DēLonghi Group

Half-year financial report at 30 June 2014

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 2014	% revenues	2nd quarter 2013 (*)	% revenues	Change	% change
Revenues	362.0	100.0%	346.7	100.0%	15.3	4.4%
Constant currency revenues	*375.7*		*346.1*		*29.6*	*8.6%*
Net industrial margin	166.4	46.0%	166.8	48.1%	(0.3)	(0.2%)
EBITDA before non-recurring income/expenses	41.1	11.3%	38.6	11.1%	2.5	6.5%
Constant currency EBITDA before non-recurring income/expenses	*44.2*	*11.8%*	*36.4*	*10.5%*	*7.8*	*21.3%*
EBITDA	41.1	11.4%	38.1	11.0%	3.0	7.8%
EBIT	29.9	8.2%	27.5	7.9%	2.4	8.5%
Constant currency EBIT	*33.0*		*25.4*		*7.6*	*29.9%*

First-Half income statement

(€/million)	1st half 2014	% revenues	1st half 2013 (*)	% revenues	Change	% change
Revenues	700.1	100.0%	662.2	100.0%	37.9	5.7%
Constant currency revenues	*729.0*		*661.5*		*67.5*	*10.2%*
Net industrial margin	327.5	46.8%	326.9	49.4%	0.6	0.2%
EBITDA before non-recurring income/expenses	87.2	12.5%	82.8	12.5%	4.4	5.3%
Constant currency EBITDA before non-recurring income/expenses	*95.6*	*13.1%*	*79.8*	*12.1%*	*15.9*	*19.9%*
EBITDA	87.2	12.5%	82.4	12.4%	4.8	5.8%
EBIT	65.2	9.3%	61.3	9.3%	3.9	6.3%
Constant currency EBIT	*73.7*		*58.3*		*15.4*	*26.4%*
Profit (loss) pertaining to the group	33.0	4.7%	31.7	4.8%	1.3	4.1%

(*) Comparative data were restated following the retrospective application of IFRS 11 - *Joint arrangements* and also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - *Business combinations*.

Statement of financial position

(€/million)	30.06.2014	30.06.2013 (*)	31.12.2013 (**)
Net working capital	245.3	216.6	226.7
Net operating working capital	282.0	267.7	277.3
Net capital employed	708.7	671.5	679.0
Net debt/(Net financial assets)	65.1	61.7	9.0
of which:			
- *Net bank financial position*	*9.0*	*20.3*	*(40.9)*
- *Other financial payables/(receivables) (***)*	*56.1*	*41.4*	*49.9*
Net equity	643.7	609.9	669.9
Net working capital/Net revenues	14.8%	14.1%	14.0%
Net operating working capital/Net revenues	17.0%	17.4%	17.1%

(*) Figures at 30 June 2013 were restated following the retrospective application of IFRS 11 - *Joint arrangements* and also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - *Business combinations*.
(**) Figures at 31 December 2013 were restated following the retrospective application of IFRS 11 - *Joint arrangements.*
(***) 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

In the second quarter of 2014 the unfavorable market situation continued due to the political crisis in a few countries (above all in the Ukraine and a few countries in the MEIA region) and the adverse exchange effect caused by the strengthening of the Euro against the currencies of the principal markets where the Group operates (above all the Japanese yen, the Australian dollar, South African rand, Russian ruble and the Ukrainian hyrvnia), albeit to a lesser degree than in the first quarter.
Despite this difficult environment, the Group's revenues rose in the second quarter of 2014 by +4.4% or €15.3 million against the second quarter of 2013 to €362.0 million (at constant exchange rates growth reached €29.6 million or +8.6%).
Revenues for the entire first half of 2014 amounted to €700.1 million (an increase of €37.9 million or +5.7% with respect to the first half of 2013); at constant exchange rates (determined by calculating the revenues recorded in the first half of 2014 in currencies other than Euro based on the average exchange rate recorded in the first half of 2013 and adjusted for hedging) growth reached +10.2% or €67.5 million.

The good results posted in the second quarter of 2014, which confirm the growth trend begun in the first quarter, demonstrate the validity of the Group's strategy to focus on the development of global brands while concentrating operations on the premium product segments in which the De'Longhi brand coffee machines and Kenwood brand kitchen machines are leaders.
As a result of the acquisition from Procter & Gamble of the Braun Household brand, this specialized premium brand which focuses on everyday products was added to the historic brands, De'Longhi and Kenwood, which are focused on more niche products.
After a first year as a start-up during which the organizational structure, as well as the commercial and investments policies were finalized, in first half 2014 Braun posted double digit growth in sales with respect to first half 2013, in line with expectations.

In terms of markets, a positive performance was recorded across all geographical areas: Europe led the way thanks to contributions from both the North East (+15.1%) and the South West (+3.7%).
Of note in North East Europe are the good results recorded in the United Kingdom, the Czech Republic, Scandinavia and Russia (picking up after a weak 2013). In South West Europe positive results were reported in the Iberian Peninsula and France; Germany and Italy also posted a slight increase in sales.

In the APA region revenues improved slightly thanks to the good performance recorded in the United States, Japan (despite the adverse exchange effect) and Korea; sales in Australia fell due to the particularly adverse exchange effect, the market trend and greater competitive pressure in the local market.

Growth continued in the MEIA region thanks to the positive sales trend in Saudi Arabia and despite the difficult political situation in a few of the region's most important markets.

The breakdown of revenues by product line shows a good sales trend for Kenwood brand kitchen machines and small kitchen appliances, thanks also to the contribution of the Braun brand products.
Sales increased for coffee makers thanks, in particular, to the sale of Dolcegusto coffee machines; sales for fully automatic and traditional pump machines also rose.
Sales for the comfort line were also positive, thanks to the good performance of both air conditioners, despite the bad season in Italy due to the unfavorable weather conditions, and portable heaters.

As for margins, De'Longhi closed the first half with a net industrial margin of €327.5 million (€326.9 million in the first half of 2013), dropping as a percentage of revenues from 49.4% to 46.8% as a result of the negative exchange and price effects which were not entirely offset by the positive mix effect and higher volumes.

EBITDA before non-recurring expenses reached €87.2 million, an increase of €4.4 million with respect to the first half of 2013 (stable as a percentage of revenues at 12.5%): the drop in the net industrial margin as a percentage of revenues against the first half of 2013 was offset by a significant decrease in operating costs. This is explained primarily by lower promotional costs and fixed costs (as a percentage of revenues), as a result of the synergies

generated by greater organic growth in the first half of 2014, thanks also to Braun which is no longer a start-up as it was in the first half of 2013.
At constant exchange rates EBITDA before non-recurring expenses would have reached €95.6 million, an increase of €15.9 million with respect to the first half of 2013.

EBIT amounted to €65.2 million in the first six months of 2014 (€61.3 million in the first half of 2013), after amortization and depreciation of €22 million, an increase with respect to the same period in 2013 as a result of the investments made in production that continued in the first few months of 2014 (mainly in China and Romania). As a percentage of revenues EBIT reached 9.3%, in line with the first half of 2013, despite the negative exchange effect.
At constant exchange rates EBIT would have, in fact, amounted to €73.7 million, an increase of €15.4 million with respect to the first half of 2013.

Profit pertaining to the Group reached €33 million in the first half of 2014 (€31.7 million in the same period of 2013).

Net debt amounted to €65.1 million at 30 June 2014 (€56.1 million of which relates to items other than net bank debt which includes 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 of derivatives and options on minority interests).
The change in the net financial position versus banks in the last twelve months reached a positive €11.3 million: net of the non-operating items (which includes the dividends paid and non-recurring investments), net debt with banks would have improved by €91.1 million (€108.7 million in the previous twelve months).
In order to optimize the Group's financial structure, in the first half of 2014 two medium/long term loans were repaid in advance for a total principal amount of €70 million.

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

In the first half of 2014 the global economy expanded slightly, after the standstill recorded in the first quarter, with growth recovering in the last few months, above all in the United States and China.
Political tensions, however, escalated in a few Middle Eastern countries and in Russia as a result of the Ukrainian crisis: any increase in this instability could have repercussions on energy prices, as well as international trade and commerce.
Growth in the Euro zone remained contained, varying from country to country. Inflation continued to be lower than expected, including net of the most volatile components like energy and food. Even in the medium term price pressure and inflation are expected to remain moderate, testimony to the generalized weakness of the aggregate demand and the slow pace of the recovery.
With regard to monetary analysis, recent data tend to confirm modest monetary growth, particularly of credit, which reflects the current phase of the economic cycle and higher credit risk. In this environment, the ECB's Executive Board recently decided to leave interest rates unchanged.

The recent forecasts of the Bank of Italy and the ECB refer to a possible stabilization of the economic cycle, but under very uncertain conditions. More in detail, geo-political risks, as well as the performance of the emerging markets and international financial markets, could potentially have a negative impact on the economic conditions which could affect energy prices and the world demand for goods and services coming from the Euro zone. Further downside risk is linked to the lack of sufficient structural reforms in the Euro zone, as well as internal demand that fails to meet expectations.

Significant events

The first half of 2014 was characterized by the steps the Group took to further strengthen production in both China and Romania and open new commercial/marketing offices in a few markets, as well as a few important projects focused on improving operating efficiency.
With regard to strengthening production capacity, in the first half operations accelerated in Romania, which had 564 employees at the end of June 2014, where new plants, assembly lines and plastic molding machines for the production of coffee machines were installed along with additional plants and lines in preparation for new production beginning in the second half of 2014.

The second phase of investments continued in the most important Chinese plant which calls for the strengthening of local production facilities through the purchase of additional equipment and machinery, which will make it possible to internalize some production, and the construction of a new warehouse.

Investments in commercial and marketing offices continued, with the completion of start-ups in Scandinavia and Hungary, as well as the preliminaries for the opening of a branch in Mexico.

Several important corporate projects, in collaboration with premier consulting companies, were completed in the first half of 2014 including the analysis of organizational processes in Europe, in line with the new commercial organization based on which the market has been split into two separate regions; this project was completed in the first quarter of 2014 resulting in the optimization of a few sales support structures in Europe; in the first half a project calling for supply chain optimization was also begun in order to improve the efficiency of the forecasting and planning processes.

