) fell.

In terms of markets, of note was the positive performance in Europe linked, above all, to the growth recorded in Germany, Benelux and Scandinavia and the good performance in Italy despite the consumer crisis, which more than offset the decline posted in a few markets (primarily Russia, Switzerland and the United Kingdom), along with the significant growth recorded in the MEIA region; the APA region was down (above all in the USA, due to a drop in the sale of air conditioners, and in Japan and Australia, due also to the adverse exchange effect).

Net industrial margin in the half came to €327.9 million (€305.3 million in the first half of 2012), rising as a percentage of revenues from 47.4% to 48.9%, thanks to the positive mix effect and higher volumes, and despite the negative exchange effect.

EBITDA before non-recurring expenses reached €83.3 million, an increase of €1.1 million with respect to the first half of 2012 (with the margin falling from the 12.8% posted in 2012 to 12.4% in 2013); this result, up slightly with respect to 2012, is positive given the difficult market environment, as well as the increase in a few fixed costs linked to the new Braun business and the start-up of direct management of operations (which caused costs linked to payroll, promotions and rental of logistics facilities to increase more than Braun brand sales in the first half of 2013).

EBITDA reached €82.9 million (rising as a percentage of revenues from 11.5% to 12.4%) following lower non-recurring expenses (which in 2012 included the costs connected to the Braun acquisition).

EBIT amounted to €61.7 million in the first six months of 2013, with the margin up with respect to the prior year (rising from 9.0% to 9.2%), after amortization and depreciation of €21.2 million (a sharp increase with respect to the comparison period, +€5.1 million) relating, above all, to the assets acquired as part of the Braun transaction and the significant investments made in production facilities in 2012 (particularly in China and Romania).

The increase in net financial expenses of €4.2 million (which rose from the €14.2 million posted in the first half of 2012 to €18.3 million in the first half of 2013) is explained, above all, by the rise in average debt in the half (including as a result of both the Braun acquisition finalized in the second part of 2012 and the potential increase in the earn-out payable to Procter & Gamble), as well by the increase in charges linked to currency hedging incurred in the first half of 2013.

Profit pertaining to the Group reached €31.3 million in the first half of 2013 (versus €32.4 million in the same period 2012).

Cash flow generation was positive in the half; net debt amounted to €88.3 million at 30 June 2013 (€73.5 million of which reflects items other than net bank debt, including primarily the earn-out potentially owed for the Braun acquisition, the financial payable resulting from the transfer of the pension fund liabilities pertaining to the UK subsidiary to third parties and the fair value measurement of derivatives and call options for the purchase of equity stakes).

Global market conditions (Source: Bank of Italy/ECB)

In the first half of 2013 the economies of a few advanced countries expanded slightly, but the persistent weakness of the Euro zone and the slowdown of the emerging markets in Asia, caused international trade to remain sluggish.
In the Euro zone, the real GDP fell further including in countries which were not directly exposed to the tensions of the financial markets; at the same time, the conditions of the labor market continued to be weak.
The most recent indicators point to a possible stabilization of the economic cycle, though activity will continue to be weak.
The prices of raw materials, energy and non, decreased which caused inflation to decline. It is expected that price pressure and inflation will continue to be moderate, including in the medium term, testimony to the generalized weakness of the aggregate demand and the slow pace of the recovery.
The ECB's Executive Committee has announced that it will likely leave interest rates at current or lower levels for a prolonged period of time in light of the expectations that inflation will continue to be low, the generalized weakness of the economy and very limited monetary growth.

With regard to the future, the recent forecasts of the Bank of Italy and the ECB call for a gradual economic recovery beginning year-end 2013 thanks, above all, to acceleration in foreign trade, while the economic situation in the Euro zone is expected to continue to be strongly influenced by the credit market and the failure to implement adequate structural reforms in the Euro zone countries.

Significant events

The first half of 2013 was characterized by the steps the Group took to finalize the organizational structure following the extraordinary transactions undertaken in 2012 relating primarily to the Braun Household acquisition and the implementation of the plan to strengthen production.

With regard to the Braun Household acquisition, effective 1 January 2013 the Group took over the direct management of the production and commercial activities managed temporarily by Procter & Gamble through the end of 2012; as part of this transition the Group's commercial subsidiaries also acquired the remaining inventory in accordance with the sales agreement signed with Procter & Gamble in August 2012. New operating procedures were finalized during the half (from the production model to the integration with the Group's distribution network) and the managerial structures of the core Braun business were also identified (from the technical department to R&D, from design to marketing).
The Braun brand is historically associated with design and innovation, two characteristics that are also part of the Group's corporate culture. The relaunch of the brand will be based on the renewal and expansion of the product range and on strengthening distribution, while working to expand the commercial presence in regions that are not yet covered.
Braun is a global brand with great potential including in new markets as its brand awareness is very high.

With regard to the plan to strengthen production capacity and to create a new European industrial platform, production began at the new Romanian plant in the half.
In the first few months of 2013 the production rollout plan continued with the installation of the first new production lines, the hiring of employees and the subsequent training in Italy, and with the production of the first coffee machines in January 2013.

The investments in commercial offices continued, resulting in the formation of start-ups in South Korea and Chile, while preliminary steps were taken to open a commercial office in Scandinavia which should be operative in the second half of 2013.

Several important corporate projects, in collaboration with premier consulting companies, were begun in the first half of 2013: the analysis of organizational processes in Europe, in line with the new organization of the commercial structure which, since 2012, has been split into two separate regions and the ERM (Enterprise risk management) project, part of a large scale effort to continuously improve corporate governance, as well as in light of the changes expected to be introduced in the new edition of the Corporate Governance Code. The Group assessed the need to strengthen risk management, including in light of the increasingly complex and dynamic environment in which it operates.

In June 2013 the English subsidiary Kenwood Limited, together with the trustee of the relative pension fund, entered into an agreement with Legal & General Group Plc, a premier English firm active in providing solutions for pension fund management, based on which the liabilities associated with the English pension plan were transferred to third parties as per the "buy in" agreement signed which will be followed by a "full buy out" payable on the expiration date agreed upon. Thanks to this agreement the Group has taken another step toward transferring the liabilities of this activity to third parties, while guaranteeing that the eligible beneficiaries' benefits are fully insured by a specialized financial partner.

Group results

The reclassified consolidated income statement is summarized as follows:

(€/million)	1st half 2013	% revenues	1st half 2012 (*)	% revenues
Revenues	**670.8**	**100.0%**	**644.4**	**100.0%**
Change 2013/2012	*26.5*	*4.1%*		
Materials consumed & other production costs (production services and payroll costs)	(342.9)	(51.1%)	(339.0)	(52.6%)
Net industrial margin	**327.9**	**48.9%**	**305.3**	**47.4%**
Other services & expenses	(163.2)	(24.3%)	(151.6)	(23.5%)
Value added	**164.7**	**24.6%**	**153.7**	**23.9%**
Payroll (non-production)	(70.3)	(10.5%)	(62.1)	(9.6%)
Provisions	(11.1)	(1.7%)	(9.4)	(1.5%)
EBITDA before non-recurring income/expenses	**83.3**	**12.4%**	**82.2**	**12.8%**
Change 2013/2012	*1.1*	*1.4%*		
Other non-recurring income (expenses)	(0.4)	(0.1%)	(7.9)	(1.2%)
EBITDA	**82.9**	**12.4%**	**74.2**	**11.5%**
Amortization and depreciation	(21.2)	(3.2%)	(16.1)	(2.5%)
EBIT	**61.7**	**9.2%**	**58.2**	**9.0%**
Change 2013/2012	*3.5*	*6.1%*		
Financial income (expenses)	(18.3)	(2.7%)	(14.2)	(2.2%)
Profit (loss) before taxes	**43.4**	**6.5%**	**44.0**	**6.8%**
Income taxes	(11.7)	(1.7%)	(11.4)	(1.8%)
Profit (loss) after taxes	**31.7**	**4.7%**	**32.6**	**5.1%**
Profit (loss) pertaining to minority interests	0.4	0.1%	0.2	0.0%
Profit (loss) pertaining to the group	**31.3**	**4.7%**	**32.4**	**5.0%**

(*)As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

The net industrial margin reported in the reclassified income statement differs by €70.6 million at 30 June 2013 (€52.7 million at 30 June 2012) from the consolidated income statement; this is because, in order to represent period performance better, non-recurring income and expenses have been separately presented above and production-related payroll and service costs have been reclassified from payroll and services respectively.

Net revenues rose by €26.5 million, thanks to the positive mix effect and higher volumes, despite the negative exchange effect (above all with regard to sales in Japan, Australia and the United Kingdom).
The most growth was posted by kitchen and food preparation products, from the Kenwood brand kitchen machines to hand blenders, thanks also to the contribution of the Braun brand products.

With regard to coffee, sales of the fully automated and capsule machine (sold under the Nespresso brand) fell due to the above mentioned negative exchange effect, to the slowdown in sales in a few regions attributable also to the launch of new products in the first half of 2012 in a few markets, and the lack of a few promotions in the first six months of 2013. The sales trend was particularly positive in Italy, Benelux, France and China.

Cooking and food preparation appliances, which reported growth in the period, benefitted from the Group's premium positioning strategy and the arrival of the Braun products on the market; the principle cooking appliances, from the food processors to the hand blenders, contributed to the growth in the main markets (particularly in Italy and the MEIA region).

Sales for Comfort fell due mainly to the decrease in revenues from air conditioners primarily in the United States and Italy given the uncertain weather conditions that characterized the beginning of the summer.

De'Longhi closed the first half of 2013 with EBITDA before non-recurring income/(expenses) up by €1.1 million attributable to the gross industrial margin which rose by €22.6 million from the €305.3 million posted in the first half of 2012 to €327.9 million, thanks to higher volumes and a better product mix despite the negative exchange effect that impacted sales in a few foreign markets (in comparison with the first half of 2012 that strongly benefitted from the exchange rates).

"Other services and expenses" and "Payroll (non-production)" increased as a percentage of revenues from 33.2% to 34.8% due primarily to the costs associated with the Braun acquisition and the initial distribution of products; more specifically, the start-up activities (initial purchase of the stock and promotional expenditure) and additional fixed costs (sales personnel and rental of space and offices) which exceeded the revenues generated by Braun in the first half of 2013.

EBITDA amounted to €82.9 million (€74.2 million in the first half of 2012 which was impacted by the recognition of significant non-recurring costs linked to the Braun acquisition).

EBIT amounted to €61.7 million in the first half of 2013 (€58.2 million in the same period 2012), rising as a percentage of revenues from 9.0% to 9.2%, after amortization and depreciation of €21.2 million (an increase with respect to the first half of 2012 explained by the assets acquired as part of the Braun transaction and the recent investments made in production facilities).

Net financial expenses in the first half of 2013 increased by €4.2 million with respect to the first half of 2012 to €18.3 million due to both an increase in average debt in the first half of 2013 with respect to 2012 (due primarily to the Braun acquisition and the interest accrued on the potential earn-out payable to Procter & Gamble), as well as an increase in the charges linked to currency hedging.

Profit pertaining to the Group reached €31.3 million, down slightly with respect to the €32.4 million recorded in the first half of 2012.

Operating segment disclosures

The De'Longhi Group has identified three operating segments which coincide with the group's three main business regions: Europe, MEIA (Middle East, India and Africa) and APA (Asia, Pacific, America). Each segment is responsible for all aspects of the Group's brands and services different markets.
This breakdown is in line with the tools used by group management to run operations, as well as evaluate the company's performance and make strategic decisions.

The results by operating segment can be found in the Explanatory Notes.

Markets

The following table summarizes sales performance in the Group's various business regions:

(€/million)	1st half 2013	%	1st half 2012 (*)	%	Change	% Change
Western Europe	365.9	54.5%	348.4	54.1%	17.5	5.0%
Eastern Europe	68.6	10.2%	67.5	10.5%	1.1	1.6%
EUROPE	**434.5**	**64.8%**	**415.9**	**64.5%**	**18.6**	**4.5%**
MEIA (Middle East/India/Africa)	**62.8**	**9.4%**	**41.7**	**6.5%**	**21.1**	**50.6%**
APA (Asia/Pacific/Americhe)	**173.5**	**25.9%**	**186.8**	**29.0%**	**(13.3)**	**(7.1%)**
Total revenues	**670.8**	**100.0%**	**644.4**	**100.0%**	**26.5**	**4.1%**

(*) Dati riclassificati per omogeneità con il primo semestre 2013.

Europe reported €434.5 million in revenues, an increase of 4.5% with respect to the first half of 2012. More in detail, a solid sales performance was reported in Western Europe with good results in Italy, despite the consumer crisis, Germany and Benelux thanks also to the contribution of the Braun brand products; sales in Great Britain fell due also to the negative exchange effect.
Growth in the Eastern European countries continued (above all in Poland, the Czech Republic and the Ukraine), despite the negative results posted in Russia.

Sales were particularly brilliant in the MEIA region, rising 50.6%, thanks to the good results recorded in the main markets (Saudi Arabia, Arab Emirates and North Africa) and the contribution of the Braun brand products.

Revenues for the APA fell 7.1%, despite the positive sales trend reported in China and Korea, due primarily to the drop in sales in Australia (due to the unfavorable exchange effect and greater competitive pressure), in the United States (linked to a drop in air conditioner sales and the exchange effect) and in Japan (due primarily to the exchange effect).