Group results

The reclassified consolidated income statement is summarized as follows:

(€/million)	1st half 2014	% revenues	1st half 2013 (*)	% revenues
Revenues	**700.1**	**100.0%**	**662.2**	**100.0%**
Change 2014/2013	*37.9*	*5.7%*		
Materials consumed & other production costs (production services and payroll costs)	(372.7)	(53.2%)	(335.4)	(50.6%)
Net industrial margin	**327.5**	**46.8%**	**326.9**	**49.4%**
Services and other operating expenses	(164.9)	(23.6%)	(174.0)	(26.3%)
Payroll (non-production)	(75.3)	(10.8%)	(70.0)	(10.6%)
EBITDA before non-recurring income/expenses	**87.2**	**12.5%**	**82.8**	**12.5%**
Change 2014/2013	*4.4*	*5.3%*		
Other non-recurring income (expenses)	-	0.0%	(0.4)	(0.1%)
EBITDA	**87.2**	**12.5%**	**82.4**	**12.4%**
Amortization and depreciation	(22.0)	(3.1%)	(21.1)	(3.2%)
EBIT	**65.2**	**9.3%**	**61.3**	**9.3%**
Change 2014/2013	*3.9*	*6.3%*		
Financial income (expenses)	(19.9)	(2.8%)	(17.4)	(2.6%)
Profit (loss) before taxes	**45.3**	**6.5%**	**43.9**	**6.6%**
Income taxes	(12.0)	(1.7%)	(11.8)	(1.8%)
Profit (loss) after taxes	**33.3**	**4.8%**	**32.1**	**4.8%**
Profit (loss) pertaining to minority interests	0.3	0.0%	0.4	0.1%
Profit (loss) pertaining to the group	**33.0**	**4.7%**	**31.7**	**4.8%**

(*) Figures at 30 June 2013 were restated following the retrospective application of IFRS 11 - *Joint arrangements* and also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - *Business combinations*.

The net industrial margin reported in the reclassified income statement differs by €72.0 million in the first half 2014 (€70.1 million in the first half 2013) 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 in the half by €37.9 million, thanks to the positive mix effect and higher volumes, despite the negative exchange (relating, above all, to sales in Australia, Russia, Japan, and the United States) and price effects. The most growth was posted by kitchen and food preparation products, from the Kenwood brand kitchen machines to small appliances, thanks also to the contribution of the Braun brand products and coffee machines.

With regard to coffee makers, overall sales increased thanks to the good growth posted in the sale of Dolcegusto brand machines; sales for fully automatic and traditional pump machines also rose, while sales for Nespresso brand capsule machines fell.

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; both kitchen machines and small appliances contributed to the growth.

The comfort line also posted growth, thanks to the good performance of both air conditioners, despite the bad season in Italy due to the unfavorable weather conditions, and portable heaters.

De'Longhi closed the first half of 2014 with an increase in EBITDA before non-recurring income/expenses of €4.4 million (in line with the first half of 2013 as a percentage of revenues at 12.5%); this result reflects, on the one hand, a drop (as a percentage of revenues) of the net industrial margin and, on the other, a decline in operating costs linked primarily to the synergies generated as a result of sales growth.

The net industrial margin rose €0.6 million from the €326.9 million posted in the first half of 2013 to €327.5 million, but dropped as a percentage of revenues from 49.4% to 46.8% as a result of the negative exchange and price effects which were not entirely offset by the positive mix effect and higher volumes.
The negative price effect was caused by the commercial strategies implemented in a few markets in response to competitive pressure and a few promotions offered on low end products.

Costs for "Services and other operating expenses" fell as a percentage of revenues from 26.3% to 23.6% thanks to lower promotional costs (as a percentage of revenues) and the better absorption of fixed costs due, above all, to organic growth, including as a result of the sale of Braun brand products which are no longer in the start-up phase that characterized the first half of 2013.

EBITDA came to €87.2 million in the first half of 2014 (€82.4 million in the first half of 2013); at constant exchanges rates EBITDA for the first half of 2014 reached €95.6 million, an increase of €16.3 million versus the first half of 2013.

EBIT amounted to €65.2 million in the first half of 2014 (€61.3 million in the same period 2013) and was stable as a percentage of revenue (at 9.3%), after amortization and depreciation of €22 million (€21.1 million in the first half of 2013) and after a particularly adverse exchange effect; at constant exchange rates EBIT for the first half of 2014 reached €73.7 million, an increase of €15.4 million versus the same period in 2013 (net also of the impact of currency hedging).

Net financial expenses in the first half of 2014 increased €2.5 million with respect to the first half of 2013 to €19.9 million, due primarily to higher currency hedging costs.

Profit pertaining to the Group amounted to €33 million, an increase with respect to the €31.7 million posted in first half 2013.

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 2014	% revenues	1st half 2013 (*)	% revenues	Change	% change
North East Europe	173.7	24.8%	150.9	22.8%	22.8	15.1%
South West Europe	291.4	41.6%	281.1	42.4%	10.3	3.7%
EUROPE	**465.1**	**66.4%**	**432.0**	**65.2%**	**33.1**	**7.7%**
MEIA (Middle East/India/Africa)	**74.1**	**10.6%**	**70.0**	**10.6%**	**4.1**	**5.8%**
Australia and New Zealand	43.4	6.2%	54.0	8.2%	(10.6)	(19.6%)
United States and Canada	53.4	7.6%	49.5	7.5%	3.9	7.9%
Japan	16.6	2.4%	13.6	2.1%	3.0	22.4%
Other countries area APA	47.5	6.8%	43.1	6.5%	4.4	10.1%
APA (Asia/Pacific/Americas)	**160.9**	**23.0%**	**160.2**	**24.2%**	**0.7**	**0.4%**
Total revenues	**700.1**	**100.0%**	**662.2**	**100.0%**	**37.9**	**5.7%**

(*) Figures at 30 June 2013 were restated following the retrospective application of IFRS 11 - *Joint arrangements*.

Europe reported €465.1 million in revenues, an increase of 7.7% with respect to the first half of 2013 thanks to the good results reported in both the North East (up €22.8 million or +15.1%) and the South West (+€10.3 million or +3.7%).
More in detail, the strong growth reported in North East Europe is attributable, above all, to the increase in sales recorded in the United Kingdom, Russia, Scandinavia, the Czech Republic and Hungary.
In South West Europe positive results were reported, above all, in the Iberian Peninsula and France; Germany and Italy also posted a small increase in sales.

Growth was posted in the MEIA region (+5,8%) thanks to the good results recorded in Saudi Arabia and despite the difficulties encountered in a few markets due to the current political crises.

Revenues also rose in the APA region thanks to the good performance posted in the United States, Japan and Korea and despite the negative exchange effect.
In the first half of 2014 the negative sales trend continued, albeit with signs of recovery, in Australia due above all to the adverse exchange effect and greater competitive pressure.

Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	**30.06.2014**	**30.06.2013 (*)**	**31.12.2013 (**)**	**Change 30.06.14 – 30.06.13**	**Change 30.06.14 – 31.12.13**
- Intangible assets	326.3	329.5	327.3	(3.2)	(1.0)
- Property, plant and equipment	178.9	160.7	171.4	18.1	7.5
- Financial assets	6.9	7.7	7.4	(0.8)	(0.4)
- Deferred tax assets	44.9	45.9	38.1	(1.0)	6.8
Non-current assets	**557.0**	**543.8**	**544.2**	**13.2**	**12.9**
- Inventories	370.5	359.5	281.3	11.0	89.2
- Trade receivables	233.4	223.5	334.6	10.0	(101.1)
- Trade payables	(321.9)	(315.3)	(338.6)	(6.6)	16.6
- Other payables (net of receivables)	(36.7)	(51.0)	(50.6)	14.4	13.9
Net working capital	**245.3**	**216.6**	**226.7**	**28.7**	**18.6**
Total non-current liabilities and provisions	**(93.6)**	**(88.9)**	**(91.9)**	**(4.7)**	**(1.7)**
Net capital employed	**708.7**	**671.5**	**679.0**	**37.2**	**29.8**
Net debt/(Net financial assets) (***)	**65.1**	**61.7**	**9.0**	**3.4**	**56.0**
Total net equity	**643.7**	**609.9**	**669.9**	**33.8**	**(26.3)**
Total net debt and equity	**708.7**	**671.5**	**679.0**	**37.2**	**29.8**

(*) Figures at 30 June 2013 were restated following the retrospective application of IFRS 11 - *Joint arrangements* and also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - *Business combinations*.
(**) Figures at 31 December 2013 were restated following the retrospective application of IFRS 11 - *Joint arrangements.*
(***) Net financial position at 30 June 2014 includes €56.1 million in net financial liabilities (net financial liabilities amounted to €49.9 million at 31 December 2013 and to € 41.4 million at 30 June 2013) 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.

Capital expenditures in the first half of 2014 amounted to €27.5 million (€25.5 million in first half 2013) and include the non-recurring investments made primarily in the start-up of the production facility in Romania and the second wave of investments in the main Chinese plant amounting to €14.2 million (versus €7.0 million in the first half of 2013).

The Group's organic growth resulted in an increase in net working capital with respect to 30 June 2013 of €28.7 million. The working capital turnover ratio rose from the 14.1% recorded at the end of June 2013 to 14.8% of revenues, as a result also of the drop in other liabilities and temporary tax credits; net of these items, trade working capital (which includes only inventory, trade receivables and payables) would have reached €282.0 million at 30 June 2014 (€267.7 million at 30 June 2013), with the turnover ratio improving with respect to the end of June 2013, coming at 17% versus 17.4% of revenues.

Details of the net financial position are as follows:

(€/million)	**30.06.2014**	**30.06.2013** [*]	**31.12.2013** [**]	**Change 30.06.14 – 30.06.13**	**Change 30.06.14 – 31.12.13**
Cash and cash equivalents	117.4	205.8	263.9	(88.3)	(146.5)
Other financial receivables	3.1	14.0	22.9	(10.9)	(19.8)
Current financial debt	(57.1)	(83.3)	(115.5)	26.3	58.4
Net current financial position	**63.4**	**136.4**	**171.3**	**(73.0)**	**(107.9)**
Non-current financial debt	**(128.5)**	**(198.1)**	**(180.4)**	**69.6**	**51.8**
Total net financial position/(net debt)	**(65.1)**	**(61.7)**	**(9.0)**	**(3.4)**	**(56.0)**
of which:					
- positions with banks and other financial payables	*(9.0)*	*(20.3)*	*40.9*	*11.3*	*(49.8)*
- financial assets/(liabilities) other than bank debt (residual payable to P&G related to the Braun acquisition, fair value of derivatives and options, financial payable connected to the UK subsidiary's pension fund transaction)	*(56.1)*	*(41.4)*	*(49.9)*	*(14.7)*	*(6.2)*

[*] Figures at 30 June 2013 were restated following the retrospective application of IFRS 11 - *Joint arrangements* and also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - *Business combinations*.
[**] Figures at 31 December 2013 were restated following the retrospective application of IFRS 11 - *Joint arrangements.*

Net debt at 30 June 2014 amounted to €65.1 million and includes €56.1 million in items other than net bank debt, explained primarily by the potential earn-out payable over the next two-four years to Procter & Gamble, other liabilities pertaining to the fair value of derivatives and options on minority interests and the financial payable resulting from the transfer of the pension fund liabilities pertaining to the UK subsidiary to third parties (the balance at these items reached a negative €41.4 million at 30 June 2013).

The net debt owed banks and other sources of finance, therefore net of the items other than bank debt, at 30 June 2014 amounted to €9.0 million (versus €20.3 million at 30 June 2013). There was an improvement, therefore, of €11.3 million in the twelve months despite the non-recurring investments of approximately €21.8 million made in the new production projects in China and Romania.

Excluding the non-recurring or non-operating items (including the payment of dividends), the change in bank debt would have had a positive impact on the net financial position of €91.1 million in the twelve month period (€108.7 million in the previous twelve month period).

With regard to structure, the net current financial position amounted to €63.4 million at 30 June 2014 (€136.4 million at 30 June 2013).
The decrease in non-current debt (amounting to €69.6 million in the twelve months) and the drop in liquidity recorded at the same time (of €88.3 million) reflects the advance repayment made in June 2014 of the two unsecured loans granted by Bank of America - Milan Branch and Intesa San Paolo (taken out in 2012 to finance the Braun Household acquisition) for a total principal amount of €70 million as part of the Group's policy to optimize its financial structure. No new loans were granted in the first half.

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

(€/million)	30.06.2014 (6 months)	30.06.2013 (6 months)(*)	31.12.2013 (12 months)(**)
Cash flow generated (absorbed) by current operations	64.3	63.2	205.0
Cash flow generated (absorbed) by changes in working capital	(32.1)	7.6	(32.6)
Cash flow generated (absorbed) by investment activities	(27.5)	(25.5)	(59.7)
Cash flow generated (absorbed) by operating activities	**4.7**	**45.2**	**112.7**
Dividends paid	(59.8)	(43.4)	(43.4)
Cash flow by changes in fair value and cash flow hedge reserves	(4.9)	5.0	(4.7)
Cash flow by actuarial losses related to the agreement on the pension plan	-	(6.1)	(6.2)
Cash flow generated (absorbed) by other changes in net equity	4.0	3.5	(1.4)
Cash flow generated (absorbed) by changes in net equity	**(60.7)**	**(40.9)**	**(55.6)**
Cash flow for the period	**(56.0)**	**4.4**	**57.0**
Opening net financial position	(9.0)	(66.1)	(66.1)
Closing net financial position/(Net debt)	**(65.1)**	**(61.7)**	**(9.0)**

(*) Figures at 30 June 2013 were restated following the retrospective application of IFRS 11 - *Joint arrangements* and also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - *Business combinations*.
(**) Figures at 31 December 2013 were restated following the retrospective application of IFRS 11 - *Joint arrangements.*

Net cash flow from operating activities in the first half of 2014 reached a positive €4.7 million (versus a positive €45.2 million in the first half of 2013). The absorption attributable to working capital, linked to organic growth, was accompanied by the non-recurring investments made in China and Romania (amounting to €14.2 million in the first half of 2014 versus €7.0 million in the first half of 2013).
First-half cash flows were also affected by changes in net equity, amounting to €60.7 million (an increase of €19.9 million with respect to the €40.9 million posted in the first half of 2013). This figure is explained by, for €59.8 million, the payment of dividends and for €4.9 million, the negative impact of the fair value measurement of currency hedging instruments, partially offset by €4.0 million in positive translation differences.
Cash flow in the first half of 2014 came to a negative €56.0 million (versus a positive €4.4 million in the first half of 2013).

Human resources

The De'Longhi Group had 6,664 employees at 30 June 2014, detailed as follows:

	30.06.2014	31.12.2013 (*)	30.06.2013 (*)
Blue collar	3,898	3,005	3,210
White collar	2,673	2,574	2,567
Senior managers	93	95	94
Total	**6,664**	**5,674**	**5,871**

(*) The figures at 30 June 2013 and 31 December 2013 were restated as a result of the retroactive application of IFRS 11 - *Joint arrangements* and, therefore, do not take into account the personnel employed by the joint ventures in which the Group holds an interest.

The change in the workforce at 30 June 2014 with respect to 30 June 2013 (+793 employees) is explained primarily by the increase in the personnel employed at the plants in Romania and China as a result of the enhanced production capacity and the strengthening of the commercial structures (to support all the Group's brands).

The average employees reached 6,153 in the first half of 2014, an increase of 424 employees with respect to the first half of 2013.

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 operating working capital: this measure is the sum of inventories and trade receivables, minus trade 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 2013.

Corporate governance and ownership structure

Reference should be made to the Group Annual Report at 31 December 2013.

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 30.06.2014**	**Profit (loss) after taxes 1st half 2014**
De'Longhi S.p.A. financial statements	**256,511**	**(5,698)**
Share of subsidiaries' equity and results for period attributable to the group, after deducting carrying value of the investments	399,441	51,296
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	27,831	(1,217)
Elimination of intercompany profits	(36,944)	(10,879)
Other adjustments	(3,177)	(231)
Consolidated financial statements	**643,662**	**33,271**
Minority interests	2,536	262
Group portion	**641,126**	**33,009**

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

During the first six months of 2014 the Group recorded a good performance, despite increased competition in some markets and a very unfavorable foreign exchange impact.
With regards to the markets, despite a few countries had negative growth (like Australia and New Zealand), all the geographic macro-areas where the Group operates recorded growing revenues.
At the same time, the Group product families demonstrated that the business model is very solid; each one of them recorded positive growth.
Based on the above, and also thanks to new product launches and new commercial initiatives that will take place in the second half, management expects that the positive developments seen in the first half should be confirmed also for the remainder of the year.

Treviso, 27 August 2014

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

CONSOLIDATED INCOME STATEMENT

(€/000)	*Notes*	1st half 2014	of which non-recurring	1st half 2013 (*)	of which non-recurring
Revenues from sales and services	*1*	691,348		650,000	
Other revenues	*1*	8,767		12,241	
Total consolidated revenues		***700,115***		***662,241***	
Raw and ancillary materials, consumables and goods	*2*	(384,963)		(361,090)	
Change in inventories of finished products and work in progress	*3*	69,863		87,656	
Change in inventories of raw and ancillary materials, consumables and goods	*3*	14,430		8,110	
Materials consumed		***(300,670)***		***(265,324)***	
Payroll costs	*4*	(101,248)		(97,452)	
Services and other operating expenses	*5*	(204,974)		(205,911)	(418)
Provisions	*6*	(6,034)		(11,147)	
Amortization and depreciation	*7*	(21,972)		(21,069)	
EBIT		**65,217**		**61,338**	**(418)**
Financial income (expenses)	*8*	(19,939)		(17,421)	
PROFIT (LOSS) BEFORE TAXES		**45,278**		**43,917**	
Income taxes	*9*	(12,007)		(11,803)	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES		**33,271**		**32,114**	
Profit (loss) pertaining to minority interests	*26*	262		396	
PROFIT (LOSS) PERTAINING TO THE GROUP		**33,009**		**31,718**	

EARNINGS PER SHARE (in Euro)				
- basic	**€ 0.22**		**€ 0.21**	
- diluited	**€ 0.22**		**€ 0.21**	

(*)The comparative figures were restated as a result of the retroactive application of IFRS 11 - Joint arrangements and the definitive price allocation for the Braun *Household* business in accordance with IFRS 3 - *Business combinations*.

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 2014	1st half 2013 (*)
Consolidated profit (loss) after taxes	33,271	32,114
- Change in fair value of cash flow hedges and financial assets available for sale	(4,927)	5,018
- Tax effect on change in fair value of cash flow hedges and financial assets available for sale	809	(771)
- Differences from translating foreign companies' financial statements into Euro	4,622	(7,124)
Total other comprehensive income will subsequently reclassified to profit (loss) for the year	*504*	*(2,877)*
- Actuarial valuation funds	-	(8,218)
- Tax effect of actuarial valuation funds	-	1,890
Total other comprehensive income will not subsequently reclassified to profit (loss) for the year	*-*	*(6,328)*
Other components of comprehensive income	**504**	**(9,205)**
Total comprehensive income	**33,775**	**22,909**
Total comprehensive income attributables to:		
Owners of the parent	33,513	22,513
Minority interests	262	396

(*)The comparative figures were restated as a result of the retroactive application of IFRS 11 - Joint arrangements and the definitive price allocation for the Braun Household business in accordance with IFRS 3 - Business combinations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	***Notes***	**30.06.2014**	**31.12.2013 (*)**
NON-CURRENT ASSETS			
INTANGIBLE ASSETS		326,286	327,273
- Goodwill	*10*	92,400	92,400
- Other intangible assets	*11*	233,886	234,873
PROPERTY, PLANT AND EQUIPMENT		177,015	169,465
- Land, property, plant and machinery	*12*	95,777	82,328
- Other tangible assets	*13*	81,238	87,137
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		7,014	7,450
- Equity investments	*14*	4,414	4,846
- Receivables	*15*	2,529	2,538
- Other non-current financial assets	*16*	71	66
DEFERRED TAX ASSETS	*17*	44,907	38,090
TOTAL NON-CURRENT ASSETS		555,222	542,278
CURRENT ASSETS			
INVENTORIES	*18*	370,501	281,252
TRADE RECEIVABLES	*19*	233,432	334,572
CURRENT TAX ASSETS	*20*	10,342	9,442
OTHER RECEIVABLES	*21*	33,437	37,337
CURRENT FINANCIAL RECEIVABLES AND ASSETS	*22*	3,091	22,893
CASH AND CASH EQUIVALENTS	*23*	117,424	263,934
TOTAL CURRENT ASSETS		768,227	949,430
NON-CURRENT ASSETS HELD FOR SALE	*24*	1,868	1,958
TOTAL ASSETS		**1,325,317**	**1,493,666**

NET EQUITY AND LIABILITIES (€/000)		**30.06.2014**	**31.12.2013 (*)**
NET EQUITY			
GROUP PORTION OF NET EQUITY		641,126	667,413
- Share capital	*25*	224,250	224,250
- Reserves	*26*	383,867	326,242
- Profit (loss) pertaining to the group		33,009	116,921
MINORITY INTERESTS	*26*	2,536	2,530
TOTAL NET EQUITY		643,662	669,943
NON-CURRENT LIABILITIES			
FINANCIAL PAYABLES		128,589	180,432
- Bank loans and borrowings (long-term portion)	*27*	11,966	64,728
- Other financial payables (long-term portion)	*28*	116,623	115,704
DEFERRED TAX LIABILITIES	*17*	13,232	10,119
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		80,383	81,763
- Employee benefits	*29*	31,587	28,650
- Other provisions	*30*	48,796	53,113
TOTAL NON-CURRENT LIABILITIES		222,204	272,314
CURRENT LIABILITIES			
TRADE PAYABLES		321,922	338,558
FINANCIAL PAYABLES		57,071	115,495
- Bank loans and borrowings (short-term portion)	*27*	30,109	99,652
- Other financial payables (short-term portion)	*28*	26,962	15,843
CURRENT TAX LIABILITIES	*31*	18,692	17,073
OTHER PAYABLES	*32*	61,766	80,283
TOTAL CURRENT LIABILITIES		459,451	551,409
TOTAL NET EQUITY AND LIABILITIES		**1,325,317**	**1,493,666**

(*) The comparative figures were restated as a result of the retroactive application of IFRS 11 - *Joint arrangements*.