The following table shows the continuous growth in the percentage of sales generated in the emerging markets:

(€/million)	1st half 2013	%	1st half 2012 (*)	%	Change	% Change
Mature markets	429.1	64.0%	421.4	65.4%	7.7	1.8%
Emerging markets	241.7	36.0%	222.9	34.6%	18.8	8.4%
Total revenues	**670.8**	**100.0%**	**644.4**	**100.0%**	**26.5**	**4.1%**

(*) Figures reclassified for the sake of comparison with first half 2013.

Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	30.06.2013	30.06.2012 (*)	31.12.2012 (*)	Change 30.06.13 – 30.06.12	Change 30.06.13 – 31.12.12
- Intangible assets	363.0	174.4	364.6	188.6	(1.6)
- Property, plant and equipment	162.9	129.3	158.6	33.6	4.3
- Financial assets	3.6	3.1	3.1	0.5	0.6
- Deferred tax assets	45.9	43.4	41.3	2.5	4.6
Non-current assets	**575.4**	**350.2**	**567.6**	**225.2**	**7.8**
- Inventories	361.0	358.5	273.8	2.4	87.2
- Trade receivables	225.5	215.8	381.2	9.6	(155.8)
- Trade payables	(322.0)	(319.2)	(351.7)	(2.8)	29.7
- Other payables (net of receivables)	(50.2)	(22.1)	(59.8)	(28.2)	9.6
Net working capital	**214.2**	**233.1**	**243.4**	**(18.9)**	**(29.2)**
Total non-current liabilities and provisions	(92.1)	(85.9)	(87.8)	(6.3)	(4.3)
Net capital employed	**697.5**	**497.4**	**723.2**	**200.0**	**(25.7)**
Net debt/(Net financial assets) (**)	**88.3**	**(75.2)**	**92.9**	**163.6**	**(4.6)**
Total net equity	**609.1**	**572.7**	**630.3**	**36.5**	**(21.1)**
Total net debt and equity	**697.5**	**497.4**	**723.2**	**200.0**	**(25.7)**

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.
(**) Net financial position includes €73.5 million in net financial liabilities (net financial liabilities amounted to €73 million at 31 December 2012 and net financial assets to € 19.2 million at 30 June 2012) relating to the fair value of derivatives and options on minority interests, the residual contingent debt owed Procter & Gamble for the Braun acquisition and the financial debt connected to the transaction involving the UK subsidiary's pension fund.

The comparison with the statement of financial position at 30 June 2012 is strongly influenced by the "Braun Household" acquisition, completed in the second half of 2012, which resulted in an increase in intangible assets of €191.4 million and in property, plant and equipment of €23.0 million. The acquisition also contributed to an increase in the Group's debt explained by both the consideration already paid at year-end 2012, which amounted to €143 million including interest, and the additional consideration potentially owed Procter & Gamble over the next three-five years linked to the earn-out, the estimated amount of which is already included in the Group's debt.

Net investments in the first half of 2013, which amounted to €24.7 million (€33.9 million in the first half of 2012), include the investments outlined in the business plan for the start-up of the production facility in Romania and the enhancement of the Chinese plant of €9.0 million.

Net working capital fell with respect to 30 June 2012 by €18.9 million (with net working capital turnover going from 15.7% of revenues at the end of June 2012 to 13.8% in 2013). This result is attributable to more efficient management of the inventory (which was unchanged with respect to 2012 despite the increased sales volumes and the purchase of the unsold Braun inventory) and a decline in current assets (the figure at June 2012 was impacted by the significant indirect tax credits connected to the non-recurring investments made in the first half of 2012 which were then cashed in or offset in the second half of 2012).

Details of the net financial position are as follows:

(€/million)	**30.06.2013**	**30.06.2012**	**31.12.2012**	**Change 30.06.13 – 30.06.12**	**Change 30.06.13 – 31.12.12**
Cash and cash equivalents	211.2	207.9	244.0	3.4	(32.8)
Other financial receivables	14.0	25.6	16.1	(11.6)	(2.1)
Current financial debt	(83.3)	(116.6)	(115.3)	33.3	32.0
Net current financial debt	**141.9**	**116.8**	**144.7**	**25.1**	**(2.8)**
Non-current financial debt	**(230.2)**	**(41.6)**	**(237.7)**	**(188.6)**	**7.4**
Total net financial assets/ (Net debt)	**(88.3)**	**75.2**	**(92.9)**	**(163.6)**	**4.6**
Of which:					
- positions with banks and other financial payables	*(14.8)*	*56.0*	*(19.9)*	*(70.8)*	*5.1*
- residual payable to P&G related to the Braun acquisition	*(65.0)*	*-*	*(63.8)*	*(65.0)*	*(1.3)*
- financial assets/(liabilities) other than bank debt (fair value of derivatives and options, financial payable connected to the UK subsidiary's pension fund transaction)	*(8.5)*	*19.2*	*(9.2)*	*(27.7)*	*0.8*

The net financial position at 30 June 2013 includes items other than bank debt: the portion of the amount owed to Procter & Gamble of €65.0 million relating to the potential earn-out payable over the next three-five years, €8.5 million in other net liabilities relating to the fair value of derivatives and call options on minority interests, as well as the financial payable linked to the transfer of the pension fund liabilities to third parties (the items other than bank debt totalled €19.2 million at 30 June 2012).

Net debt with banks and other sources of finance, excluding, therefore, items other than bank debt, at 30 June 2013 amounted to €14.8 million (versus a positive balance of €56 million at 30 June 2012, before the Braun acquisition). The increase of €70.8 million in the twelve month period reflects, in addition to the €143 million attributable to the Braun acquisition, non-recurring investments of approximately €18.5 million in the new production facilities in China, Russia and Romania.
Net of these non-recurring items, bank debt in the twelve month period would have had a positive impact on the net financial position of €90.7 million (€25.1 million in the previous twelve month period).

Net current financial debt at 30 June 2013 showed a positive balance of €141.9 million (€116.8 million at 30 June 2012). As for non-current debt, no new loans were granted in the first half of 2013.

The statement of cash flows is presented on a condensed basis as follows:

(€/million)	**30.06.2013 (6 months)**	**30.06.2012 (6 months)**	**31.12.2012 (6 months)**
Cash flow generated (absorbed) by current operations	63.0	52.2	191.6
Cash flow generated (absorbed) by changes in working capital	7.8	(10.9)	(65.2)
Cash flow generated (absorbed) by investment activities	(25.2)	(33.7)	(62.8)
Cash flow generated (absorbed) by operating activities	**45.6**	**7.7**	**63.5**
Braun acquisition	-	-	(202.9)
Cash flow generated (absorbed) by Braun acquisition	-	-	**(202.9)**
Dividends paid	(43.4)	(49.3)	(49.3)
Cash flow by changes in fair value and cash flow hedge reserves	5.0	(4.7)	(25.0)
Cash flow by changes in currency translation reserve	(6.1)	-	-
Cash flow generated (absorbed) by other changes in net equity	3.4	4.2	3.4
Cash flow generated (absorbed) by changes in net equity	**(41.0)**	**(49.9)**	**(70.9)**
Cash flow for the period	**4.6**	**(42.2)**	**(210.3)**
Opening net financial position	(92.9)	117.4	117.4
Closing net financial position/(net debt)	**(88.3)**	**75.2**	**(92.9)**

Net cash flow from operating activities in the first half of 2013 reached a positive €45.6 million (versus a positive €7.7 million in the first half of 2012 which included higher non-recurring investments in production).
Cash flows in the first half were also affected by changes in net equity: the positive contribution of the fair value measurement of hedging instruments and the translation differences was partially offset by the actuarial losses linked to the UK subsidiary's pension fund transaction described above.
Cash flow reached a positive €4.6 million in the first half of 2013 (versus a negative €42.2 million in the first half of 2012), net of the payment of dividends.

Human resources

The De'Longhi Group had 6.019 employees at 30 June 2013, detailed as follows:

	30.06.2013	**31.12.2012**	**30.06.2012**
Blue collar	3,317	3,165	3,205
White collar	2,607	2,442	2,309
Senior managers	95	87	89
Total	**6,019**	**5,694**	**5,603**

The change in the workforce at 30 June 2013 with respect to 30 June 2012 (increase of 416 employees) is explained primarily by the start-up of production at the Romanian plant, the consolidation of the Braun operations and the strengthening of the commercial structures (to support all the Group's brands).

The average employees reached 5,911 in the first half of 2013, an increase of 151 employees with respect to the first half of 2012.

Alternative performance indicators

In addition to the information required by IFRS, this document presents other financial measures which provide further analysis of the group's performance. These indicators must not be treated as alternatives to those required by IFRS.

More in detail, the non-GAAP measures used include:
- Gross profit and EBITDA: the group uses these measures as financial targets in internal presentations (business plans) and in external presentations (to analysts and investors), since they are a useful way of measuring operating performance by the group and its individual divisions besides EBIT.
Net industrial margin is calculated as total revenues minus the cost of materials consumed and of production-related services and payroll.
EBITDA is an intermediate measure that derives from EBIT after adding back depreciation, amortization and impairment of property, plant and equipment and intangible assets. EBITDA is also presented net of non-recurring items, which are reported separately on the face of the income statement.
- Net working capital: this measure is the sum of inventories, trade receivables, current tax assets and other receivables, minus trade payables, current tax liabilities and other payables.
- Net capital employed: this measure is the sum of net working capital, intangible assets, property, plant and equipment, equity investments, other non-current receivables, and deferred tax assets, minus deferred tax liabilities, employee benefits and provisions for contingencies and other charges.
- Net debt/(net financial position): this measure represents gross financial liabilities less cash and cash equivalents and other financial receivables. The individual line items in the statement of financial position used to determine this measure are analysed later in this report.

The figures contained in this document, including some of the percentages, have been rounded relative to their full euro amount. As a result, some of the totals in the tables may differ from the sum of the individual amounts presented.

Principal risks and uncertainties facing the group

Reference should be made to the Group Annual Report at 31 December 2012.

Corporate governance and ownership structure

Reference should be made to the Group Annual Report at 31 December 2012.

Reconciliation of net equity and profit (loss) for the period

Below is a brief reconciliation between the net equity and profit reported by the parent company, De'Longhi S.p.A., and the figures shown in the consolidated financial statements:

(€/thousands)	**Net equity 30.06.2013**	**Profit (loss) after taxes 1st half 2013**
De'Longhi S.p.A. financial statements	**252,337**	**(6,572)**
Share of subsidiaries' equity and results for period attributable to the group, after deducting carrying value of the investments	358,703	42,459
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	35,174	(1,217)
Elimination of intercompany profits	(34,428)	(2,814)
Other adjustments	(2,641)	(187)
Consolidated financial statements	**609,145**	**31,669**
Minority interests	2,357	396
Group portion	**606,788**	**31,273**

Related party transactions

Related party transactions fall within the normal course of business by group companies.
Information on related party transactions is summarized in Appendix 3 to the Explanatory notes.

Other information

Pursuant to Art. 3 of Consob Resolution n. 18079 of 20 January 2012, the Board of Directors resolved to exercise the *opt-out* clause provided under Art. 70, paragraph 8 and Art. 71, paragraph 1-*bis* of Consob Regulation n. 11971/99 which grants the option to waive the mandatory publication of informational documents relating to significant mergers, spin-offs, capital increases through in-kind transfers, acquisitions and disposals.

Subsequent events

There have been no significant events since the end of the reporting period.

Outlook

The current year represents a particularly critical moment both for the Group's reference markets and for the organizational challenges that the Group is facing.
As far as markets are concerned, the economy is not providing signs suggesting a reversal of the ongoing slowdown trend. As a consequence, such scenario is expected to extend into next year.
In relation with the ongoing organizational changes, the Group is currently very committed to the new industrial investments (strengthening of the manufacturing facilities and of the commercial network) needed for the Braun integration as well as for facing the new challenges posed by the markets.

Treviso, 28 August 2013

For the Board of Directors
Vice Chairman and Chief Executive Officer
Fabio de' Longhi

CONSOLIDATED INCOME STATEMENT

(€/000)	Notes	1st half 2013	of which non-recurring	1st half 2012 (*)	of which non-recurring
Revenues from sales and services	1	658,569	-	643,096	
Other revenues	1	12,258	-	10,271	
Total consolidated revenues		***670,827***	-	***644,367***	
Raw and ancillary materials, consumables and goods	2	(367,805)	-	(362,137)	
Change in inventories of finished products and work in progress	3	88,404	-	73,492	
Change in inventories of raw and ancillary materials, consumables and goods	3	7,092	-	2,325	
Materials consumed		***(272,309)***	-	***(286,320)***	
Payroll costs	4 -7	(98,176)		(88,184)	(267)
Services and other operating expenses	5 - 7	(206,308)	(418)	(185,444)	(6,917)
Provisions	6 - 7	(11,147)		(10,171)	(733)
Amortization and depreciation	8	(21,183)	-	(16,088)	
EBIT		**61,704**	**(418)**	**58,160**	**(7,917)**
Financial income (expenses)	9	(18,334)		(14,171)	
PROFIT (LOSS) BEFORE TAXES		**43,370**		**43,989**	
Income taxes	10	(11,701)		(11,379)	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES		**31,669**		**32,610**	
Profit (loss) pertaining to minority interests	26	396		239	
PROFIT (LOSS) PERTAINING TO THE GROUP		**31,273**		**32,371**	
EARNINGS PER SHARE (in Euro)					
- basic		**€ 0.21**		**€ 0.22**	
- diluted		**€ 0.21**		**€ 0.22**	

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.
Appendix 3 reports the effect of related party transactions on the income statement, as required by CONSOB Resolution 15519 of 27 July 2006.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	1st half 2013	1st half 2012 (*)
Consolidated profit (loss) after taxes	31,669	32,610
Other components of comprehensive income	(9,205)	4,848
Total other comprehensive income that will subsequently be reclassified to the profit (loss) for the year	*(2,877)*	*4,848*
- Change in fair value of cash flow hedges and financial assets available for sale	5,018	(4,750)
- Tax effect on change in fair value of cash flow hedges and financial assets available for sale	(771)	1,040
- Differences from translating foreign companies' financial statements into Euro	(7,124)	8,558
Total other comprehensive income will not subsequently reclassified to profit (loss) for the year	*6,328*	-
- Actuarial valuation funds	8,218	-
- Tax effect of actuarial valuation funds	1,890	-
Total comprehensive income, net of tax	**22,464**	**37,458**
Total comprehensive income attributable to:		
Owners of the parent	22,068	37,219
Minority interests	396	239

(*) As a result of the retroactive application of the new IAS 19 – Employee benefits the comparative figures were restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	***Notes***	**30.06.2013**	**31.12.2012 (*)**
NON-CURRENT ASSETS			
INTANGIBLE ASSETS		362,986	364,619
- Goodwill	*11*	115,878	115,608
- Other intangible assets	*12*	247,108	249,011
PROPERTY, PLANT AND EQUIPMENT		162,870	158,584
- Land, property, plant and machinery	*13*	82,983	81,794
- Other tangible assets	*14*	79,887	76,790
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		3,741	3,192
- Equity investments (in other companies)	*15*	741	737
- Receivables	*16*	2,898	2,346
- Other non-current financial assets	*17*	102	109
DEFERRED TAX ASSETS	*18*	45,911	41,325
TOTAL NON-CURRENT ASSETS		575,508	567,720
CURRENT ASSETS			
INVENTORIES	*19*	360,959	273,758
TRADE RECEIVABLES	*20*	225,458	381,233
CURRENT TAX ASSETS	*21*	10,438	12,126
OTHER RECEIVABLES	*22*	28,158	32,989
CURRENT FINANCIAL RECEIVABLES AND ASSETS	*23*	14,015	16,076
CASH AND CASH EQUIVALENTS	*24*	211,242	243,995
TOTAL CURRENT ASSETS		850,270	960,177
TOTAL ASSETS		**1,425,778**	**1,527,897**

NET EQUITY AND LIABILITIES (€/000)		**30.06.2013**	**31.12.2012 (*)**
NET EQUITY			
GROUP PORTION OF NET EQUITY		606,788	628,075
- Share capital	*25*	224,250	224,250
- Reserves	*26*	351,265	285,726
- Profit (loss) pertaining to the group		31,273	118,099
MINORITY INTERESTS	*26*	2,357	2,178
TOTAL NET EQUITY		609,145	630,253
NON-CURRENT LIABILITIES			
FINANCIAL PAYABLES		230,350	237,780
- Bank loans and borrowings (long-term portion)	*27*	82,301	97,793
- Other financial payables (long-term portion)	*28*	148,049	139,987
DEFERRED TAX LIABILITIES	*18*	9,599	6,589
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		82,511	81,258
- Employee benefits	*29*	26,465	24,913
- Other provisions	*30*	56,046	56,345
TOTAL NON-CURRENT LIABILITIES		322,460	325,627
CURRENT LIABILITIES			
TRADE PAYABLES		321,997	351,731
FINANCIAL PAYABLES		83,339	115,333
- Bank loans and borrowings (short-term portion)	*27*	62,406	96,933
- Other financial payables (short-term portion)	*28*	20,933	18,400
CURRENT TAX LIABILITIES	*31*	27,995	30,597
OTHER PAYABLES	*32*	60,842	74,356
TOTAL CURRENT LIABILITIES		494,173	572,017
TOTAL NET EQUITY AND LIABILITIES		**1,425,778**	**1,527,897**

(*) As a result of the retroactive application of the new IAS 19 – Employee benefits the comparative figures were restated.

Appendix 3 reports the effect of related party transactions on the statement of financial position, as required by CONSOB Resolution 15519 of 27 July 2006.

CONSOLIDATED STATEMENT OF CASH FLOWS

(€/000)	*Notes*	1st half 2013	1st half 2012 (*)
Profit (loss) pertaining to the group		31,273	32,371
Income taxes for the period		11,701	11,379
Amortization and depreciation		21,183	16,088
Net change in provisions		(1,200)	(7,589)
Cash flow generated by current operations (A)		**62,957**	**52,249**
Change in assets and liabilities for the period:			
Trade receivables		145,849	146,459
Inventories		(95,909)	(76,418)
Trade payables		(19,980)	(24,797)
Other current assets and liabilities		(8,636)	(40,566)
Payment of income taxes		(13,513)	(15,549)
Cash flow generated (absorbed) by movements in working capital (B)		**7,811**	**(10,871)**
Cash flow generated by current operations and movements in working capital (A+B)		**70,768**	**41,378**
Investment activities:			
Investments in intangible assets		(3,931)	(3,751)
Other cash flows for intangible assets		(16)	23
Investments in property, plant and equipment		(20,771)	(30,147)
Other cash flows for property, plant and equipment		193	153
Net investments in equity investments and other financial assets		(635)	63
Cash flow absorbed by ordinary investment activities (C)		**(25,160)**	**(33,659)**
Dividends paid		43,355	(49,335)
Change in currency translation reserve		2,891	6,076
Increase (decrease) in minority interests in capital and reserves		179	12
New loans		-	123
Payment of interests on loans		3,769	(922)
Repayment of loans and other net changes in sources of finance		28,525	48,470
Cash flow generated (absorbed) by changes in net equity and by financing activities (D)		**78,361**	**4,424**
Cash flow for the period (A+B+C+D)		**32,753**	**12,143**
Opening cash and cash equivalents	*24*	**243,995**	**195,722**
Increase (decrease) in cash and cash equivalents (A+B+C+D)		(32,753)	12,143
Closing cash and cash equivalents	*24*	**211,242**	**207,865**

(*) As a result of the retroactive application of the new IAS 19 – Employee benefits the comparative figures were restated.
Appendix 2 presents the statement of cash flows at 30 June 2013 in terms of net financial position.

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

(€/000)	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	OTHER RESERVES	FAIR VALUE AND CASH FLOW HEDGE RESERVES	CURRENCY TRANSLATION RESERVE	PROFIT (LOSS) CARRIED FORWARD	PROFIT (LOSS) PERTAINING TO GROUP	GROUP PORTION OF NET EQUITY	MINORITY INTERESTS	TOTAL NET EQUITY
Balance at 31 December 2011 (published figures)	**448,500**	**325**	**9,693**	**61,425**	**18,433**	**621**	**229,795**	**90,248**	**859,040**	**4,237**	**863,277**
Demerger	(224,250)	(162)	(4,847)	(31,946)	(60)	(2,255)	(9,964)		(273,484)	(2,253)	(275,737)
IAS 19 application effects							(2,762)		(2,762)	(3)	(2,765)
Balance at 1st January 2012 (*)	**224,250**	**162**	**4,846**	**29,479**	**18,373**	**1,634**	**217,070**	**90,248**	**582,794**	**1,981**	**584,775**
Allocation of 2011 result as per AGM resolution of 24 April 2012											
- distribution of dividends				(12,857)			(36,478)		(49,335)		(49,335)
- allocation to reserves			1,802				88,446	(90,248)	-		-
Other changes in minority interests										(227)	(227)
Movements from transactions with shareholders	**-**	**-**	**1,802**	**(12,857)**	**-**	**-**	**51,968**	**(90,248)**	**(49,335)**	**(227)**	**(49,562)**
Profit (loss) after taxes								32,371	32,371	239	32,610
Other components of comprehensive income					(3,710)	8,558			4,848		4,848
Comprehensive income (loss)	**-**	**-**	**-**	**-**	**(3,710)**	**8,558**	**-**	**32,371**	**37,219**	**239**	**37,458**
Balance at 30 June 2012 (*)	**224,250**	**162**	**6,648**	**16,622**	**14,663**	**6,924**	**269,038**	**32,371**	**570,678**	**1,993**	**572,671**
Balance at 31 December 2012 (published figures)	**224,250**	**162**	**6,648**	**16,622**	**(125)**	**(5,547)**	**271,799**	**117,987**	**631,796**	**2,228**	**634,024**
IAS 19 application effects							(3,833)	112	(3,721)	(50)	(3,771)
Balance at 1st January 2013 (*)	**224,250**	**162**	**6,648**	**16,622**	**(125)**	**(5,547)**	**267,966**	**118,099**	**628,075**	**2,178**	**630,253**
Allocation of 2012 result as per AGM resolution of 23 April 2013											
- distribution of dividends							(43,355)		(43,355)		(43,355)
- allocation to reserves			2,400	2,236			113,463	(118,099)	-		-
Other changes in minority interests										(217)	(217)
Movements from transactions with shareholders	**-**	**-**	**2,400**	**2,236**	**-**	**-**	**70,108**	**(118,099)**	**(43,355)**	**(217)**	**(43,752)**
Profit (loss) after taxes								31,273	31,273	396	31,669
Other components of comprehensive income					4,247	(7,124)	(6,328)		(9,205)		(9,205)
Comprehensive income (loss)	**-**	**-**	**-**	**-**	**4,247**	**(7,124)**	**(6,328)**	**31,273**	**22,068**	**396**	**22,464**
Balance at 30 June 2013	**224,250**	**162**	**9,048**	**18,858**	**4,122**	**(12,671)**	**331,746**	**31,273**	**606,788**	**2,357**	**609,145**

(*) As a result of application of the new IAS 19 – Employee benefits the comparative figures were restated.

EXPLANATORY NOTES

GROUP BUSINESS

The De'Longhi Group is headed up by De'Longhi S.p.A., a company with its registered office in Treviso whose shares are listed on the Italian stock exchange run by Borsa Italiana.
The Group is active in the production and distribution of small appliances for food preparation and cooking, domestic cleaning and ironing, air conditioning and portable heaters; the companies included in the scope of consolidation are listed in Appendix 1 to the Explanatory notes.

ACCOUNTING STANDARDS

The half-year financial report includes the condensed consolidated financial statements, which have been prepared in accordance with IFRS (International Financial Reporting Standards) and particularly with the recommendations of IAS 34 – *Interim Financial Reporting*, which requires interim financial statements to be prepared in a condensed format with fewer disclosures than in annual financial statements.

The half-year condensed consolidated financial statements at 30 June 2013 comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, and the statement of changes in net equity, all of which have been prepared in a full format that is comparable with the annual consolidated financial statements.
The explanatory notes are presented in a condensed format and, therefore, are limited to the information needed by users to understand the financial statements for the first half of 2013.

These financial statements are presented in thousands of euro, unless unless otherwise indicated.

The half-year condensed consolidated financial statements have used the same consolidation procedures and accounting policies as those described in the annual report, to which the reader should refer, with the exception of a few standards and amendments effective as of 1 January 2013 described in the section "International financial reporting standards and/or interpretations adopted".

The publication of the half-year condensed consolidated financial statements for the period ended 30 June 2013 was authorized by the Board of Directors on 28 August 2013.

International financial reporting standards and/or interpretations adopted

The half-year condensed consolidated financial statements, drafted in accordance with IAS 34 – *Interim Financial Reporting,* were prepared using the same accounting principles used to prepare the consolidated financial statements at 31 December 2012, with the exception of what is described below.

New amendments and accounting standards applied by the Group for the first time

IAS 19 – *Employee Benefits*
The new version of the standard changes the way in which defined benefit plans are to be recognized and eliminates the corridor method used by the Group through 2012; consequently the actuarial gains and losses are recognized in the comprehensive income statement, while the changes in the pension fund relating to the cost of services and net interest are recognized in the income statement under operating costs and financial income/(expenses), respectively.
Based on the new standard the discount rate applied to the pension fund's net assets and liabilities should also be applied to net interest expense (income), eliminating the use of the expected rate of return of the assets servicing the plan.
As per par. 173 of the new standard, the new accounting rules were applied retroactively and, consequently, the original statement of financial position was restated. The main effects of IAS 19 application are shown below.

Impact on the statement of financial position:

	At 1 January 2012 (*)			At 31 December 2012		
	Published figures	Impact of the application of IAS 19 – amended	**Restated figures**	Published figures	Impact of the application of IAS 19 – amended	**Restated figures**
Deferred tax assets	32,821	915	33,736	40,791	534	**41,325**
Employee benefits	15,502	3,680	19,182	20,608	4,305	**24,913**
Total net equity	587,540	(2,765)	584,775	634,024	(3,771)	**630,253**
Of which:						
Group portion	*585,556*	*(2,762)*	*582,794*	*631,796*	*(3,721)*	***628,075***
Minority interests	*1,984*	*(3)*	*1,981*	*2,228*	*(50)*	***2,178***

(*) The figures refer to the De'Longhi Group post-demerger.