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 FLOW

	Notes	1st half 2014	1st half 2013 (*)
Profit (loss) pertaining to the group		33,009	31,718
Income taxes for the period		12,007	11,803
Amortization and depreciation		21,972	21,069
Net change in provisions		(2,707)	(1,428)
Cash flow generated by current operations (A)		**64,281**	**63,162**
Change in assets and liabilities:			
Trade receivables		105,907	146,995
Inventories		(85,908)	(96,151)
Trade payables		(22,978)	(21,440)
Other current assets and liabilities		(17,948)	(8,378)
Payment of income taxes		(11,137)	(13,459)
Cash flow generated (absorbed) by movements in working capital (B)		**(32,064)**	**7,567**
Cash flow generated by current operations and movements in working capital (A+B)		**32,217**	**70,729**
Investment activities:			
Investments in intangible assets		(4,099)	(3,931)
Other cash flows for intangible assets		(61)	(16)
Investments in property, plant and equipment		(24,511)	(20,763)
Other cash flows for property, plant and equipment		646	193
Net investments in equity investments and other financial assets		488	(975)
Cash flow absorbed by ordinary investment activities (C)		**(27,537)**	**(25,492)**
Dividends paid		(59,800)	(43,355)
Change in currency translation reserve		4,845	3,367
Increase (decrease) in minority interests in capital and reserves		5	179
New loans		-	-
Payment of interests on loans		(2,752)	(3,769)
Repayment of loans and other net changes in sources of finance		(93,488)	(35,235)
Cash flow generated (absorbed) by changes in net equity and by financing activities (D)		**(151,190)**	**(78,813)**
Cash flow for the period (A+B+C+D)		**(146,510)**	**(33,576)**
Opening cash and cash equivalents	*23*	**263,934**	**239,350**
Increase (decrease) in cash and cash equivalents (A+B+C+D)		(146,510)	(33,576)
Closing cash and cash equivalents	*23*	**117,424**	**205,774**

(*) The comparative figures were restated as a result of the retroactive application of IFRS 11 - Joint arrangements and the definitive price allocation for the Braun Household business in accordance with IFRS 3 - *Business combinations*.

Appendix 2 presents the statement of cash flows 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 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)
Effects resulting from recalculation of the earn out due to P & G								291	291		291
Balance at 1st January 2013 (*)	**224,250**	**162**	**6,648**	**16,622**	**(125)**	**(5,547)**	**267,966**	**118,390**	**628,366**	**2,178**	**630,544**
Allocation of 2012 result as per AGM resolution of 23 April 2013											
2013							(43,355)		(43,355)		(43,355)
- distribution of dividends											
- allocation to reserves			2,400	2,236			113,754	(118,390)	-		-
Other changes in minority interests									-	(217)	(217)
Movements from transactions with shareholders	**-**	**-**	**2,400**	**2,236**	**-**	**-**	**70,399**	**(118,390)**	**(43,355)**	**(217)**	**(43,572)**
Profit (loss) after taxes								31,718	31,718	396	32,114
Other components of comprehensive income					4,247	(7,124)	(6,328)		(9,205)		(9,205)
Comprehensive income (loss)	**-**	**-**	**-**	**-**	**4,247**	**(7,124)**	**(6,328)**	**31,718**	**22,513**	**396**	**22,909**
Balance at 30 June 2013 (*)	**224,250**	**162**	**9,048**	**18,858**	**4,122**	**(12,671)**	**332,037**	**31,718**	**607,524**	**2,357**	**609,881**
Balance at 31 December 2013	**224,250**	**162**	**9,048**	**18,858**	**(3,404)**	**(30,194)**	**331,772**	**116,921**	**667,413**	**2,530**	**669,943**
Allocation of 2013 result as per AGM resolution of 15 April 2014											
- distribution of dividends							(59,800)		(59,800)		(59,800)
- allocation to reserves			3,177	563			113,181	(116,921)	-		-
Other changes in minority interests									-	(256)	(256)
Movements from transactions with shareholders	**-**	**-**	**3,177**	**563**	**-**	**-**	**53,381**	**(116,921)**	**(59,800)**	**(256)**	**(60,056)**
Profit (loss) after taxes								33,009	33,009	262	33,271
Other components of comprehensive income					(4,118)	4,622			504		504
Comprehensive income (loss)	**-**	**-**	**-**	**-**	**(4,118)**	**4,622**	**-**	**33,009**	**33,513**	**262**	**33,775**
Balance at 30 June 2014	**224,250**	**162**	**12,225**	**19,421**	**(7,522)**	**(25,572)**	**385,153**	**33,009**	**641,126**	**2,536**	**643,662**

(*)The comparative figures were restated as a result of the retroactive application of IFRS 11 - Joint arrangements and the definitive price allocation for the Braun Household business in accordance with IFRS 3 - *Business combinations*.

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 2014 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 2014.

These financial statements are presented in thousands of Euro, 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 2014 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 2014 was authorized by the Board of Directors on 27 August 2014.

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 2013, with the exception of what is described below.

<u>New amendments and accounting standards applied by the Group for the first time</u>

<u>*IFRS 10 - Consolidated Financial Statements*</u>
The new standard substitutes IAS 27 - *Separate Financial Statements* and incorporates SIC 12 - *Special Purpose Entities*. IFRS 10 deviates from existing standards; control is viewed as the determining factor with regard to the consolidation of a company in the consolidated financial statements of a Parent Company. It also provides guidelines to be used to determine whether or not control exists.
Application of this new standard did not have a material impact on the information found in this half-year financial report.

IFRS 11 - Joint arrangements

IFRS 11 - Joint arrangements repeals and substitutes IAS 31 and establishes that joint control is based on the rights and obligations stemming from contractual arrangements and not on the legal from of the parties and establishes that these jointly controlled equity investments may only be consolidated using the equity method as called for in IAS 28 - *Investments in associates and joint venture,* as amended.
The new accounting rules were applied retroactively, as called for in the new standard, which resulted in the restatement of the comparative figures at 30 June 2013 and at 31 December 2013.
The main effects of the retroactive application of IFRS 11 are described in the section *"Restatement of comparative figures"* below.

IFRS 12 - Disclosure of Interests in Other Entities

The standards establishes what information needs to be provided in the explanatory notes when IFRS 10 and IFRS 11 are applied.

IAS 32 – Financial Instruments: Presentation (amended)

A few amendments to IAS 32 - *Financial Instruments: Presentation* took effect 1 January 2014, which clarify the application of the criteria used to offset financial assets and liabilities as per IAS 32.
Application of this new standard did not have a material impact on the information found in this half-year financial report.

IAS 36 – Impairment of assets (amended)

A few amendments to IAS 36 – *Impairment of Assets* took effect 1 January 2014 which clarify, in particular, the measurement of the recoverable value of assets based on fair value less costs of disposal.
Application of this new standard did not have a material impact on the information found in this half-year financial report.

IAS 39 – Financial Instruments: Recognition and Measurement (amended)

A few amendments to IAS 39 - *Financial Instruments: Recognition and Measurement* took effect 1 January 2014 relating to novation of derivatives and the continuation of hedge accounting.
These amendments confirm that hedge accounting may be used even when novation arises as a consequence of laws and regulations.
Application of this new standard did not have a material impact on the information found in this half-year financial report.

International financial reporting standards and/or interpretations endorsed by the European Union in the first half of 2014 but not yet applicable

On 14 June 2014 the EC Regulation 634/2014 was published in the Official Gazette which adopts the IFRIC Interpretation 21 *Levies*.
The Interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 and those for which the timing and amount of the levy are uncertain.
The standard is not applicable to income tax (for which reference should be made to IAS 12), penalties or other sanctions resulting from violations of the law.
IFRIC 21 is applicable as of 2015.

RESTATEMENT OF COMPARATIVE FIGURES

The comparative figures at 30 June 2013 and at 31 December 2013 were restated following retroactive application of IFRS 11 – *Joint arrangements*. Based on the new standard, jointly controlled equity investments may only be consolidated using the equity method as per IAS 28 - *Investments in associates and joint ventures* amended. The application of the new standard resulted in the consolidation of the jointly controlled equity investments using the equity method rather than the proportionate method, which was used through 31 December 2013.

The income statement figures at 30 June 2013 were also restated to reflect the final and definitive allocation on 31 December 2013 of the price for the Braun Household acquisition when, in light of the De'Longhi Group's direct management of the business, the original forecasts prepared at the acquisition date were partially revised and the potential earn-out payable to Procter & Gamble and the allocation of the purchase price to the different assets and liabilities were recalculated.
The main effects are shown below.

Impact on the statement of consolidated financial position:

	At 31 December 2013		
	Published figures	Impact of the application of IFRS 11	**Restated figures**
Intangible assets	327,273	-	**327,273**
Land, property, plant and machinery	84,141	(1,813)	**82,328**
Other tangible assets	87,287	(150)	**87,137**
Equity investments (in other companies)	785	4,061	**4,846**
Deferred tax assets	38,130	(40)	**38,090**
Non – current financial receivables and assets	2,604	-	**2,604**
Total non-current assets	**540,220**	**2,058**	**542,278**
Inventories	283,415	(2,163)	**281,252**
Trade receivables	335,233	(661)	**334,572**
Other receivables	37,676	(339)	**37,337**
Cash and cash equivalents	270,742	(6,808)	**263,934**
Current tax assets and other current financial receivables	32,335	-	**32,335**
Total current assets	**959,401**	**(9,971)**	**949,430**
Non-current assets held for sale	**1,958**	**-**	**1,958**
TOTAL ASSETS	**1,501,579**	**(7,913)**	**1,493,666**
Net equity	**669,943**	**-**	**669,943**
Total non-current liabilities	**272,314**	**-**	**272,314**
Trade payables	345,666	(7,108)	**338,558**
Current tax liabilities	17,118	(45)	**17,073**
Financial payables	115,495	-	**115,495**
Other payables	81,043	(760)	**80,283**
Total current liabilities	**559,322**	**(7,913)**	**551,409**
TOTAL NET EQUITY AND LIABILITIES	**1,501,579**	**(7,913)**	**1,493,666**

Impact on the consolidated income statement:

	1st Half 2013			
	Published figures	Effects of the definitive PPA for Braun	Impact of the application of IFRS 11	**Restated figures**
Total consolidated revenues	670,827	-	(8,586)	**662,241**
Materials consumed	(272,309)	-	6,985	**(265,324)**
Payroll costs	(98,176)	-	724	**(97,452)**
Services and other operating expenses	(206,308)	-	397	**(205,911)**
Provisions	(11,147)	-	-	**(11,147)**
Amortization and depreciation	(21,183)	-	114	**(21,069)**
EBIT	**61,704**	**-**	**(366)**	**61,338**
Financial income (expenses)	(18,334)	614	299	**(17,421)**
Profit (loss) before taxes	**43,370**	**614**	**(67)**	**43,917**
Income taxes	(11,701)	(169)	67	**(11,803)**
Consolidated profit (loss) after taxes	**31,669**	**445**	**-**	**32,114**

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 2013.
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:

Currency		30.06.2014 Period-end exchange rate (*)	30.06.2014 Average exchange rate (*)	30.06.2013 Period-end exchange rate (*)	30.06.2013 Average exchange rate (*)	% change Period-end exchange rate	% change Average exchange rate	31.12.2013 Period-end exchange rate (*)
US dollar	USD	1.36580	1.37047	1.30800	1.31346	4.4%	4.3%	1.37910
British pound	GBP	0.80150	0.82136	0.85720	0.85116	(6.5%)	(3.5%)	0.83370
Hong Kong dollar	HKD	10.58580	10.63015	10.14770	10.19080	4.3%	4.3%	10.69330
Chinese renminbi (yuan)	CNY	8.47220	8.45170	8.02800	8.12939	5.5%	4.0%	8.34910
Australian dollar	AUD	1.45370	1.49865	1.41710	1.29662	2.6%	15.6%	1.54230
Canadian dollar	CAD	1.45890	1.50317	1.37140	1.33454	6.4%	12.6%	1.46710
Japanese yen	JPY	138.44000	140.39567	129.39000	125.46600	7.0%	11.9%	144.72000
Malaysian ringgit	MYR	4.38560	4.47745	4.13400	4.04164	6.1%	10.8%	4.52210
New Zealand dollar	NZD	1.56260	1.61482	1.67920	1.58777	(6.9%)	1.7%	1.67620
Polish zloty	PLN	4.15680	4.17553	4.33760	4.17808	(4.2%)	(0.1%)	4.15430
South African rand	ZAR	14.45970	14.67632	13.07040	12.12333	10.6%	21.1%	14.56600
Singapore dollar	SGD	1.70470	1.72795	1.65450	1.63316	3.0%	5.8%	1.74140
Russian rouble	RUB	46.37790	48.02042	42.84500	40.76413	8.2%	17.8%	45.32460
Turkish lira	TRY	2.89690	2.96745	2.52100	2.38179	14.9%	24.6%	2.96050
Czech koruna	CZK	27.45300	27.44357	25.94900	25.69742	5.8%	6.8%	27.42700
Swiss franc	CHF	1.21560	1.22135	1.23380	1.22986	(1.5%)	(0.7%)	1.22760
Brazilian real	BRL	3.00020	3.14948	2.88990	2.66880	3.8%	18.0%	3.25760
Croatian kuna	HRK	7.57600	7.62487	7.44950	7.56973	1.7%	0.7%	7.62650
Ukrainian hryvnia	UAH	16.04740	14.36257	10.55990	10.61770	52.0%	35.3%	11.32920
Indian Rupee	INR	82.20230	83.29300	77.72100	72.30698	5.8%	15.2%	85.36600
Romanian Leu	RON	4.38300	4.46403	4.46030	4.39233	(1.7%)	1.6%	4.47100
South Korean won	KRW	1382.04000	1438.38333	1.494.24000	1.450.76667	(7.5%)	(0.9%)	1450.93000
Chilean Peso	CLP	753.62900	758.05583	664.25900	628.96133	13.5%	20.5%	724.76900
Mexican Peso	MXN	17.71240	17.97655	17.04130	16.50568	3.9%	8.9%	18.07310
Swedish koruna	SEK	9.17620	8.95446	8.77730	8.52967	4.5%	5.0%	8.85910

(*) 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 2014.

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:

(€/million)	1st half 2014	% of revenues	1st half 2013 (*)	% of revenues	Change	Change %
North East Europe	173,739	24.8%	150,906	22.8%	22,833	15.1%
South West Europe	291,368	41.6%	281,094	42.4%	10,274	3.7%
EUROPE	**465,107**	**66.4%**	**432,000**	**65.2%**	**33,107**	**7.7%**
MEIA (Middle East/India/Africa)	**74,067**	**10.6%**	**70,015**	**10.6%**	**4,052**	**5.8%**
Australia and New Zealand	43,434	6.2%	54,038	8.2%	(10,604)	(19.6%)
United States and Canada	53,407	7.6%	49,499	7.5%	3,908	7.9%
Japan	16,643	2.4%	13,594	2.1%	3,049	22.4%
Other countries APA area	47,457	6.8%	43,095	6.5%	4,362	10.1%
APA (Asia/Pacific/Americhe)	**160,941**	**23.0%**	**160,226**	**24.2%**	**715**	**0.4%**
Total revenues	**700,115**	**100.0%**	**662,241**	**100.0%**	**37,874**	**5.7%**

(*) The comparative figures were restated as described in the section "Restatement of comparison figures".

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

"Other revenues" are broken down as follows:

	1st half 2014	1st half 2013 (*)	Change
Freight reimbursement	2,511	2,329	182
Commercial rights	882	792	90
Loss compensation	334	224	110
Out-of-period gains	277	1,898	(1,621)
Other income	4,763	6,998	(2,235)
Total	**8,767**	**12,241**	**(3,474)**

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".

2. RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS

The breakdown is as follows:

	1st half 2014	1st half 2013 (*)	Change
Finished products	201,542	190,203	11,339
Parts	151,881	142,673	9,208
Raw materials	25,958	23,264	2,694
Other purchases	5,582	4,950	632
Total	**384,963**	**361,090**	**23,873**

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".

3. CHANGE IN INVENTORIES

The breakdown is as follows:

	1st half 2014	1st half 2013 (*)	Change
Change in inventories of finished products and work in progress	69,863	87,656	(17,793)
Change in inventories of raw and ancillary materials, consumables and goods	14,430	8,110	6,320

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".

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 €25,918 thousand in production-related payroll (€27,455 thousand at 30 June 2013).
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 average employees reached 6,153 in the first half of 2014, an increase of 424 employees with respect to the first half of 2013. The Group's workforce at 30 June 2014 can be broken down numerically by category as follows:

	30.06.2014	30.06.2013 (*)	31.12.2013(*)
Blue collar	3,898	3,210	3,005
White collar	2,673	2,567	2,574
Senior managers	93	94	95
Total	**6,664**	**5,871**	**5,674**

(*) For the sake of like-for-like comparison with the first half of 2013 the comparative figures were restated excluding the personnel employed by joint ventures.

5. SERVICES AND OTHER OPERATING EXPENSES

These are detailed as follows:

	1st half 2014	1st half 2013 (*)	Change
Advertising and promotional expenses	61,366	61,602	(236)
Transport (for purchases and sales)	34,335	32,153	2,182
Subcontracted work	26,255	24,002	2,253
Rentals and leasing	15,921	16,134	(213)
Travel	7,820	7,273	547
Storage and warehousing	7,764	7,588	176
After-sale expenses	6,178	6,885	(707)
Consulting services	5,412	6,124	(712)
Commissions	3,610	4,386	(776)
Power	3,398	3,614	(216)
Insurance	2,859	2,199	660
Credit insurance fees	1,751	1,829	(78)
Postage, telegraph and telephones	1,733	1,850	(117)
Maintenance	1,576	1,429	147
Other utilities, cleaning, security, waste disposal	1,143	1,196	(53)
Directors' emoluments	1,153	1,057	96
Statutory auditors' emoluments	186	160	26
Other sundry services	7,544	11,019	(3,475)
Total services	**190,004**	**190,500**	**(496)**
Sundry taxes	13,795	12,480	1,315
Other	1,175	2,931	(1,756)
Total other operating expenses	**14,970**	**15,411**	**(441)**
Total services and other operating expenses	**204,974**	**205,911**	**(937)**

(*)The comparative figures were restated as described in the section “Restatement of comparison figures”.

The figure at 30 June 2013 included non-recurring expenses for consultancies totaling €418 thousand.

6. CONTINGENCY AND OTHER PROVISIONS

These include €7,836 thousand in provisions and allowances at 30 June 2014, partially offset by a net decrease in provision for bad debts of €1,802 thousand.
Please refer to note 30 - Non-current provisions for contingencies and other charges.

7. AMORTIZATION AND DEPRECIATION

These are detailed as follows:

	1st half 2014	1st half 2013 (*)	Change
Amortization of intangible assets	5,322	5,356	(34)
Depreciation of property, plant and equipment	16,650	15,713	937
Total	**21,972**	**21,069**	**903**

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".

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

8. FINANCIAL INCOME (EXPENSES)

Net financial income and expenses are broken down as follows:

	1st half 2014	1st half 2013 (*)	Change
Exchange differences and gains (losses) on currency hedges	**(6,137)**	**(4,077)**	**(2,060)**
Share of profit of equity investments consolidated by the equity method	**520**	**239**	**281**
Financial income (expenses) from equity investments	**-**	**6**	**(6)**
Net interest expense and other bank charges	(5,912)	(5,691)	(221)
Financial discounts	(6,336)	(6,209)	(127)
Other financial income (expenses)	(2,074)	(1,689)	(385)
Other net financial income (expenses)	**(14,322)**	**(13,589)**	**(733)**
Financial income (expenses)	**(19,939)**	**(17,421)**	**(2,518)**

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".

"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.

9. INCOME TAXES FOR THE PERIOD

These are analyzed as follows:

	1st half 2014	1st half 2013 (*)	Change
Current income taxes:			
- Income taxes	12,672	11,358	1,314
- IRAP (Italian regional business tax)	1,872	1,704	168
Deferred (advance) income taxes	(2,537)	(1,259)	(1,278)
Total	**12,007**	**11,803**	**204**

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".

"Deferred (advance) income taxes" 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

10. GOODWILL

	30.06.2014		31.12.2013		
	Gross	Net	Gross	Net	Change
Goodwill	99,147	92,400	99,147	92,400	-

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 value of goodwill did not change during the first half.

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

Cash-generating unit	30.06.2014
De'Longhi	26,444
Kenwood	17,120
Braun	48,836
Total	**92,400**

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 2013 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.

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.

No events of significance have occurred in the first half of 2014 such as might suggest that the carrying amount could have suffered any loss of value.
Further information can be found in the explanatory notes to the financial statements at 31 December 2013.

11. OTHER INTANGIBLE ASSETS

These are analyzed as follows:

	30.06.2014		31.12.2013		
	Gross	**Net**	**Gross**	**Net**	**Change**
New product development costs	60,641	11,351	58,000	10,687	664
Patents	34,189	6,545	33,841	6,837	(292)
Trademarks and similar rights	280,317	197,744	280,299	199,814	(2,070)
Work in progress and advances	8,301	8,184	7,232	7,115	1,069
Other	21,166	10,062	20,907	10,420	(358)
Total	**404,614**	**233,886**	**400,279**	**234,873**	**(987)**

The following table reports movements in the main asset categories during the first half 2014:

	New product development costs	Patents	Trademarks and similar rights	Work in progress and advances	Other	Total
Net opening balance	**10,687**	**6,837**	**199,814**	**7,115**	**10,420**	**234,873**
Additions	1,099	351	17	2,440	192	4,099
Amortization	(1,977)	(640)	(2,088)	-	(617)	(5,322)
Translation differences and other movements (*)	1,542	(3)	1	(1,371)	67	236
Net closing balance	**11,351**	**6,545**	**197,744**	**8,184**	**10,062**	**233,886**

(*)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 €3,539 thousand in development costs as intangible assets during the first half of 2014, the increase of €1,099 thousand in "New product development costs" for projects already completed at 30 June 2014, and €2,440 thousand in "Work in progress and advances" for projects still in progress.
The group has incurred some €19.9 million in research and development costs during the first half of 2014 (€18.3 million in the first half of 2013).