Impact on the income statement:

	1st Half 2012		
	Published figures	Impact of the application of IAS 19 – amended	**Restated figures**
Financial income/(expenses)	(14,245)	74	**(14,171)**
Taxes	(11,361)	(18)	**(11,379)**
Consolidated net profit	32,315	56	**32,371**

IAS 1 - *Presentation of Items of Other Comprehensive Income (OCI)*
The amendment to IAS 1 changes the grouping of the items recognized as other components of the statement of comprehensive income. Items that will not be subsequently reclassified to profit and loss for the year and items that will be subsequently reclassified, once certain conditions are satisfied, are to be shown separately in the statement.
The amendment affected solely the presentation of the figures and had no impact on the Group's financial position or results.

IFRS 13 – *Fair Value measurement*
The standard provides a single IFRS framework for measuring fair value when required or permitted under the accounting standards.
IFRS 13 application did not have any relevant impact on the Group's fair value measurements.

The Group did not adopt any standards, interpretations or amendments issued, but not in force, in advance.

Estimates
These half-year financial statements, prepared in accordance with IFRS, contain estimates and assumptions made by the Group relating to assets and liabilities, costs, revenues and contingent liabilities at the reporting date. These estimates are based on past experience and assumptions considered to be reasonable and realistic, based on the information available at the time of making the estimate.
The assumptions relating to these estimates are periodically reviewed and the related effects reflected in the income statement in the same period: actual results could therefore differ from these estimates.
For more information about the principal assumptions used by the Group see the section "Estimates and Assumptions" found in the notes to the consolidated financial statements at 31 December 2012.
The more complex valuations, including relative to the loss in value of non-current assets, are typically completed when the annual report is being prepared as all the necessary information is available, with the exception of any instances when impairment indicators evidence loss in value.
Similarly, the actuarial valuations needed to determine the provisions relative to employee benefits are normally carried out at year-end, when the annual report is prepared, with the exception of when a plan is amended or liquidated.

Translation of balances in foreign currencies

The following exchange rates have been used:

		30.06.2013		30.06.2012		% change		31.12.2012
Currency		**Period-end exchange rate (*)**	**Average exchange rate (*)**	**Period-end exchange rate (*)**	**Average exchange rate (*)**	**Period-end exchange rate**	**Average exchange rate**	**Period-end exchange rate (*)**
US dollar	USD	1.30800	1.31346	1.25900	1.29678	3.9%	1.3%	1.31940
British pound	GBP	0.85720	0.85116	0.80680	0.82249	6.2%	3.5%	0.81610
Hong Kong dollar	HKD	10.14770	10.19080	9.76580	10.06433	3.9%	1.3%	10.22600
Chinese renminbi (yuan)	CNY	8.02800	8.12939	8.00110	8.19181	0.3%	(0.8%)	8.22070
Australian dollar	AUD	1.41710	1.29662	1.23390	1.25604	14.8%	3.2%	1.27120
Canadian dollar	CAD	1.37140	1.33454	1.28710	1.30409	6.5%	2.3%	1.31370
Japanese yen	JPY	129.39000	125.46600	100.13000	103.36682	29.2%	21.4%	113.61000
Malaysian ringgit	MYR	4.13400	4.04164	3.99600	4.00264	3.5%	1.0%	4.03470
New Zealand dollar	NZD	1.67920	1.58777	1.57460	1.61292	6.6%	(1.6%)	1.60450
Polish zloty	PLN	4.33760	4.17808	4.24880	4.24428	2.1%	(1.6%)	4.0740
South African rand	ZAR	13.07040	12.12333	10.36690	10.29485	26.1%	17.8%	11.17270
Singapore dollar	SGD	1.65450	1.63316	1.59740	1.63910	3.6%	(0.4%)	1.61110
Russian rouble	RUB	42.84500	40.76413	41.37000	39.69780	3.6%	2.7%	40.32950
Turkish lira	TRY	2.52100	2.38179	2.28340	2.33599	10.4%	2.0%	2.35510
Czech koruna	CZK	25.94900	25.69742	25.64000	25.16847	1.2%	2.1%	25.15100
Swiss franc	CHF	1.23380	1.22986	1.20300	1.20476	2.6%	2.1%	1.20720
Brazilian real	BRL	2.88990	2.66880	2.57880	2.41510	12.1%	10.5%	2.70360
Croatian kuna	HRK	7.44950	7.56973	7.51780	7.54209	(0.9%)	0.4%	7.55750
Ukrainian hryvnia	UAH	10.55990	10.61770	10.17480	10.40608	3.8%	2.0%	10.58357
Indian Rupee	INR	77.72100	72.30698	70.12000	67.61013	10.8%	6.9%	72.56000
Romanian Leu	RON	4.46030	4.39233	4.45130	4.39040	0.2%	0.0%	4.44450
South Korean won	KRW	1,494.24000	1,450.76667	1,441.00000	1,480.62333	3.7%	(2.0%)	1,406.23000
Chilean Peso	CLP	664.25900	628.96133	636.58100	638.66417	4.3%	(1.5%)	631.72872
Swedish koruna	SEK	8.77730	8.52967	8.77280	8.88147	0.1%	(4.0%)	8.58200

(*) Source: Bank of Italy

CHANGE IN THE SCOPE OF CONSOLIDATION

There were no significant changes in the scope of consolidation in the first half of 2013.

SEASONALITY OF BUSINESS

The group's business is traditionally seasonal, with first-half revenues and profit proportionately lower than those of the year as a whole.

COMMENTS ON THE INCOME STATEMENT

1. REVENUES

Revenues, comprising revenues from sales and services and other revenues, are broken down by region as follows:

	1st half 2013	%	1st half 2012 (*)	%	Change	Change %
Western Europe	365,896	54.5%	348,356	54.1%	17,540	5.0%
Eastern Europe	68,605	10.2%	67,509	10.5%	1,096	1.6%
EUROPE	**434,501**	**64.8%**	**415,865**	**64.5%**	**18,636**	**4.5%**
MEIA	**62,803**	**9.4%**	**41,688**	**6.5%**	**21,115**	**50.6%**
APA	**173,523**	**25.9%**	**186,814**	**29.0%**	**(13,291)**	**(7.1%)**
Total revenues	**670,827**	**100.0%**	**644,367**	**100.0%**	**26,460**	**4.1%**

(*) Revenues for the first half of 2012 were partially reclassified for the sake of comparison with the first half of 2013.

More details about revenues by operating segment can be found in *note 37. Operating segments.*

"Other revenues" are broken down as follows:

	1st half 2013	1st half 2012	Change
Freight reimbursement	2,329	2,179	150
Out-of-period gains	1,898	2,238	(340)
Commercial rights	792	763	29
Loss compensation	224	484	(260)
Other income	7,015	4,607	2,408
Total	**12,258**	**10,271**	**1,987**

2. RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS

The breakdown is as follows:

	1st half 2013	1st half 2012	Change
Raw materials	190,203	201,746	(11,543)
Parts	142,673	128,161	14,512
Finished products	29,864	27,499	2,365
Other purchases	5,065	4,731	334
Total	**367,805**	**362,137**	**5,668**

3. CHANGE IN INVENTORIES

The breakdown is as follows:

	1st half 2013	1st half 2012	Change
Change in inventories of finished products and work in progress	88,404	73,492	14,912
Change in inventories of raw and ancillary materials, consumables and goods	7,092	2,325	4,767

Note 19. Inventories analyzes the changes in more detail. The difference between the overall change in inventories reported in the income statement and the change in balances reported in the statement of financial position is mainly due to differences arising on the translation of foreign company financial statements.

4. PAYROLL COSTS

These costs include €27,915 thousand in production-related payroll (€25,775 thousand at 30 June 2012).
The figures relating to the cost of employee benefits provided by certain group companies in Italy and abroad are reported in the note on provisions.

The following table analyzes the composition of the group's workforce at 30 June 2013:

	30.06.2013	30.06.2012	31.12.2012
Blue collar	3,317	3,205	3,165
White collar	2,607	2,309	2,442
Senior managers	95	89	87
Total	**6,019**	**5,603**	**5,694**

5. SERVICES AND OTHER OPERATING EXPENSES

These are detailed as follows:

	1st half 2013	1st half 2012	Change
Advertising and promotional expenses	61,611	53,644	7,967
Transport (for purchases and sales)	32,277	29,792	2,485
Subcontracted work	24,002	10,646	13,356
Rentals and leasing	16,134	13,569	2,565
Storage and warehousing	7,588	7,918	(330)
Travel	7,298	6,693	605
After-sale expenses	6,921	5,900	1,021
Consulting services	6,125	13,042	(6,917)
Commissions	4,392	4,295	97
Power	3,655	3,096	559
Insurance	2,200	2,154	46
Postage and telephones	1,862	1,961	(99)
Maintenance	1,443	1,320	123
Emoluments of directors and statutory auditors	1,219	1,197	22
Other sundry services	14,083	13,053	1,030
Total services	**190,810**	**168,280**	**22,530**
Sundry taxes	12,550	13,945	(1,395)
Out-of-period expenses	610	1,188	(578)
Other	2,338	2,031	307
Total other operating expenses	**15,498**	**17,164**	**(1,666)**
Total services and other operating expenses	**206,308**	**185,444**	**20,864**

The figure at 30 June 2013 includes non-recurring expenses for consultancies totalling €418 thousand (non-recurring expenses at 30 June 2012 amounted to €6,917 thousand and related primarily to the Braun transaction).

6. CONTINGENCY AND OTHER PROVISIONS

These include €10,477 thousand in provisions at 30 June 2013 and allowances for doubtful accounts of €670 thousand.
Please refer to note 30 - Non-current provisions for contingencies and other charges.

7. OTHER NON-RECURRING EXPENSES

"Other non-recurring expenses" amounted to €418 thousand at 30 June 2013 and refer to "Services and other operating expenses" (at 30 June 2012 they amounted to €7,917 thousand and were directly classified in the consolidated income statement).

The breakdown is as follows:

	1st half 2013	1st half 2012	Change
Braun Household transaction costs	-	6,200	(6,200)
Reorganization costs - commercial activities/restructuring	-	1,005	(1,005)
Other non-recurring expenses	418	712	(294)
Total non-recurring expenses	**418**	**7,917**	**(7,499)**

8. AMORTIZATION AND DEPRECIATION

These are detailed as follows:

	1st half 2013	1st half 2012	Change
Amortization of intangible assets	5,355	5,291	64
Depreciation of property, plant and equipment	15,828	10,797	5,031
Total	**21,183**	**16,088**	**5,095**

More details about amortization and depreciation can be found in the tables reporting movements in intangible assets and property, plant and equipment.

9. FINANCIAL INCOME (EXPENSES)

Net financial income and expenses are broken down as follows:

	1st half 2013	1st half 2012 (*)	Change
Income from equity investments	6	10	(4)
Financial income (expenses) from equity investments	**6**	**10**	**(4)**
Exchange differences and gains (losses) on currency hedges	**(4,173)**	**(3,393)**	**(780)**
Net interest expense and other bank charges	(5,661)	(3,942)	(1,719)
Financial discounts	(6,209)	(5,946)	(263)
Other financial income (expenses)	(2,297)	(900)	(1,397)
Other net financial income (expenses)	**(14,167)**	**(10,788)**	**(3,379)**
Financial income (expenses)	**(18,334)**	**(14,171)**	**(4,163)**

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

"Other financial income (expenses)" include the rate differentials on derivatives that hedge currency risk.

“Net interest expense and other bank charges" includes both interest payable on the Group's financial debt (recalculated using the amortized cost method), as well as the financial cost of factoring receivables without recourse.

10. INCOME TAXES FOR THE PERIOD

These are analyzed as follows:

	1st half 2013	1st half 2012 (*)	Change
Current income taxes:			
- Income taxes	10,985	15,406	(4,421)
- IRAP (Italian regional business tax)	1,704	1,569	135
Deferred (advance) income taxes	(988)	(5,596)	4,608
Total	**11,701**	**11,379**	**322**

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

"Deferred income tax liabilities (assets)" include the taxes calculated on the temporary differences arising between the accounting values of assets and liabilities and the corresponding tax base (particularly for taxed provisions recognized by the parent company and its subsidiaries). They also include the benefit arising from the carryforward of unused tax losses which are likely to be used in the future.

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: ASSETS

NON-CURRENT ASSETS

11. GOODWILL

	30.06.2013		31.12.2012		
	Gross	Net	Gross	Net	Change
Goodwill	122,625	115,878	122,355	115,608	270

Goodwill is not amortized because it is considered to have an indefinite useful life. Instead, it is tested for impairment at least once a year to identify any evidence of loss in value;

The following table shows how goodwill is allocated by CGU (cash generating unit):

Cash-generating unit	30.06.2013
De'Longhi	26,404
Kenwood	17,120
Braun	72,354
Totale	**115,878**

The objective of the impairment test is to determine the value in use of the CGU to which the goodwill refers, meaning the present value of the future cash flows expected to be derived from ongoing use of the assets; any cash flows arising from extraordinary events are therefore ignored.
In particular, value in use is determined using the discounted cash flow method for forecast cash flows contained in three-year plans approved by management.

The impairment test carried out at the end of 2012 on the basis of discount rates reflecting current market assessments of the time value of money and the risks specific to the individual cash-generating units, did not reveal any evidence that these assets might have suffered an impairment loss. No events of significance have occurred in the first half of 2013 such as might suggest that the carrying amount of trademarks could have suffered any impairment loss.
Further information can be found in the explanatory notes to the consolidated financial statements at 31 December 2012.

Estimating the recoverable amount of the CGUs requires management to make judgements and estimates. In fact, several factors also associated with developments in the difficult market context could make it necessary to reassess the value of goodwill. The group will be constantly monitoring those circumstances and events that might make it necessary to perform new impairment tests.

12. OTHER INTANGIBLE ASSETS

These are analyzed as follows:

	30.06.2013		31.12.2012		
	Gross	**Net**	**Gross**	**Net**	**Change**
New product development costs	55,882	11,097	54,932	12,321	(1,224)
Patents	33,012	6,858	32,847	7,199	(341)
Trademarks and similar rights	290,211	211,813	290,053	213,729	(1,916)
Work in progress and advances	6,465	6,465	4,395	4,395	2,070
Other	20,756	10,875	20,647	11,367	(492)
Total	**406,326**	**247,108**	**402,874**	**249,011**	**(1,903)**

The following table reports movements in the main asset categories during the first half 2013:

	New product development costs	Patents	Trademarks and similar rights	Work in progress and advances	Other	Total
Net opening balance	**12,321**	**7,199**	**213,729**	**4,395**	**11,367**	**249,011**
Additions	772	169	146	2,437	137	3,661
Amortization	(2,175)	(507)	(2,074)	-	(599)	(5,355)
Translation differences and other movements (*)	179	(3)	12	(367)	(30)	(209)
Net closing balance	**11,097**	**6,858**	**211,813**	**6,465**	**10,875**	**247,108**

(*) The amounts relating to "Other movements" mostly refer to reclassifications of certain intangible assets.

The principal additions refer to the capitalization of new product development projects, based on detailed reporting and analysis of the costs incurred and the estimated future utility of such projects.
The group has capitalized a total of €3,209 thousand in development costs as intangible assets during the first half of 2013, the increase of €772 thousand in "New product development costs" for projects already completed at 30 June 2013, and €2,437 thousand in "Work in progress and advances" for projects still in progress.
The group has incurred some €18.3 million in research and development costs during the first half of 2013 (€15.1 million in the first half of 2012).

"Patents" mostly refer to internal development costs and the subsequent cost of filing for patents and to costs for developing and integrating data processing systems.

"Trademarks and similar rights" include €79.8 million for the "De'Longhi" trademark, as well as €105 million (calculated based on the purchase price established in the independent expert's valuation) for the perpetual license over the Braun brand, treated as having an indefinite useful life under the criteria specified in IAS 38, taking into account, above all, brand awareness, economic performance, characteristics of the target market, the specific brand strategies and the amount of the investments made to support the brands.
The impairment test carried out at the end of 2012 on the basis of discount rates reflecting current market assessments of the time value of money and the risks specific to the individual cash-generating units, did not reveal any evidence that these assets might have suffered an impairment loss. No events of significance have occurred in the first half of 2013 such as might suggest that the carrying amount of trademarks could have suffered any impairment loss.

13. LAND, PROPERTY, PLANT AND MACHINERY

These are analyzed as follows:

	30.06.2013		31.12.2012		
	Gross	**Net**	**Gross**	**Net**	**Change**
Land and buildings	53,771	42,135	52,770	42,354	(219)
Plant and machinery	112,248	40,848	108,171	39,440	1,408
Total	**166,019**	**82,983**	**160,941**	**81,794**	**1,189**

The following table reports movements during 2013:

	Land and buildings	Plant and machinery	Total
Net opening balance	**42,354**	**39,440**	**81,794**
Additions	623	3,280	3,903
Depreciation	(1,370)	(2,691)	(4,061)
Translation differences and other movements	528	819	1,347
Net closing balance	**42,135**	**40,848**	**82,983**

The increase in "Plant and machinery" refers mainly to the purchase of plants in Romania.

The balance of property, plant and equipment includes the following assets purchased under finance lease (reported at their net book value):

	30.06.2013	31.12.2012	Change
Plant and equipment	5,376	5,647	(271)
Other	234	220	14
Total	**5,610**	**5,867**	**(257)**

Information on the financial liability arising under the related lease agreements can be found in *note 28. Other financial payables*.

14. OTHER TANGIBLE ASSETS

Details of other tangible assets are as follows:

	30.06.2013		31.12.2012		
	Gross	**Net**	**Gross**	**Net**	**Change**
Industrial and commercial equipment	223,585	42,947	215,750	41,734	1,213
Other	62,690	28,270	58,399	26,020	2,250
Work in progress and advances	8,670	8,670	9,036	9,036	(366)
Total	**294,945**	**79,887**	**283,185**	**76,790**	**3,097**

The following table reports movements during the first half 2013:

	Industrial and commercial equipment	Other	Work in progress and advances	Total
Net opening balance	**41,734**	**26,020**	**9,036**	**76,790**
Additions	8,437	5,114	3,317	16,868
Disposals	(22)	(72)	-	(94)
Depreciation	(7,897)	(3,870)	-	(11,767)
Translation differences and other movements	695	1,078	(3,683)	(1,910)
Net closing balance	**42,947**	**28,270**	**8,670**	**79,887**

The additions to "Industrial and commercial equipment" mostly refer to the purchase of moulds for manufacturing new products.

The increase in “Work in progress” is explained by the investments connected to the development of the Chinese subsidiary and the new plant in Romania.

15. EQUITY INVESTMENTS

The balance at 30 June 2013 reflects €741 thousand in equity investments in other companies, accounted for as available-for-sale financial assets

16. NON-CURRENT RECEIVABLES

The balance at 30 June 2013 comprises €2,898 thousand in security deposits (€2,340 thousand at 31 December 2012 for security deposits and €6 thousand in other non-current receivables).

17. OTHER NON-CURRENT FINANCIAL ASSETS

At 30 June 2013, these reflect €102 thousand in bonds held by subsidiaries (€109 thousand at 31 December 2012).

18. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are detailed as follows:

	30.06.2013	31.12.2012(*)	Change
Deferred tax assets	45,911	41,325	4,586
Deferred tax liabilities	(9,599)	(6,589)	(3,010)
Net asset balance	**36,312**	**34,736**	**1,576**

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

"Deferred tax assets" and "Deferred tax liabilities" include the taxes calculated on temporary differences between the carrying amount of assets and liabilities and their corresponding tax base (particularly taxed provisions recognized by the parent company and its subsidiaries) and the tax effects associated with the allocation of higher values to fixed assets as a result of allocating goodwill arising on consolidation. They also include the benefit arising from the carryforward of unused tax losses which are likely to be used in the future.

Details of the net balance are as follows:

	30.06.2013	31.12.2012 (*)	Change
Temporary differences	25,212	26,185	(973)
Tax losses	11,100	8,551	2,549
Net asset balance	**36,312**	**34,736**	**1,576**

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

The increase in the net asset balance was also impacted by two contrasting factors, as shown in the statement of comprehensive income, namely an increase in "Profit (loss) carried forward" recognized in net equity of €1,890 thousand relating to the recognition of actuarial gains/(losses) pursuant to the new IAS 19 – *Employee Benefits* and a reduction of €771 thousand in the "Fair value and cash flow hedge reserve".

CURRENT ASSETS

19. INVENTORIES

"Inventories", shown net of an allowance for obsolete and slow-moving goods, can be broken down as follows:

	30.06.2013	31.12.2012	Change
Finished products and goods	328,831	265,284	63,547
Raw, ancillary and consumable materials	41,284	33,186	8,098
Work in progress and semi-finished products	27,291	14,491	12,800
Inventory writedown allowance	(36,447)	(39,203)	2,756
Total	**360,959**	**273,758**	**87,201**

The value of inventories, influenced by seasonality, is stated after deducting an allowance for obsolete or slow-moving goods totalling €36,447 thousand (€39,203 thousand at 31 December 2012) in relation to products and raw materials no longer deemed to be of strategic interest to the Group.

20. TRADE RECEIVABLES

These are detailed as follows:

	30.06.2013	31.12.2012	Change
Trade receivables			
- due within 12 months	242,593	398,939	(156,346)
- due beyond 12 months	2	9	(7)
Allowance for doubtful accounts	(17,137)	(17,715)	578
Total trade receivables	**225,458**	**381,233**	**(155,775)**

Trade receivables, which are influenced by seasonality, are stated net of an allowance for doubtful accounts of €17,137 thousand, representing a reasonable estimate of the expected risk at the reporting date. The allowance refers to a number of disputed receivables or those whose collection is otherwise in doubt and takes account of the fact that a significant proportion of the receivables are covered by insurance policies with major insurers.

Movements in the allowance for doubtful accounts are shown in the following table:

	31.12.2012	Increases	Utilization	Translation differences and other movements	30.06.2013
Allowance for doubtful accounts	17,715	670	(614)	(634)	17,137

The Group has received guarantees from customers as collateral against trade balances and a significant portion of the receivables are also covered by insurance policies with primary reinsurers.

21. CURRENT TAX ASSETS

These are detailed as follows:

	30.06.2013	31.12. 2012	Change
Tax payments on account	3,258	2,826	432
Tax refunds requested	1,937	2,343	(406)
Other direct tax receivables	5,243	6,957	(1,714)
Total	**10,438**	**12,126**	**(1,688)**

There are no current tax assets due beyond 12 months.

22. OTHER RECEIVABLES

"Other receivables" are analyzed as follows:

	30.06.2013	31.12. 2012	Change
VAT	13,534	17,448	(3,914)
Other tax receivables	1,221	1,184	37
Advances to suppliers	4,665	4,275	390
Prepaid insurance costs	1,310	432	878
Employees	279	276	3
Other	7,149	9,374	(2,225)
Total	**28,158**	**32,989**	**(4,831)**

Other receivables include €8 thousand in amounts due beyond 12 months (€67 thousand at 31 December 2012).

23. CURRENT FINANCIAL RECEIVABLES AND ASSETS

"Current financial receivables and assets" are analyzed as follows:

	30.06.2013	31.12.2012	Change
Fair value of derivatives	9,148	2,460	6,688
Other financial receivables	4,867	13,616	(8,749)
Total	**14,015**	**16,076**	**(2,061)**

The fair value of outstanding financial instruments (derivatives hedging currency risk) at 30 June 2013 can be detailed as follows:

	Positive fair value
Hedges of 2013-2014 budget	7,140
Hedges against foreign currency receivables and payables	2,008
Total fair value	**9,148**

"Other financial receivables" mainly refer to receivables arising from the without-recourse factoring of receivables.

24. CASH AND CASH EQUIVALENTS

This balance consists of surplus liquidity in current bank accounts, mostly relating to customer payments received at the end of the period and temporary cash surpluses.
A few of the group's foreign companies have a total of €353.2 million in cash in current accounts held at the same bank. These cash balances form part of the international cash pooling system and are partially offset by €350.6 million in overdrafts at the same bank pertaining to other foreign companies. This bank therefore acts as a "clearing house" for the group's positive and negative cash balances. Considering the substance of the transactions and technical workings of the international cash pooling system, the positive and negative cash balances have been netted against one another in the consolidated statement of financial position, as allowed by IAS 32. The bank in question has been given a lien over all the cash balances within the international cash pooling system in respect of this service.

The cash balances at 30 June 2013 include €5,517 thousand in current accounts of a few subsidiaries which are restricted having been given as collateral.

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: NET EQUITY

NET EQUITY

Net equity is made up as follows:

	30.06.2013	31.12.2012 (*)	Change
Group portion	606,788	628,075	(21,287)
Minority interests	2,357	2,178	179
Total	**609,145**	**630,253**	**(21,108)**

(*)As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

The primary objective of the Group's capital management is to maintain a solid credit rating and adequate capital ratios in order to support its business and maximize value for shareholders.

Movements in the equity accounts are reported in one of the earlier schedules forming part of the financial statements; comments on the main components and their changes are provided below.

The annual general meeting (AGM) of De'Longhi S.p.A. held on 23 April 2013 approved a dividend totalling €43,335 thousand, which was paid in full during the semester.

25. SHARE CAPITAL

Share capital is made up of 149,500,000 ordinary shares of par value €1.5 each, for a total of €224,250 thousand.

26. RESERVES

These are analyzed as follows:

	30.06.2013	31.12.2012	Change
Share premium reserve	162	162	-
Legal reserve	9,048	6,648	2,400
Other reserves			
- Extraordinary reserve	18,858	16,622	2,236
- Fair value and cash flow hedge reserve	4,122	(125)	4,247
- Currency translation reserve	(12,671)	(5,547)	(7,124)
- Profit (loss) carried forward (*)	331,746	267,966	63,780
Total	**351,265**	**285,726**	**65,539**

(*)As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

The "Share premium reserve" was set up following the public offering at the time of the parent company's flotation on the Milan stock exchange on 23 July 2001. The residual amount of this reserve is €325 thousand at 31 December 2011; following the demerger transaction in favour of DeLclima S.p.A. the share premium reserve was reduced to €162 thousand.

The "Legal reserve" had a balance of €6,648 thousand at 31 December 2012. The increase of €2,400 thousand is explained by the allocation of profit for the year approved by shareholders during De'Longhi S.p.A.'s AGM held on 23 April 2013.

The "Extraordinary reserve" increased by €2,236 thousand due to the allocation of the profit for the year, as approved by shareholders during the above AGM.

The "Fair value and cash flow hedge reserve" reports a positive balance of €4,122 thousand, net of €776 thousand in tax.

The change in the "Fair value and cash flow hedge" reserve in the first half of 2013, recognized in the statement of comprehensive income for the half, is attributable to the fair value of the cash flow hedge and available-for-sale financial assets of €5,018 thousand net of €771 thousand in tax.