"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 €95 million for the perpetual license over the Braun Household 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 final price allocation for the Braun Household acquisition was recognized in the financial statements at 31 December 2013.
The impairment test carried out at the end of 2013 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 2014 such as might suggest that the carrying amount of trademarks could have suffered any impairment loss.

12. LAND, PROPERTY, PLANT AND MACHINERY

These are analyzed as follows:

	30.06.2014		31.12.2013 (*)		
	Gross	**Net**	**Gross**	**Net**	**Change**
Land and buildings	56,961	43,306	49,400	37,356	5,950
Plant and machinery	124,657	52,471	115,210	44,972	7,499
Total	**181,618**	**95,777**	**164,610**	**82,328**	**13,449**

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".

The following table reports movements during 2014:

	Land and buildings	Plant and machinery	Total
Net opening balance	**37,356**	**44,972**	**82,328**
Additions	765	1,400	2,165
Disposals	-	(251)	(251)
Depreciation	(1,524)	(2,476)	(4,000)
Translation differences and other movements (*)	6,709	8,826	15,535
Net closing balance	**43,306**	**52,471**	**95,777**

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

The increases in "Plant and machinery" refer mainly to the purchase of plants in Romania and China, as well as the investments made in Italy in the coffee machine production lines.

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

	30.06.2014	31.12.2013	Change
Plant and equipment	5,067	5,261	(194)
Other	117	157	(40)
Total	**5,184**	**5,418**	**(234)**

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

13. OTHER TANGIBLE ASSETS

Details of other tangible assets are as follows:

	30.06.2014		31.12.2013(*)		
	Gross	**Net**	**Gross**	**Net**	**Change**
Industrial and commercial equipment	237,178	43,171	228,269	43,859	(688)
Other	66,073	26,656	63,836	28,072	(1,416)
Work in progress and advances	11,411	11,411	15,206	15,206	(3,795)
Total	**314,662**	**81,238**	**307,311**	**87,137**	**(5,899)**

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".

The following table reports movements during the first half 2014:

	Industrial and commercial equipment	Other	Work in progress and advances	Total
Net opening balance	**43,859**	**28,072**	**15,206**	**87,137**
Additions	6,756	3,112	12,478	22,346
Disposals	-	(65)	-	(65)
Depreciation	(8,617)	(4,033)	-	(12,650)
Translation differences and other movements (*)	1,173	(430)	(16,273)	(15,530)
Net closing balance	**43,171**	**26,656**	**11,411**	**81,238**

(*)The amounts relating to "Other movements" mostly refer to the reclassifications of "Work in progress and advances".

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.

14. EQUITY INVESTMENTS

Details of equity investments are as follows:

	30.06.2014	31.12.2013	Change
Equity investments consolidated using the equity method	3,612	4,061	(449)
Other equity investments available-for-sale	802	785	17
Total	**4,414**	**4,846**	**(432)**

The change in the value of jointly controlled equity investments in the first half of 2014 can be broken down as follows:

	30.06.2014
Opening net balance	**4,061**
Interest in net profit	520
Exchange differences	(108)
Payment of dividends	(861)
Closing net balance	**3,612**

15. NON-CURRENT RECEIVABLES

The balance at 30 June 2014 comprises €2,529 thousand in security deposits (€2,538 thousand at 31 December 2013 for security deposits).

16. OTHER NON-CURRENT FINANCIAL ASSETS

At 30 June 2014, these reflect €71 thousand in bonds held by subsidiaries (€66 thousand at 31 December 2013).

17. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

	30.06.2014	31.12.2013 (*)	Change
Deferred tax assets	44,907	38,090	6,817
Deferred tax liabilities	(13,232)	(10,119)	(3,113)
Net asset balance	**31,675**	**27,971**	**3,704**

(*) The comparative figures were restated as described in the section "Restatement of comparison figures".

"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:

	30.06.2014	31.12.2013 (*)	Change
Temporary differences	22,413	20,564	1,849
Tax losses	9,262	7,407	1,855
Net asset balance	**31,675**	**27,971**	**3,704**

(*) The comparative figures were restated as described in the section "Restatement of comparison figures".

The change in the net asset balance also reflects the increase in "Profit (loss) carried forward" recognized in net equity of €809 thousand relating to "Fair value and cash flow hedge reserve "

CURRENT ASSETS

18. INVENTORIES

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

	30.06.2014	31.12.2013(*)	Change
Finished products and goods	322,385	252,144	70,241
Raw, ancillary and consumable materials	51,100	37,328	13,772
Work in progress and semi-finished products	28,576	23,457	5,119
Inventory writedown allowance	(31,560)	(31,677)	117
Total	**370,501**	**281,252**	**89,249**

(*) The comparative figures were restated as described in the section "Restatement of comparison figures".

The value of inventories, influenced by seasonality, is stated after deducting an allowance for obsolete or slow-moving goods totalling €31,560 thousand (€31,677 thousand at 31 December 2013) in relation to products and raw materials that are no longer of strategic interest to the Group.

19. TRADE RECEIVABLES

These are detailed as follows:

	30.06.2014	31.12.2013(*)	Change
Trade receivables			
- due within 12 months	249,746	351,577	(101,831)
- due beyond 12 months	2	2	-
Allowance for doubtful accounts	(16,316)	(17,007)	691
Total trade receivables	**233,432**	**334,572**	**(101,140)**

(*) The comparative figures were restated as described in the section "Restatement of comparison figures".

Trade receivables, which are influenced by seasonality, are stated net of an allowance for doubtful accounts of €16,316 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.

The Group has received guarantees from customers as collateral against trade balances; in addition, a significant proportion of the receivables are covered by insurance policies with major insurers.

20. CURRENT TAX ASSETS

These are detailed as follows:

	30.06.2014	31.12.2013	Change
Tax payments on account	2,681	2,276	405
Tax refunds requested	1,766	1,540	226
Other direct tax receivables	5,895	5,626	269
Total	**10,342**	**9,442**	**900**

There are no current tax assets due beyond 12 months.

21. OTHER RECEIVABLES

"Other receivables" are analyzed as follows:

	30.06.2014	31.12.2013(*)	Change
VAT	15,810	24,423	(8,613)
Advances to suppliers	5,592	4,096	1,496
Other tax receivables	4,461	1,604	2,857
Prepaid insurance costs	1,622	984	638
Employees	369	300	69
Other	5,583	5,930	(347)
Total	**33,437**	**37,337**	**(3,900)**

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".

This item includes €6 thousand in amounts due beyond 12 months (there were no amounts due beyond 12 months at 31 December 2013).

22. CURRENT FINANCIAL RECEIVABLES AND ASSETS

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

	30.06.2014	31.12.2013	Change
Fair value of derivatives	1,212	2,184	(972)
Other financial receivables Other financial receivables	1,879	20,709	(18,830)
Total current receivables and other financial assets	**3,091**	**22,893**	**(19,802)**

More details on the fair value of derivatives can be found in note 28. *Other financial payables*.

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

23. 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 €295.3 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 €295.8 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 2014 include €2,613 thousand in current accounts of a few subsidiaries which are restricted having been given as collateral.

24. NON-CURRENT ASSETS HELD FOR SALE

The item refers to the value of a freehold property of a branch that was classified under non-current assets held for sale, as required under IFRS 5 – Non-current assets held for sale and discontinued operations, insofar as the Group initiated a program to locate a buyer and complete the disposal.
The amount corresponds to the net carrying amount, insofar as it is not less than the fair value of the assets held for sale, net of the selling costs.

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: NET EQUITY

NET EQUITY

Net equity is made up as follows:

	30.06.2014	31.12.2013	Change
Group portion	641,126	667,413	(26,287)
Minority interests	2,536	2,530	6
Total	**643,662**	**669,943**	**(26,281)**

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 15 April 2014 approved a dividend totalling €59,800 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:

	30.06.2014	31.12.2013	Change
Share premium reserve	162	162	-
Legal reserve	12,225	9,048	3,177
Other reserves			
- Extraordinary reserve	19,421	18,858	563
- Fair value and cash flow hedge reserve	(7,522)	(3,404)	(4,118)
- Currency translation reserve	(25,572)	(30,194)	4,622
- Profit (loss) carried forward (*)	385,153	331,772	53,381
Total reserves	**383,867**	**326,242**	**57,625**

The "Share premium reserve" was set up following the public offering at the time of the parent company's listing 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 €9,048 thousand at 31 December 2013. The increase of €3,177 thousand is explained by the allocation of profit for the year approved by shareholders during De'Longhi S.p.A.'s AGM held on 15 April 2014.

The "Extraordinary reserve" increased by €563 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 negative balance of €7,522 thousand, net of €2,151 thousand in tax.
The change in the "Fair value and cash flow hedge" reserve in 2014, recognized in the statement of comprehensive income for the year, is attributable to the fair value of the cash flow hedge and available-for-sale securities of €4,927 thousand net of €809 thousand in tax.

The item "Profit (loss) carried forward" includes the retained earnings of the consolidated companies and the effects of consolidation adjustments and changes made to comply with group accounting policies. The increase posted in the first half reflects the retained earnings from the previous year of €113,181 thousand, net of €59,800 thousand in dividend payments.

Minority interests in net equity, which amount to €2,536 thousand (including the profit for the period of €262 thousand), refer to the minority interest (49%) held in E-Services S.r.l.

The net increase of €6 thousand in minority interests in net equity with respect to 31 December 2013 is due to the profit for the period attributable to minority interests of €262 thousand and to the distribution of dividends to minority shareholders of €256 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 30.06.2014	**Profit (loss) after taxes 1st half 2014**
De'Longhi S.p.A. financial statements	**256,511**	**(5,698)**
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	399,441	51,296
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	27,831	(1,217)
Elimination of intercompany profits	(36,944)	(10,879)
Other adjustments	(3,177)	(231)
Consolidated financial statements	**643,662**	**33,271**
Minority interests	2,536	262
Group portion	**641,126**	**33,009**

NON-CURRENT LIABILITIES

27. BANK LOANS AND BORROWINGS

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

	30.06.2014	31.12.2013	Change
Overdrafts	2,508	1,929	579
Short-term loans in euro or foreign currency	20,199	68,430	(48,231)
Long-term loans (current portion)	7,402	29,293	(21,891)
Total short-term bank loans and borrowings	**30,109**	**99,652**	**(69,543)**
Long-term loans, one to five years	11,966	64,728	(52,762)
Total long term loans	**11,966**	**64,728**	**(52,762)**
Total bank loans and borrowings	**42,075**	**164,380**	**(122,305)**

Long-term loans comprise the following:

Loans (including short-term portion)	30.06.2014	31.12.2013
Centrobanca – Banca Popolare di Vicenza	17,923	20,899
Banca Popolare Friuladria	1,445	2,885
Bank of America – *Milan branch*	-	34,793
Intesa S.Paolo	-	34,791
Banca di Treviso	-	653
Total long-term loans	**19,368**	**94,021**

No new loans were granted during the first half of 2014.