"Profit (loss) carried forward" includes the retained earnings of the consolidated companies and the effects of consolidation adjustments and adjustments to comply with Group accounting policies. The net increase posted in the half reflects the profit carried forward from the previous year of €113,463 thousand, net of the dividends paid which amounted to €43,355 thousand and the negative change in fair value of €6,328 thousand explained by the net actuarial losses on provisions for employee benefits (recognized in the statement of comprehensive income for the half).

Minority interests in net equity, which amount to €2,357 thousand (including the profit for the period of €396 thousand), refer to the minority interest (49%) held in E-Services S.r.l..

The net increase of €179 thousand in minority interests in net equity with respect to 31 December 2012 is due to the profit for the period attributable to minority interests of €396 thousand and to the distribution of dividends to minority shareholders of €217 thousand.

Below is a reconciliation between the net equity and profit reported by the parent company, De'Longhi S.p.A., and the figures shown in the consolidated financial statements:

	Net Equity 30.06.2013	**Profit (loss) after taxes 1st half 2013**
De'Longhi S.p.A. financial statements	**252,337**	**(6,572)**
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	358,703	42,459
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	35,174	(1,217)
Elimination of intercompany profits	(34,428)	(2,814)
Other adjustments	(2,641)	(187)
Consolidated financial statements	**609,145**	**31,669**
Minority interests	2,357	396
Group portion	**606,788**	**31,273**

NON-CURRENT LIABILITIES

27. BANK LOANS AND BORROWINGS

"Bank loans and borrowings" (including the current portion) are analyzed as follows:

	30.06.2013	31.12.2012	Change
Overdrafts	2,275	1,069	1,206
Short-term loans in euro or foreign currency	26,345	67,178	(40,833)
Long-term loans (current portion)	33,786	28,686	5,100
Total short-term bank loans and borrowings	**62,406**	**96,933**	**(34,527)**
Long-term loans, one to five years	82,301	97,793	(15,492)
Long-term loans, over five years	-	-	-
Total long term loans	**82,301**	**97,793**	**(15,492)**
Total bank loans and borrowings	**144,707**	**194,726**	**(50,019)**

Long-term loans comprise the following:

Loans (including short-term portion)	30.06.2013	31.12.2012
Bank of America – *Milan branch*	39,748	40,210
Intesa S.Paolo	39,739	39,676
Centrobanca – Banca Popolare di Vicenza	23,842	26,803
Banca Popolare Friuladria	4,320	5,750
Banca Popolare di Sondrio	1,729	5,110
Banca Popolare di Vicenza	4,263	4,739
Banca di Cividale	1,148	2,255
Banca di Treviso	1,298	1,936
Total long-term loans	**116,087**	**126,479**

No new loans were granted during the first half of 2013.

In 2012 two new loans were obtained for €40,000 thousand each from Bank of America and Intesa S.Paolo; both are 5-year floating rate loans and call for the observance of financial covenants, compliance with which will be verified every six months beginning 31 December 2012. These loans are repayable every six months beginning 31 December 2013. The covenants had not been breached at 30 June 2013.

The loans from Banca Popolare Friuladria, Centrobanca-Banca di Credito Finanziario e Mobiliare S.p.A. and Banca Popolare di Vicenza S.C.p.A., call for the observance of financial covenants (the ratio between net financial position and net equity and between net financial position and consolidated EBITDA), compliance with which is verified on an annual basis.

No other loans are subject to financial covenants.

All the loans carry floating-rate interest, meaning that interest is based on a benchmark rate (usually 1 or 3-month Libor/Euribor) plus a spread, which depends on the nature of the loan and its maturity. As a result, the fair value of loans, obtained by discounting expected future interest payments at current market rates, is not materially different from the value reported in the financial statements. This is based on the fact that forecasts of future interest payments use an interest rate which reflects current market conditions (in terms of benchmark interest rates).

28. OTHER FINANCIAL PAYABLES

This balance, inclusive of the current portion, is made up as follows:

	30.06.2013	31.12.2012	Change
Payables to lease companies (short-term portion)	1,085	1,170	(85)
Ministry of Industry loans (short-term portion)	497	547	(50)
Negative fair value of derivatives	3,077	4,362	(1,285)
Other short term financial payables	16,274	12,321	3,953
Total short-term payables	**20,933**	**18,400**	**2,533**
Payables to lease companies (one to five years)	3,191	3,457	(266)
Ministry of Industry loans (one to five years)	-	502	(502)
Private placement (one to five years)	5,755	5,713	42
Negative fair value of derivatives (one to five years)	6,741	5,605	1,136
Braun Household *earn-out*	65,049	63,785	1,264
Other financial payables (one to five years)	7,786	1,727	6,059
Total long-term payables (one to five years)	**88,522**	**80,789**	**7,733**
Payables to lease companies (beyond five years)	32	223	(191)
Private placement (beyond five years)	59,495	58,975	520
Total long-term payables (beyond five years)	**59,527**	**59,198**	**329**
Total other financial payables	**168,982**	**158,387**	**10,595**

The short-term portion of "Negative fair value of derivatives" refers to hedges on currencies, foreign currency receivables and payables, as well as on future revenue streams.
The long-term portion refers to the CCIRS (Cross Currency Interest Rate Swap) which covers both interest rate and exchange risk of the bond loan issued by the Parent Company, which calls for the exchange, on the same maturities as those of the bond loan, of interest payments and principal.
The fair value of outstanding financial instruments (derivatives hedging currency risk) at 30 June 2013 is detailed as follows:

	Negative fair value (short-term portion)	Negative fair value *(*long- term portion)
Hedges of 2012-2014 budget	2,163	-
Hedges against foreign currency receivables and payables	914	-
CCIRS hedging both exchange and interest rate risk of the bond loan	-	6,741
Total *fair value*	**3,077**	**6,741**

"Other short-term financial payables" refer primarily to balances arising as part of without-recourse factoring of receivables.
The long-term portion includes the financial payable of €6,052 thousand linked to the transfer by the UK subsidiary of pension fund liabilities to third parties (see section 29. Employee benefits below for additional information). It also includes the payables for the purchase of equity investments.

The item “Braun Household earn-out” refers to the potential variable consideration or earn-out payable under the Braun sales agreement linked to the sales performance of the Braun brand over the first five years (“CAGR”) following the acquisition, the present value of which was estimated to be €63.0 million at the closing date; the amount recognized under other financial payables includes the interest accrued at the date of the reporting period (which at 30 June 2013 amounted to €2,093 thousand).
The item “Private placement” refers to the unsecured notes placed with US institutional investors (the US Private Placement), completed in the prior year, for a total of USD 85,000 thousand (amounting to €65,250 thousand at 30 June 2013 based on the amortized cost method).

The securities were issued by De'Longhi S.p.A. in a single tranche and have a duration of 15 years. The bonds will accrue interest from the subscription date at a rate of 4.25%.
The bond loan will be repaid yearly in equal capital instalments beginning September 2017 and ending September 2027, without prejudice to the ability to repay the entire amount in advance, for an average life of 10 years.
The securities are unrated and are not intended to be listed on any regulated markets.
The bond loan is subject to financial covenants in line with those contemplated in other existing loan transactions.
The covenants had not been breached at 30 June 2013.
The issue is not secured by collateral of any kind.

All the principal other financial payables (with exception of private placement loan) carry floating-rate interest, meaning that interest is based on a benchmark rate (usually 1 or 3-month Libor/Euribor) plus a spread, which depends on the nature of the payable and its due date. As a result, the fair value of loans, obtained by discounting expected future interest payments at current market rates, is not materially different from the value reported in the financial statements. This is based on the fact that forecasts of future interest payments use an interest rate which reflects current market conditions (in terms of benchmark interest rates).
The bond loan was issued at a fixed rate, however the change in fair value is hedged by a Cross Currency Interest Rate Swap.

Net financial position

Details of the net financial position are as follows:

	30.06.2013	31.12.2012	Change
A. Cash	135	912	(777)
B. Cash equivalents	211,107	243,083	(31,976)
C. Securities	-	-	-
D. Total liquidity (A+B+C)	**211,242**	**243,995**	**(32,753)**
E. Current financial receivables and other securities	**14,015**	**16,076**	**(2,061)**
of which:			
Fair value of derivatives	*9,148*	*2,460*	*6,688*
F. Current bank loans and borrowings	(28,620)	(68,247)	39,627
G. Current portion of non-current debt	(33,786)	(28,686)	(5,100)
H. Other current financial payables	(20,933)	(18,400)	(2,533)
of which:			
Fair value of derivatives	*(3,077)*	*(4,362)*	*1,285*
I. Current financial debt (F+G+H)	**(83,339)**	**(115,333)**	**31,994**
J. Net current financial receivables (payables)(E+D+I)	**141,918**	**144,738**	**(2,820)**
Non-current financial receivables (*)	102	114	(12)
K. Non-current bank loans and borrowings	(82,301)	(97,793)	15,492
L. Bonds	(65,250)	(64,688)	(562)
M. Other non-current payables	(82,799)	(75,299)	(7,500)
of which:			
Fair value of derivatives	*(6,741)*	*(5,605)*	*(1,136)*
Financial debt on the pension fund transaction	*(6,052)*		*(6,052)*
Options on equity investments	*(1,734)*	*(1,727)*	*(7)*
Residual payables for Braun acquisition (earn-out)	*(65,049)*	*(63,785)*	*(1,264)*
N. Non-current financial debt (K+L+M)	**(230,248)**	**(237,666)**	**7,418**
Total	**(88,330)**	**(92,928)**	**4,598**

(*)The amount at 31 December 2012 differs from that reported in the statement of financial position in "Other non-current financial assets" because it includes €5 thousand in non-current financial receivables classified in "Receivables”.

For a better understanding of changes in the group's net financial position, reference should be made to the full consolidated statement of cash flows, appended to the present explanatory notes, and the condensed statement presented in the interim report on operations.
Details of financial receivables and payables with related parties are reported in Appendix 3.

29. EMPLOYEE BENEFITS

These are made up as follows:

	30.06.2013	31.12.2012(*)	Change
Provision for severance indemnities	10,650	10,657	(7)
Defined benefit plans	10,220	10,256	(36)
Short-term benefits	5,595	4,000	1,595
Total employee benefits	**26,465**	**24,913**	**1,552**

(*)As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

The provision for severance indemnities includes amounts payable to employees of the group's Italian companies and not transferred to supplementary pension schemes or the pension fund set up by INPS (Italy's national social security agency). This provision has been classified as a defined benefit plan, governed as such by *IAS 19 - Employee benefits*.

Some of the group's foreign companies provide defined benefit plans for their employees.
Some of these plans have assets servicing them, but severance indemnities, as an unfunded obligation, do not.
These plans are valued on an actuarial basis to express the present value of the benefit payable at the end of service that employees have accrued at the reporting date.

The amounts of the obligations and assets to which they refer are set out below:

Provision for severance indemnities:

Movements in the period are summarized below:

Net cost charged to income	**30.06.2013**
Current service cost	83
Interest cost on obligations	168
Total	**251**

Change in present value of obligations	
Present value at 1 January 2013 (*)	**10,657**
Current service cost	83
Utilization of provision	(258)
Interest cost on obligations	168
Present value at 30 June 2012	**10,650**

(*)As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

Defined benefit plans:

Movements in the period are as follows:

Net cost charged to income	**30.06.2013**
Current service cost	611
Return on plan assets	(867)
Actuarial gain and losses	-
Interest cost on obligations	787
Total	**531**

Change in present value of obligations	
Present value at 1 January 2013 (*)	**10,256**
Net cost charged to income	531
Benefits paid	(2,469)
Translation difference	(333)
Financial payable for the transfer of risks to third parties	(6,052)
Actuarial losses for the trasfer of risks to third parties	8,218
Other changes	69
Present value at reporting date	**10,220**

(*)As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

The outstanding liability at 30 June 2013 of €10,220 thousand (€10,256 thousand at 31 December 2012) refers to a few subsidiaries (mainly in Germany and Japan).

The subsidiary Kenwood Limited has a defined employee benefit plan, through an outside pension fund, which has financial assets and obligations to certain employees and former employees of the company (the fund has been closed to new entrants for several years).
Any deficit between the plan's financial assets and obligations is borne by the Group and has, therefore, been represented historically as a liability for employee benefits in previous consolidated financial statements, based on actuarial valuations and application of the corridor method; the new version of IAS 19, applicable beginning 1 January 2013, prohibits use of the corridor method used by the Group through 2012 (see the related note in *Principal Accounting Policies*).
In 2011 in view of the fund deficit, and the gradual increase in the net liability in recent years, the Group decided to reduce its exposure to the risk arising from this plan's obligations, just for beneficiaries who have already retired, by purchasing annuities which exactly cover the plan's benefits for the beneficiaries concerned. In the first half of 2013 the Group completed another transaction involving the other plan beneficiaries (the employees still actively employed by the Group) as a result of which the pension fund liabilities were transferred to third parties based on the “buy in” agreement stipulated with a premier insurance company which will be followed by a “full buy out” payable on the expiration date agreed upon.
Thanks to this additional transaction the Group has essentially neutralized the risk linked to this plan relative to all the beneficiaries; a partial delayed payment schedule was also agreed upon with the insurance company based on a which a financial payable of €6,052 thousand was recognized.
The actuarial loss resulting from the transaction described above was recognized in the statement of comprehensive income for the first half of 2013, in accordance with the new version of IAS 19.

The long-term benefits include the current value of extraordinary incentives relating to Group employees matured at the end of the reporting period.

30. NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES

The breakdown is as follows:

	30.06.2013	31.12.2012	Change
Agents’ leaving indemnity provision and other retirement provisions	2,031	2,094	(63)
Product warranty provision	33,758	34,511	(753)
Provisions for contingencies and other charges	20,257	19,740	517
Total non-current provisions for contingencies and other charges	**56,046**	**56,345**	**(299)**

Movements are as follows:

	31.12.2012	Utilization	Accrual	Other	30.06.2013
Agents’ leaving indemnity provision and other retirement provisions	2,094	(117)	54	-	2,031
Product warranty provision	34,511	(8,316)	8,150	(587)	33,758
Provisions for contingencies and other charges	19,740	(1,719)	2,273	(37)	20,257
Total	**56,345**	**(10,152)**	**10,477**	**(624)**	**56,046**

The agents’ leaving indemnity provision covers the payments that might be due to departing agents in accordance with art. 1751 of the Italian Civil Code, as applied by collective compensation agreements in force.

The product warranty provision has been established, for certain consolidated companies, on the basis of estimated under-warranty repair and replacement costs for sales taking place by 30 June 2013. It takes account of the provisions of Decree 24/2002 and of European Community law.

The "Provision for contingencies and other charges" includes the provision of €7,158 thousand (€7,234 thousand at 31 December 2012) for liabilities arising from product complaints (within the limits of the Group’s insurance deductible) and provisions made by the parent company, as well as a few subsidiaries, against various contingencies and liabilities relating to legal disputes.

CURRENT LIABILITIES

31. CURRENT TAX LIABILITIES

Tax liabilities due beyond 12 months amount to €5,807 thousand.

32. OTHER PAYABLES

These are detailed as follows:

	30.06.2013	31.12.2012	Change
Employees	27,452	24,701	2,751
Indirect taxes	8,965	22,910	(13,945)
Social security institutions	4,748	5,504	(756)
Withholdings payable	2,746	4,340	(1,594)
Advances	832	1,182	(350)
Other taxes	341	968	(627)
Other	15,758	14,751	1,007
Total	**60,842**	**74,356**	**(13,514)**

33. COMMITMENTS

These are detailed as follows:

	30.06.2013	31.12.2012	Change
Guarantees given to third parties	1,271	1,344	(73)
Other commitments	7,532	5,382	2,150
Total commitments	**8,803**	**6,726**	**2,077**

"Other commitments" consist mainly of contractual obligations pertaining to the subsidiaries.

In addition:
- as part of its factoring of trade receivables without recourse, the total exposure for which amounted to €99,607 thousand at 30 June 2013, the Group issued a surety and a credit mandate;
- the Group also issued guarantees in the name of DL Radiators S.p.A. of €12,738 thousand and Climaveneta S.p.A. of €5,573 thousand in relation to the 2009 and 2010 VAT declarations for which De'Longhi S.p.A. acted as the Group's consolidator for VAT refunds.

34. HIERARCHICAL LEVELS OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following table presents the hierarchical levels in which the fair value measurements of financial instruments have been classified at 30 June 2013. As required by IFRS 7, the hierarchy comprises the following levels:

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- level 3: inputs for the asset or liability that are not based on observable market data.

Financial instruments measured at fair value	**Level 1**	**Level 2**	**Level 3**
Derivatives:			
- derivatives with positive fair value	-	9.148	-
- derivatives with negative fair value	-	9.818	-
Available-for-sale financial assets:			
- equity investments	58	-	-
- other non-current financial assets	61	-	-

There were no transfers between the levels during the period.

35. TAX POSITION

The competent tax authorities have carried out the following inspections at companies within the De'Longhi Group as part of their programme of periodic taxpayer audits, the status of which is described below:

- De’Longhi Appliances S.r.l.: audit by the Treviso tax police of direct tax, VAT and other taxes for tax periods from 01/01/2007 to 29/05/2009, under the provisions of art. 27, par. 9 -11 of Decree 185/2008 (so-called tax tutorship). A preliminary notice of findings relating to tax year 2007 was issued on 23 December 2009, which the company appealed before the competent bodies. On 17 December 2012 the Veneto regional tax office issued a notice of assessment and on 15 January 2013 the company presented a petition for conciliation. At the date of this interim report a settlement had been finalized.
- Kenwood Appliances Ltd. and Kenwood Ltd.: an agreement relative to the objections raised through year-end 2010 pertaining, above all, to the application of Controlled Foreign Corporation rules is in the process of being formalized with the UK tax authorities.

When preparing the present consolidated financial statements, the group has evaluated, with the assistance of its tax advisors, the possible outcomes of the above proceedings which were still uncertain at the end of the reporting period.

36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Appendix 3 contains the information concerning transactions and balances with related parties required by CONSOB Circulars 97001574 dated 20 February 1997, 98015375 dated 27 February 1998 and DEM/2064231 dated 30 September 2002; all transactions have fallen within the group’s normal operations and have been settled under arm’s-length terms and conditions.

Transactions and balances between the parent company and subsidiaries are not reported since these have been eliminated upon consolidation.

37. OPERATING SEGMENTS

As required under IFRS 8, following the demerger transaction the group’s activities were broken down into three operating segments (Europe, APA, MEIA) based on business region.

Each segment is responsible for all aspects of the Group's brands and services different markets; the revenues and the margins, therefore, generated by each operating segment (based on business region) may not coincide with the revenues and margins of the relative markets (based on geographic area) given the sales made by a few group companies outside of their respective geographical areas and the intragroup transactions not allocated based on destination.

Information relating to operating segments is presented below:

Income statement data

			1st half 2013		
	Europe	*APA*	*MEIA*	Eliminations (**)	Consolidated total
Revenues (*)	**490,080**	**362,270**	**58,122**	**(239,645)**	**670,827**
EBITDA	**50,487**	**23,835**	**8,617**	**(52)**	**82,887**
Amortization and depreciation	(16,970)	(4,189)	(24)	0	(21,183)
EBIT	**33,517**	**19,646**	**8,593**	**(52)**	**61,704**
Financial income (expenses)					(18,334)
Profit (loss) before taxes					**43,370**
Income taxes					(11,701)
Profit (loss) after taxes					**31,669**
Profit (loss) pertaining to minority interests					396
Profit (loss) for the period					**31,273**

(*) The revenues for each segment include revenues generated by both third parties and other Group operating segments.
(**) Eliminations refer to intersegment revenues generated and eliminated on a consolidated basis.

Statement of financial position

			30 June 2013		
	Europe	*APA*	*MEIA*	Eliminations	Consolidated total
Total assets	950,592	553,765	57,444	(136,023)	1,425,778
Total liabilities	(671,117)	(242,351)	(39,202)	136,037	(816,633)

Income statement data

	30 June 2012 (*)				
	Europe	*APA*	*MEIA*	Eliminations (***)	Consolidated total
Revenues (**)	**472,183**	**394,080**	**40,132**	**(262,028)**	**644,367**
EBITDA	**37,001**	**33,207**	**4,212**	**(172)**	**74,248**
Amortization and depreciation	(12,766)	(3,301)	(21)	-	(16,088)
EBIT	**24,235**	**29,906**	**4,191**	**(172)**	**58,160**
Financial income (expenses)					(14,171)
Profit (loss) before taxes					**43,989**
Income taxes					(11,379)
Profit (loss) after taxes					**32,610**
Profit (loss) pertaining to minority interests					239
Profit (loss) for the period					**32,371**

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.
(**) The revenues for each segment include revenues generated by both third parties and other Group operating segments.
(***) Intersegment revenues refer to transactions between operating segments, eliminated on a consolidated basis..

Statement of financial position

	30 June 2012 (*)				
	Europe	*APA*	*MEIA*	Eliminations	Consolidated total
Total assets	770,192	592,531	45,097	(184,600)	1,223,220
Total liabilities	(448,956)	(347,466)	(38,739)	184,612	(650,549)

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

38. RISK MANAGEMENT

The Group is exposed to the following financial risks as part of its normal business activity: credit, liquidity and market risks (relating primarily to currency and interest rate).
This condensed half-year financial report does not contain all the information and explanatory notes relative to financial risk management that must be included in the annual report. For additional information in this regard refer to the notes to the consolidated financial statements at 31 December 2012.

39. SUBSEQUENT EVENTS

There have been no significant events since the end of the reporting period.

Treviso, 28 August 2013

De'Longhi S.p.A.
Vice Chairman and Chief Executive Officer
Fabio de' Longhi

APPENDICES

These appendices contain additional information to that reported in the explanatory notes, of which they form an integral part.

This information is contained in the following appendices:

1. List of consolidated companies
2. Statement of cash flows in terms of net financial position
3. Transactions and balances with related parties:
    a) *Income statement and statement of financial position*
    b) *Summary by company*

List of consolidated companies
(Appendix 1 to the Explanatory Notes)

LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Company name	Registered office	Currency	Share capital (1)	Interest held at 30/06/2013	
				Directly	Indirectly
LINE-BY-LINE METHOD:					
DE'LONGHI APPLIANCES S.R.L.	Treviso	EUR	200,000,000.00	100%	
DE'LONGHI AMERICA INC.	Upper Saddle River	USD	9,100,000.00		100%
DE'LONGHI FRANCE S.A.R.L.	Clichy	EUR	2,737,500.00		100%
DE'LONGHI CANADA INC.	Mississauga	CAD	1.00		100%
DE'LONGHI DEUTSCHLAND GMBH	Neu-Isenburg	EUR	2,100,000.00		100%
DE'LONGHI ELECTRODOMESTICOS ESPANA S.L.	Barcellona	EUR	3,066.00		100%
DE'LONGHI CAPITAL SERVICES S.R.L. (2)	Treviso	EUR	53,000,000.00	11.;32%	88.;68%
E- SERVICES S.R.L.	Treviso	EUR	50,000.00	51%	
DE'LONGHI KENWOOD A.P.A. LTD	Hong Kong	HKD	73,010,000.00		100%
TRICOM INDUSTRIAL COMPANY LIMITED	Hong Kong	HKD	171,500,000.00		100%
PROMISED SUCCESS LIMITED	Hong Kong	HKD	28,000,000.00		100%
ON SHIU (ZHONGSHAN) ELECTRICAL APPLIANCE CO.LTD.	Zhongshan City	CNY	USD 6,900,000.00		100%
DE'LONGHI-KENWOOD APPLIANCES (DONG GUAN) CO.LTD.	Qing Xi Town	CNY	HKD 207,103,600.00		100%
DE'LONGHI HOUSEHOLD S.A.	Luxembourg	EUR	181,730,990.00	100%	
DE'LONGHI JAPAN CORPORATION	Tokyo	JPY	50,000,000.00		100%
DE'LONGHI AUSTRALIA PTY LTD.	Prestons	AUD	28,800,001.00		100%
DE'LONGHI NEW ZEALAND LTD.	Auckland	NZD	18,857,143.00		100%
ALABUGA INTERNATIONAL S.A.	Luxembourg	EUR	200,000.00		100%
ZASS ALABUGA LLC	Elabuga	RUB	95,242,767.00		100%
DE'LONGHI LLC	Mosca	RUB	644,820,000.00		100%
DL TRADING (SHENZEN) COMPANY CO. LTD.	Shenzen	CNY	USD 1,543,000		100%
KENWOOD APPLIANCES LTD.	Havant	GBP	30,586,001.00		100%
DE'LONGHI BENELUX S.A.	Luxembourg	EUR	1,000,000.00		100%
KENWOOD LIMITED	Havant	GBP	25,050,000.00		100%
KENWOOD INTERNATIONAL LTD.	Havant	GBP	20,000,000.00		100%
KENWOOD APPL. (SINGAPORE) PTE LTD.	Singapore	SGD	500,000.00		100%
KENWOOD APPL. (MALAYSIA) SDN.BHD.	Subang Jaya	MYR	150,003.00		100%
DE'LONGHI-KENWOOD GMBH	Wr Neudorf	EUR	36,336.00		100%
KENWOOD HOME APPL. PTY LTD.	Maraisburg	ZAR	96,372,500.00		100%
DE'LONGHI KENWOOD HELLAS S.A.	Atene	EUR	452,520.00		100%
DE'LONGHI PORTUGAL UNIPESSOAL LDA	Maia	EUR	5,000.00		100%
ARIETE DEUTSCHLAND GMBH	Dusseldorf	EUR	25,000.00		100%
CLIM.RE. S.A.	Luxembourg	EUR	1,239,468.00	4%	96%
ELLE SRL	Treviso	EUR	10,000.00		100%
DE'LONGHI BOSPHORUS EV ALETLERI TICARET ANONIM SIRKETI	Istanbul	TRY	18,100,000.00		100%
DE'LONGHI PRAGA S.R.O.	Praga	CZK	200,000.00		100%
KENWOOD SWISS AG	Baar	CHF	1,000,000.00		100%
DL HRVATSKA D.O.O.	Zagabria	HRD	20,000.00		100%
DE'LONGHI BRASIL - COMÉRCIO E IMPORTAÇÃO Ltda	São Paulo	BRL	35,954,946.00		100%
DE'LONGHI POLSKA SP. Z.O.O.	Varsavia	PLN	50,000		100%
DE'LONGHI LTD.	Wellingborough	GBP	4,000,000.00		100%
DE'LONGHI APPLIANCES TECHNOLOGY SERVICES (Shenzen) Co. Ltd	Shenzen	CNY	USD 175,000.00		100%
DE'LONGHI UKRAINE LLC	Kiev	UAH	549,843.20		100%
DE'LONGHI TRADING (SHANGHAI) CO. LTD	Shanghai	CNY	USD 945,000.00		100%
DE'LONGHI KENWOOD MEIA F.ZE	Dubai	USD	AED 2,000,000.00		100%
DE'LONGHI ROMANIA S.R.L.	Cluj-Napoca	RON	27,399,380.00		100%