In the first half of 2014 two loans granted by Bank of America - Milan Branch and Intesa San Paolo were repaid in advance for a total principal amount of €70,000 thousand; both loans were taken out in 2012 to finance the Braun Household acquisition and had an original maturity of 5 years.

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, compliance with which is verified on an annual basis.

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:

	30.06.2014	31.12.2013	Change
Negative fair value of derivatives	6,946	3,907	3,039
Payables to lease companies (short-term portion)	969	1,095	(126)
Ministry of Industry loans (short-term portion)	-	502	(502)
Other short term financial payables	19,047	10,339	8,708
Total short-term payables	**26,962**	**15,843**	**11,119**
Braun Household earn-out	34,257	33,580	677
Private placement (one to five years)	11,197	11,089	108
Payables to lease companies (one to five years)	2,368	2,794	(426)
Negative fair value CCIRS (hedging the bond loan – one to five years)	1,524	1,413	111
Other financial payables (one to five years)	7,234	8,456	(1,222)
Total long-term payables (one to five years)	**56,580**	**57,332**	**(752)**
Private placement (beyond five years)	51,348	50,834	514
Negative fair value CCIRS (hedging the bond loan – beyond five years)	8,695	7,538	1,157
Total long-term payables (beyond five years)	**60,043**	**58,372**	**1,671**
Total other financial payables	**143,585**	**131,547**	**12,038**

The fair value of outstanding financial instruments at 30 June 2014 is detailed as follows:

	***Fair Value* at 30.06.2014**		
	Assets	**Liabilities** (Short term portion)	**Liabilities** (Medium-Long term portion)
FX forward agreements	598	(948)	-
CCIRS on the bond loan issued by the parent company (in USD)	-	-	(4,390)
Derivatives hedging foreign currency receivables/payables	**598**	**(948)**	**(4,390)**
FX fFX forwards	614	(5,998)	-
CCIRS on the bond loan issued by the parent company (in USD)	-	-	(5,829)
Derivatives covering expected cash flows	**614**	**(5,998)**	**(5,829)**
Total fair value of the derivatives	**1,212**	**(6,946)**	**(10,219)**

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.

"Other short-term financial payables" refer primarily to balances arising as part of without-recourse factoring of receivables.

“Other financial payables (one to five years)” includes the residual financial payable of €4,195 thousand linked to the transfer by the UK subsidiary of pension fund liabilities to third parties already described in the financial statements at 31 December 2013. The item also includes the payables for the purchase of equity investments totaling €731 thousand and the €2,308 thousand residual balance of the loan granted by Banca Popolare di

Vicenza S.C.p.A. to the Parent Company De'Longhi S.p.A. which, in 2013, was reclassified as it was transferred to by the bank to a financial company as described in the financial statements at 31 December 2013.

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 potential amount payable at 30 June 2014 was estimated to amount to €34,257 thousand, including matured interest payable at the same date.

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 €62,544 thousand at 30 June 2014 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 14 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 2014. 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:

	30.06.2014	31.12.2013(*)	Change
A. Cash	136	125	11
B. Cash equivalents	117,288	263,809	(146,521)
C. Securities	-	-	-
D. Total liquidity (A+B+C)	**117,424**	**263,934**	**(146,510)**
E. Current financial receivables and other securities	**3,091**	**22,893**	**(19,802)**
of which:			
Fair value of derivatives	*1,212*	*2,184*	*(972)*
F. Current bank loans and borrowings	(22,707)	(70,359)	47,652
G. Current portion of non-current debt	(7,402)	(29,293)	21,891
H. Other current financial payables	(26,962)	(15,843)	(11,119)
of which:			
Fair value of derivatives	*(6,946)*	*(3,907)*	*(3,039)*
Options to purchase shares	*(984)*	*-*	*(984)*
I. Current financial debt (F+G+H)	**(57,071)**	**(115,495)**	**58,424**
J. Net current financial receivables (payables)(D+E+I)	**63,444**	**171,332**	**(107,888)**
Non-current financial receivables	71	66	5
K. . Non-current bank loans and borrowings	(11,966)	(64,728)	52,762
L. Bonds	(62,545)	(61,923)	(622)
M. Other non-current payables	(54,078)	(53,781)	(297)
of which:			
Fair value of derivatives	*(10,219)*	*(8,951)*	*(1,268)*
Financial debt on the pension fund transaction	*(4,195)*	*(3,941)*	*(254)*
Options on equity investments	*(732)*	*(1,709)*	*977*
Residual payables for Braun acquisition (earn-out)	*(34,257)*	*(33,580)*	*(677)*
N. Non-current financial debt (K+L+M)	**(128,518)**	**(180,366)**	**51,848**
Total	**(65,074)**	**(9,034)**	**(56,040)**

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".

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:

	30.06.2014	31.12.2013	Change
Provision for severance indemnities	10,492	10,391	101
Defined benefit plans	11,516	10,706	810
Short-term benefits	9,579	7,553	2,026
Total employee benefits	**31,587**	**28,650**	**2,937**

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	**30.06.2014**
Current service cost	88
Interest cost on obligations	161
Total	**249**

Change in present value of obligations	
Present value at 1 January 2014	**10,391**
Current service cost	88
Utilization of provision	(148)
Interest cost on obligations	161
Present value at 30 June 2014	**10,492**

Defined benefit plans:

Movements in the period are as follows:

Net cost charged to income	**30.06.2014**
Current service cost	610
Interest cost on obligations	134
Total	**744**

Change in present value of obligations	
Present value at 1 January 2014	**10,706**
Net cost charged to income	744
Benefits paid	(74)
Translation difference	140
Present value at 30 June 2014	**11,516**

The outstanding liability at 30 June 2014 of €11,516 thousand (€10,706 thousand at 31 December 2013) 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).
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. During 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 €4,195 thousand was recognized.

The other employee benefits refer to two incentive plans 2012 – 2014 for which relative provisions were made. Beneficiaries of these plans, approved by the Company's Board of Directors on 12 November 2012 and 14 February 2013, include the Chief Executive Officer, as well as a few other executives of De'Longhi S.p.A. and other Group companies.

30. OTHER PROVISIONS FOR NON-CURRENT CONTINGENCIES AND CHARGES

These are analyzed as follows:

	30.06.2014	31.12.2013	Change
Agents' leaving indemnity provision and other retirement provisions	2,144	2,156	(12)
Product warranty provision	31,825	33,044	(1,219)
Provisions for contingencies and other charges	14,827	17,913	(3,086)
Total non-current provisions for contingencies and other charges	**48,796**	**53,113**	**(4,317)**

Movements are as follows:

	31.12.2013	Utilization	Accrual	Currency translation differences and other movements	30.06.2014
Agents' leaving indemnity provision and other retirement provisions	2,156	(61)	49	-	2,144
Product warranty provision	33,044	(8,578)	7,429	(70)	31,825
Provisions for contingencies and other charges	17,913	(3,181)	358	(263)	14,827
Total	**53,113**	**(11,820)**	**7,836**	**(333)**	**48,796**

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 2014. 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 €9,622 thousand (€10,670 thousand at 31 December 2013) for liabilities arising from product complaints (limited to the Group's insurance deductible), the provision of €1,097 thousand (€1,974 thousand at 31 December 2013) for restructuring and reorganization and provisions made by the parent company, as well as a few subsidiaries, relating to commercial risks and other charges.

CURRENT LIABILITIES

31. CURRENT TAX LIABILITIES

The item “Tax liabilities” refers to the Group’s direct tax and includes tax due beyond 12 months of €706 thousand.

32. OTHER PAYABLES

These are analyzed as follows:

	30.06.2014	31.12.2013(*)	Change
Employees	28,048	23,686	4,362
Indirect taxes	6,762	20,013	(13,251)
Social security institutions	4,671	6,247	(1,576)
Withholdings payables	2,450	4,331	(1,881)
Advances	557	604	(47)
Other taxes	637	6,629	(5,992)
Other	18,641	18,773	(132)
Total	**61,766**	**80,283**	**(18,517)**

(*)The comparative figures were restated as described in the section “Restatement of comparison figures”.

33. COMMITMENTS

These are detailed as follows:

	30.06.2014	31.12.2013	Change
Guarantees given to third parties	1,318	1,252	66
Other commitments	5,525	6,597	(1,072)
Total	**6,843**	**7,849**	**(1,006)**

"Other commitments" mainly consist 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 €101,452 at 30 June 2014, the Group issued a surety and a credit mandate;
- the Group also issued sureties in the name of DL Radiators S.p.A. of €5,838 thousand and Climaveneta S.p.A. of €3,673 thousand in relation to the 2010 VAT declaration 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 2014. 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	-	1,212	-
- derivatives with negative fair value	-	17,165	-
Available-for-sale financial assets:			
- equity investments	119	-	-
- other non-current financial assets	71	-	-

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. The company presented a tax settlement proposal which was finalized on 17 May 2013 and in which the objections to the direct taxation were duly noted.
With regard to indirect taxation, the tax office for the Region of Veneto - Ufficio Grandi Contribuenti (the office for corporate taxpayers) on 30 January 2014 issued a notice stating that sanctions were going to be applied for violations relative to tax year 2007 and on 23 June 2014 for violations relative to tax year 2008. The company reserved the right to appeal the alleged violations in the appropriate forum.

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, 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 2014		
	Europe	*APA*	*MEIA*	Eliminations (**)	Consolidated total
Revenues (*)	**528,989**	**379,196**	**68,344**	**(276,414)**	**700,115**
EBITDA	**56,377**	**22,342**	**8,688**	**(218)**	**87,189**
Amortization	(17,818)	(4,109)	(45)	-	(21,972)
EBIT	**38,559**	**18,233**	**8,643**	**(218)**	**65,217**
Financial income (expenses)					(19,939)
Profit (loss) before taxes					**45,278**
Income taxes					(12,007)
Profit (loss) after taxes					**33,271**
Profit (loss) pertaining to minority interests					262
Profit (loss) for the period					**33,009**

(*) 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 2014		
	Europe	*APA*	*MEIA*	Eliminations	Consolidated total
Total assets	842,494	560,196	54,693	(132,066)	1,325,317
Total liabilities	(559,074)	(241,586)	(13,055)	132,060	(681,655)

Income statement data

	1st half 2013 (*)				
	Europe	*APA*	*MEIA*	Eliminations (***)	Consolidated total
Revenues (**)	**490,080**	**350,801**	**67,350**	**(245,990)**	**662,241**
EBITDA	**50,485**	**23,246**	**8,703**	**(27)**	**82,407**
Amortization	(16,970)	(4,038)	(61)	-	(21,069)
EBIT	**33,515**	**19,208**	**8,642**	**(27)**	**61,338**
Financial income (expenses)					(17,421)
Profit (loss) before taxes					**43,917**
Income taxes					(11,803)
Profit (loss) after taxes					**32,114**
Profit (loss) pertaining to minority interests					396
Profit (loss) for the period					**31,718**

(*)The comparative figures were restated as described in the section "Restatement of comparison figures".
(**) 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 2013 (*)				
	Europe	*APA*	*MEIA*	Eliminations	Consolidated total
Total assets	1,057,697	557,397	43,128	(164,556)	1,493,666
Total liabilities	(728,397)	(242,495)	(17,384)	164,553	(823,723)

(*) 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 2013.