DE'LONGHI KENWOOD KOREA LTD	Seoul	KRW	100,000,000.00	100%
ZHONGSHAN NEW AN SHENG ELECTRICAL APPLIANCES CO.LTD	Zhongshan City	CNY	USD 14,300,000.00	100%
DE'LONGHI BRAUN HOUSEHOLD GMBH	Neu-Isenburg	EUR	100,000.00	100%
DL CHILE S.A.	Santiago del Cile	CLP	3,000,000.00	100%
DE'LONGHI SCANDINAVIA	Stockholm	SEK	5,000,000.00	100%

PROPORTIONATE METHOD:				
DL-TCL HOLDINGS (HK) LTD.	Hong Kong	HKD	USD 5,000,000	50%
TCL-DE'LONGHI HOME APPLIANCES (ZHONGSHAN) CO.LTD.	Zhongshan City	CNY	USD 5,000,000	50%

OTHER SUBSIDIARIES (IN LIQUIDATION OR DORMANT)

Company name	Registered office	Currency	Share capital
Subsidiary companies: (3)			
Kenwood Appliances Inc.	Wilmington	USD	25,000

(1) Figures at 30 June 2013; unless otherwise specified.
(2) The articles of association; approved by the extraordinary shareholders' meeting held on 29 December 2004; give special rights to De'Longhi S.p.A. (holding 89% of the voting rights) for ordinary resolutions (approval of financial statements; declaration of dividends; nomination of directors and statutory auditors; purchase and sale of companies; grant of loans to third parties); voting rights are proportional as far as other resolutions are concerned; except for the preferential right to receive dividends held by the shareholder Kenwood Appliances Ltd.
(3) Dormant company; whose financial statements are unavailable.

Statement of cash flows in terms of net financial position (*)

(Appendix 2 to the Explanatory Notes)

(€/000)	1st half 2013	1st half 2012 (*)
Profit (loss) pertaining to the group	31,273	32,371
Income taxes for the period	11,701	11,379
Amortization and depreciation	21,183	16,088
Net change in provisions	(1,200)	(7,589)
Cash flow generated by current operations (A)	**62,957**	**52,249**
Change in assets and liabilities for the period:		
Trade receivables	145,849	146,459
Inventories	(95,909)	(76,418)
Trade payables	(19,980)	(24,797)
Other current assets and liabilities	(8,636)	(40,566)
Payment of income taxes	(13,513)	(15,549)
Cash flow generated (absorbed) by movements in working capital (B)	**7,811**	**(10,871)**
Cash flow generated by current operations and movements in working capital (A+B)	**70,768**	**41,378**
Investment activities:		
Investments in intangible assets	(3,931)	(3,751)
Other cash flows for intangible assets	(16)	23
Investments in property, plant and equipment	(20,771)	(30,147)
Other cash flows for property, plant and equipment	193	153
Net investments in equity investments and other financial assets	(635)	63
Cash flow absorbed by ordinary investment activities (C)	**(25,160)**	**(33,659)**
Dividends paid	(43,355)	(49,335)
Fair Value and Cash Flow hedge reserve	5,014	(4,379)
Actuarial losses on pension fund operation	(6,052)	-
Change in currency translation reserve	3,204	4,175
Increase (decrease) in minorities	179	12
Cash flow absorbed by changes in net equity (D)	**(41,010)**	**(49,897)**
Cash flow for the period (A+B+C+D)	**4,598**	**(42,178)**
Opening net financial position	**(92,298)**	**117,399**
Cash flow for the period (A+B+C+D)	4,598	(42,178)
Closing net financial position	**(88,330)**	**75,221**

(*) Net financial position represents cash and cash equivalents and other financial receivables less gross financial debt. More details about its composition can be found in the earlier note on *Net financial position*.
(**)As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

Transactions and balances with related parties

(Appendix 3 to the Explanatory Notes)

(€/000)	1st half 2013	of which with related parties	1st half 2012 (*)	of which with related parties
Revenues from sales and services	658,569	738	643,096	2,645
Other revenues	12,258	828	10,271	1,606
Total consolidated revenues	***670,827***		***644,367***	
Raw and ancillary materials, consumables and goods	(367,805)	(228)	(362,137)	(588)
Change in inventories of finished products and work in progress	88,404		73,492	
Change in inventories of raw and ancillary materials, consumables and goods	7,092		2,325	
Materials consumed	***(272,309)***		***(286,320)***	
Payroll costs	(98,176)		(88,184)	
Services and other operating expenses	(206,308)	(2,844)	(185,444)	(3,052)
Provisions	(11,147)		(10,171)	
Amortization and depreciation	(21,183)		(16,088)	
EBIT	**61,704**		**58,160**	
Financial income (expenses)	(18,334)		(14,171)	376
PROFIT (LOSS) BEFORE TAXES	**43,370**		**43,989**	
Income taxes	(11,701)		(11,379)	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES	**31,669**		**32,610**	
Profit (loss) pertaining to minority interests	396		239	
PROFIT (LOSS) PERTAINING TO THE GROUP	**31,273**		**32,371**	

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

ASSETS (€/000)	30.06.2013	of which with related parties	31.12.2012 (*)	of which with related parties
NON-CURRENT ASSETS				
INTANGIBLE ASSETS	362,986		364,619	
- Goodwill	115,878		115,608	
- Other intangible assets	247,108		249,011	
PROPERTY, PLANT AND EQUIPMENT	162,870		158,584	
- Land, property, plant and machinery	82,983		81,794	
- Other tangible assets	79,887		76,790	
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	3,741		3,192	
- Equity investments (in other companies)	741		737	
- Receivables	2,898		2,346	6
- Other non-current financial assets	102		109	
DEFERRED TAX ASSETS	45,911		41,325	
TOTAL NON-CURRENT ASSETS	575,508		567,720	
CURRENT ASSETS				
INVENTORIES	360,959		273,758	
TRADE RECEIVABLES	225,458	3,409	381,323	4,422
CURRENT TAX ASSETS	10,438		12,126	
OTHER RECEIVABLES	28,158	242	32,989	465
CURRENT FINANCIAL RECEIVABLES AND ASSETS	14,015	1,705	16,076	1,694
CASH AND CASH EQUIVALENTS	211,242		243,995	
TOTAL CURRENT ASSETS	850,270		960,177	
TOTAL ASSETS	**1,425,778**		**1,527,897**	

NET EQUITY AND LIABILITIES (€/000)	30.06.2013	of which with related parties	31.12.2012 (*)	of which with related parties
NET EQUITY				
GROUP PORTION OF NET EQUITY	606,788		628,075	
- Share capital	224,250		224,250	
- Reserves	351,265		285,726	
- Profit (loss) pertaining to the group	31,273		118,099	
MINORITY INTERESTS	2,357		2,178	
TOTAL NET EQUITY	609,145		630,253	
NON-CURRENT LIABILITIES				
FINANCIAL PAYABLES	230,350		237,780	
- Bank loans and borrowings (long-term portion)	82,301		97,793	
- Other financial payables (long-term portion)	148,049		139,987	
DEFERRED TAX LIABILITIES	9,599		6,589	
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	82,511		81,258	
- Employee benefits	26,465		24,913	
- Other provisions	56,046		56,345	
TOTAL NON-CURRENT LIABILITIES	322,460		325,627	
CURRENT LIABILITIES				
TRADE PAYABLES	321,997	1,308	351,731	660
FINANCIAL PAYABLES	83,339		115,333	
- Bank loans and borrowings (short-term portion)	62,406		96,933	
- Other financial payables (short-term portion)	20,933	2,779	18,400	2,779
CURRENT TAX LIABILITIES	27,995		30,597	
OTHER PAYABLES	60,842	1,152	74,356	1,323
TOTAL CURRENT LIABILITIES	494,173		572,017	
TOTAL NET EQUITY AND LIABILITIES	**1,425,778**		**1,527,897**	

(*) As a result of the retroactive application of the new IAS 19 – *Employee benefits* the comparative figures were restated.

Transactions and balances with related parties - Summary by company

In compliance with the guidelines and methods for identifying significant transactions; especially those with related parties covered by the De'Longhi S.p.A. rules on corporate governance; we shall now present the following information concerning income and expenses for the first half 2013 and credit/debit balances at 30 June 2013 from related party transactions:

(€/million)	Revenues	Raw material and other costs	Financial income (expenses)	Trade and other receivables	Financial receivables	Trade and other payables	Financial payables
Related parties: (1)							
DeLClima S.p.A.	-	-	-	0.1	0.1	-	-
Chat Union Climaveneta CO LTD	-	-	-	-		-	2.8
Climaveneta Chat Union R.E. (Shangai) Co Ltd	-	-	-	-	1.6	-	-
Climaveneta S.p.A.	0.6	0.3		1.5	-	1.5	-
DL Radiators S.p.A.	0.6	0.2	-	1.8	-	0.6	-
R.C. Group S.p.A.	-	-	-	0.1	-	0.4	-
Altre società del Gruppo DeLClima	0.1	-	-	-	-	-	-
Gamma S.r.l.	0.1	2.5	-	0.1	-	-	-
Mokarabia S.p.a.	0.1	-	-	-	-	-	-
TOTAL RELATED PARTIES	**1.6**	**3.1**	**-**	**3.6**	**1.7**	**2.5**	**2.8**

(1) These mostly refer to dealings of a commercial nature.

Starting from January 2012; following the demerger already mentioned; DeLclima S.p.A. and its subsidiaries became related parties; since controlled by common shareholders.
The transactions between the De'Longhi Group and the DeLclima Group are limited to financial and administrative services which continue to be provided by De'Longhi to DeLclima (primarily payroll and IT services).
Still there are some transactions referred to the production/purchase of finished and semi-finished products (mainly from China) then sold to DeLclima Group; under arm's-length terms and conditions.
The receivables/payables relative to Climaveneta S.p.A.; DL Radiators S.p.A. and RC Group S.p.A. refer primarily to the tax receivables/payables from previous years when the companies were part of De'Longhi S.p.A.'s tax group.

In addition; during the first half the parent company De'Longhi S.p.A. recharged Giuseppe de'Longhi (Chairman of the Board of Directors) €0.4 million for the cost of a few services incurred in the period.

Certification of the half-year condensed consolidated financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 dated 14 May 1999 and subsequent amendments and additions

The undersigned Fabio de'Longhi; Vice Chairman and Chief Executive Officer; and Stefano Biella; as Financial Reporting Officer of De'Longhi S.p.A.; attest; also taking account of the provisions of paragraphs 3 and 4; art. 154-*bis*; of Decree 58 dated 24 February 1998:

that the accounting and administrative processes for preparing the half-year condensed consolidated financial statements during the first half of 2013:

- have been adequate in relation to the company's characteristics and
- have been effectively applied.

They also certify that the half-year condensed consolidated financial statements at 30 June 2013:

- have been prepared in accordance with the applicable International Financial Reporting Standards adopted by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
- correspond to the underlying accounting records and books of account;
- are able to provide a true and fair view of the issuer's statement of financial position and results of operations and of the group of companies included in the consolidation.

Lastly; they certify that the interim report on operations contains references to important events that took place in the first six months of the year and their impact on the half-year condensed consolidated financial statements; together with a description of the principal risks and uncertainties in the remaining six months of the year; as well as information on significant related party transactions.

Treviso; 28 August 2013

Fabio de' Longhi
Vice Chairman and Chief Executive Officer

Stefano Biella
Financial Reporting Officer

Reconta Ernst & Young S.p.A.
Viale Appiani, 20/b
31100 Treviso

Tel. (+39) 0422 358811
Fax (+39) 0422 433026
www.ey.com

Auditors' review report on the half-year condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of De'Longhi S.p.A.

1. We have reviewed the half-year condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in net equity, the consolidated statement of cash flows and the related explanatory notes, of De'Longhi S.p.A. and subsidiaries (the "De'Longhi Group") as of June 30, 2013. The Directors of De'Longhi S.p.A. are responsible for the preparation of the half-year condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the half-year condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the half-year condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

   With respect to the comparative data related to the consolidated financial statements of the prior year, the half-year condensed consolidated financial statements of the corresponding period of the prior year, all restated as a result of the retrospective application of the amendments to IAS 19 and to IAS 1, as described in the related notes, reference should be made to our report issued respectively on March 27, 2013 and on August 28, 2012. We have examined the methods used to restate the comparative financial data and the information presented in the notes in this respect for the purposes of issuing this review report.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of De'Longhi Group as of June 30, 2013 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, August 28, 2013

Reconta Ernst & Young S.p.A.
Signed by: Stefano Marchesin, Partner

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

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

This report is available on the corporate website :
www.delonghi.it

De'Longhi S.p.A.
Registered office: Via L. Seitz; 47 – 31100 Treviso
Share capital: Eur 224;250;000
Tax ID and Company Register no.: 11570840154
Treviso Chamber of Commerce no.: 224758
VAT no.: 03162730265