39. SUBSEQUENT EVENTS

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

Treviso, 27 August 2014

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 consolidated cash flows in terms of net financial position
3. Transactions and balances with related parties:
   a) *Consolidated income statement and Consolidated 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 30/06/2014	
				Directly	Indirectly
METODO INTEGRALE:					
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 BRAUN HOUSEHOLD GMBH	Neu-Isenburg	EUR	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 248,000,000.00		100%
DE LONGHI BENELUX S.A. (3)	Luxembourg	EUR	181,730,990.00	100%	
DE'LONGHI JAPAN CORPORATION	Tokyo	JPY	450,000,000.00		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%
ZASS ALABUGA LLC	Elabuga	RUB	95,242,767.00		100%
DE'LONGHI LLC	Mosca	RUB	644,820,000.00		100%
KENWOOD APPLIANCES LTD.	Havant	GBP	30,586,001.00		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	1,000,000.00		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	3,700,000.00		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	50,000.00		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	47,482,500.00	5%	95%
DE'LONGHI KENWOOD KOREA LTD	Seoul	KRW	100,000,000.00		100%
DL CHILE S.A.	Santiago del Cile	CLP	3,079,066,844.00		100%

DE'LONGHI SCANDINAVIA AB	Stockholm	SEK	5,000,000.00	100%
DE'LONGHI MEXICO SA DE CV	Bosques de las Lomas	MXN	2,575,999.00	100%

INVESTMENTS VALUED IN ACCORDANCE WITH THE EQUITY 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: (4)			
DE'LONGHI LTD.	Wellingborough	GBP	4,000,000.00
KENWOOD APPLIANCES INC.	Wilmington	USD	25,000

(1) Figures at 30 June 2014, 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) Previously named De Longhi Household S.A.
(4) Dormant company, whose financial statements are unavailable.

Consolidated statement of cash flows in terms of net financial position (*)

(Appendix 2 to the Explanatory Notes)

	1st half 2014	1st half 2013 (*)
Profit (loss) pertaining to the group	33,009	31,718
Income taxes for the period	12,007	11,803
Amortization and depreciation	21,972	21,069
Net change in provisions	(2,707)	(1,428)
Cash flow generated by current operations (A)	**64,281**	**63,162**
Change in assets and liabilities:		
Trade receivables	105,907	146,995
Inventories	(85,908)	(96,151)
Trade payables	(22,978)	(21,440)
Other current assets and liabilities	(17,948)	(8,378)
Payment of income taxes	(11,137)	(13,459)
Cash flow generated (absorbed) by movements in working capital (B)	**(32,064)**	**7,567**
Cash flow generated by current operations and movements in working capital (A+B)	**32,217**	**70,729**
Investment activities:		
Investments in intangible assets	(4,099)	(3,931)
Other cash flows for intangible assets	(61)	(16)
Investments in property, plant and equipment	(24,511)	(20,763)
Other cash flows for property, plant and equipment	646	193
Net investments in equity investments and other financial assets	488	(975)
Cash flow absorbed by ordinary investment activities (C)	**(27,537)**	**(25,492)**
Dividends paid	(59,800)	(43,355)
Fair Value and Cash Flow hedge reserve	(4,944)	5,014
Actuarial losses on pension fund operation	-	(6,052)
Change in currency translation reserve	4,020	3,364
Increase (decrease) in minorities	5	179
Cash flow absorbed by changes in net equity (D)	**(60,719)**	**(40,850)**
Cash flow for the period (A+B+C+D)	**(56,039)**	**4,387**
Opening net financial position	**(9,034)**	**(66,053)**
Cash flow for the period (A+B+C+D)	(56,039)	4,387
Closing net financial position	**(65,073)**	**(61,666)**

(*)The comparative figures were restated as a result of the retroactive application of IFRS 11 - *Joint arrangements* and the definitive price allocation for the Braun Household business in accordance with IFRS 3 - *Business combinations*.

Transactions and balances with related parties

(Appendix 3 to the Explanatory Notes)

Consolidated income statement

(€/000)	1st half 2014	of which with related parties	1st half 2013 (*)	of which with related parties
Revenues from sales and services	691,348	1,375	650,000	738
Other revenues	8,767	862	12,241	828
Total consolidated revenues	***700,115***		***662,241***	
Raw and ancillary materials, consumables and goods	(384,963)	(39)	(361,090)	(228)
Change in inventories of finished products and work in progress	69,863		87,656	
Change in inventories of raw and ancillary materials, consumables and goods	14,430		8,110	
Materials consumed	***(300,670)***		***(265,324)***	
Payroll costs	(101,248)		(97,452)	
Services and other operating expenses	(204,974)	(2,885)	(205,911)	(2,844)
Provisions	(6,034)		(11,147)	
Amortization and depreciation	(21,972)		(21,069)	
EBIT	**65,217**		**61,338**	
Financial income (expenses)	(19,939)		(17,421)	
PROFIT (LOSS) BEFORE TAXES	**45,278**		**43,917**	
Income taxes	(12,007)		(11,803)	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES	**33,271**		**32,114**	
Profit (loss) pertaining to minority interests	262		396	
PROFIT (LOSS) PERTAINING TO THE GROUP	**33,009**		**31,718**	

EARNINGS PER SHARE (in Euro)				
- basic	**€ 0.22**		**€ 0.21**	
- diluted	**€ 0.22**		**€ 0.21**	

(*) The comparative figures were restated as described in the section "Restatement of comparison figures".

Consolidated statement of financial position

ASSETS (€/000)	30.06.2014	of which with related parties	31.12.2013 (*)	of which with related parties
NON-CURRENT ASSETS				
INTANGIBLE ASSETS	326,286		327,273	
- Goodwill	92,400		92,400	
- Other intangible assets	233,886		234,873	
PROPERTY, PLANT AND EQUIPMENT	177,015		169,465	
- Land, property, plant and machinery	95,777		82,328	
- Other tangible assets	81,238		87,137	
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	7,014		7,450	
- Equity investments	4,414		4,846	
- Receivables	2,529		2,538	
- Other non-current financial assets	71		66	
DEFERRED TAX ASSETS	44,907		38,090	
TOTAL NON-CURRENT ASSETS	555,222		542,278	
CURRENT ASSETS				
INVENTORIES	370,501		281,252	
TRADE RECEIVABLES	233,432	1,929	334,572	2,049
CURRENT TAX ASSETS	10,342		9,442	
OTHER RECEIVABLES	33,437	204	37,337	403
CURRENT FINANCIAL RECEIVABLES AND ASSETS	3,091		22,893	1,523
CASH AND CASH EQUIVALENTS	117,424		263,934	
TOTAL CURRENT ASSETS	768,227		949,430	
NON-CURRENT ASSETS HELD FOR SALE	1,868		1,958	
TOTAL ASSETS	**1,325,317**		**1,493,666**	

NET EQUITY AND LIABILITIES (€/000)	30.06.2014	of which with related parties	31.12.2013 (*)	of which with related parties
NET EQUITY				
GROUP PORTION OF NET EQUITY	641,126		667,413	
- Share capital	224,250		224,250	
- Reserves	383,867		326,242	
- Profit (loss) pertaining to the group	33,009		116,921	
MINORITY INTERESTS	2,536		2,530	
TOTAL NET EQUITY	643,662		669,943	
NON-CURRENT LIABILITIES				
FINANCIAL PAYABLES	128,589		180,432	
- Bank loans and borrowings (long-term portion)	11,966		64,728	
- Other financial payables (long-term portion)	116,623		115,704	
DEFERRED TAX LIABILITIES	13,232		10,119	
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	80,383		81,763	
- Employee benefits	31,587		28,650	
- Other provisions	48,796		53,113	
TOTAL NON-CURRENT LIABILITIES	222,204		272,314	
CURRENT LIABILITIES				
TRADE PAYABLES	321,922	354	338,558	689
FINANCIAL PAYABLES	57,071		115,495	
- Bank loans and borrowings (short-term portion)	30,109		99,652	
- Other financial payables (short-term portion)	26,962		15,843	1,523
CURRENT TAX LIABILITIES	18,692		17,073	
OTHER PAYABLES	61,766	1,165	80,283	1,819
TOTAL CURRENT LIABILITIES	459,451		551,409	
TOTAL NET EQUITY AND LIABILITIES	**1,325,317**		**1,493,666**	

(*) The comparative figures were restated as described in the section "Restatement of comparison figures".

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 2014 and credit/debit balances at 30 June 2014 from related party transactions:

(€/million)	**Revenues**	**Raw material and other costs**	**Trade and other receivables**	**Trade and other payables**
Related parties: (1)				
DeLClima S.p.A.	0.4	-	0.4	-
Climaveneta S.p.A.	0.6	0.1	0.5	0.8
DL Radiators S.p.A.	1.1	0.3	1.1	0.3
R.C. Group S.p.A.	-	-	-	0.4
Gamma S.r.l.	0.1	2.6	0.1	-
TOTAL RELATED PARTIES	**2.2**	**3.0**	**2.1**	**1.5**

(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.

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:

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

that the accounting and administrative processes for preparing the half-year condensed consolidated financial statements during the first half of 2014.

They also certify that the half-year condensed consolidated financial statements at 30 June 2014:

- 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, 27 August 2014

Fabio de' Longhi
Vice Chairman and Chief Executive Officer

Stefano Biella
Financial Reporting Officer

Building a better working world

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

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

1. We have reviewed the condensed consolidated half-year financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated cash flows statement and the related explanatory notes, of De'Longhi S.p.A. and its subsidiaries (the "De'Longhi Group") as of June 30, 2014. Management of De'Longhi S.p.A. is responsible for the preparation of the condensed consolidated half-year 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 condensed consolidated half-year 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 condensed consolidated half-year financial statements as we expressed on the annual consolidated financial statements.

   The condensed consolidated half-year financial statements present, for comparative purposes, the corresponding data of the consolidated financial statements of prior year and the condensed consolidated half-year financial statements of the corresponding period of the prior year. As disclosed in the explanatory notes, Directors have restated certain comparative data related to the consolidated financial statements of the prior year and to the condensed consolidated half-year financial statements of the corresponding period of the prior year, on which we issued our auditor's reports and our review report on March 24, 2014 and August 28, 2013 respectively. We have examined the criteria applied to restate the comparative financial data and the information presented in the explanatory notes in this respect, for the purpose of issuing this review report.

3. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half-year financial statements of De'Longhi Group as of June 30, 2014 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 27, 2014

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

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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 C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.IVA 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

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

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Registered office: Via L. Seitz, 47 – 31100 Treviso
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