Indesit Company

consolidated financial statements

2004

contents

indesit company

report and consolidated financial statements as of 31 december 2004

Audited by KPMG

an exciting new chapter

Indesit Company

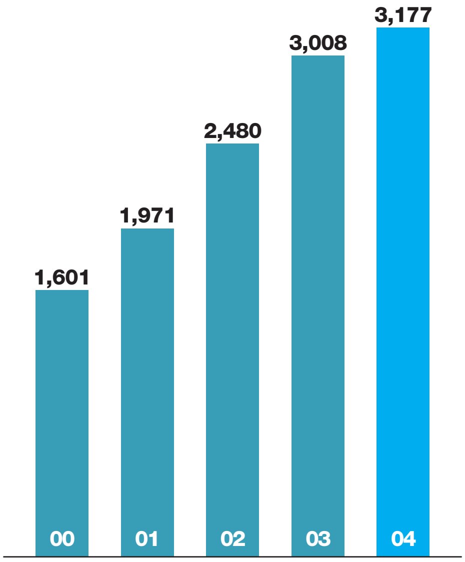
The name changed, not the Company. Buoyed up by the rich legacy of Merloni Elettrodomestici, an Italian enterprise that won acclaim in Europe, Indesit Company today is a European company with an Italian soul.
Thirty years of growth and success can be summed up in two words: *Simply Better*. Which means improving everyday in everything we do, to meet more fully the needs of employees, clients, suppliers, investors and whole communities, in the conviction that creating value over time is only possible if economic and social progress are reconciled. This concept underpins Indesit Company's business philosophy, just as its five values – innovative, respectful, ambitious, in touch with others and genuine – represent a way of life, both in and out of the workplace.
Indesit Company is an organization with 18,000 people, 19 production facilities and 22 subsidiaries worldwide – all ready to face the growing complexity of our markets and the global dimensions of competition.

main financial results

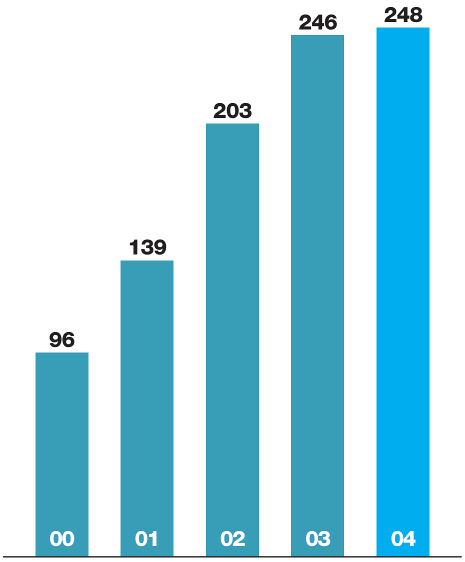
Main ratios	2000	2001	2002	2003	**2004**
ROE (%)	15	20	25	25	**20**
ROI (%)	19	26	29	35	**30**
ROS (%)	6	7	8	8	**8**
Gearing (%)	79	41	43	40	**37**
Capex ratio (%)	7	5	4	6	**6**
Working capital over sales (%)	4	4	1	(1)	**(1)**
Financial charges over sales (%)	1	1	1	1	**1**
Interest coverage [1]	8	8	12	13	**16**

[1] Ebitda/net financial charges (excluding income from shareholdings).

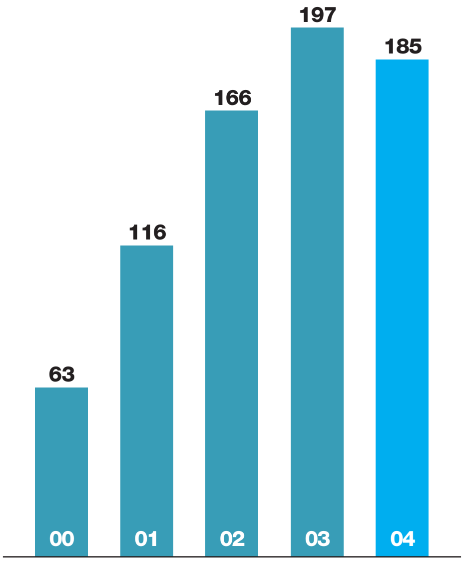
Consolidated sales (€m)



Ebit (€m)



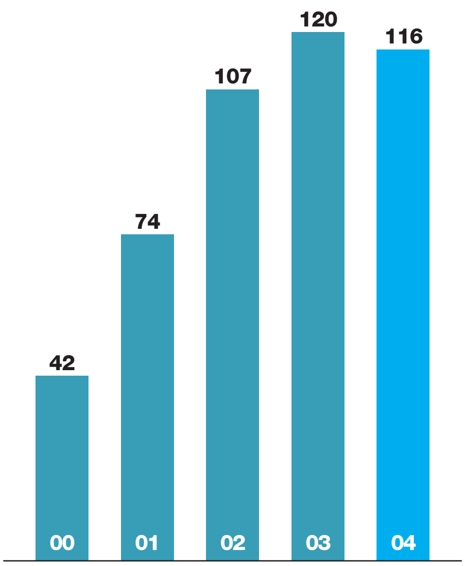
Profits before tax (€m)



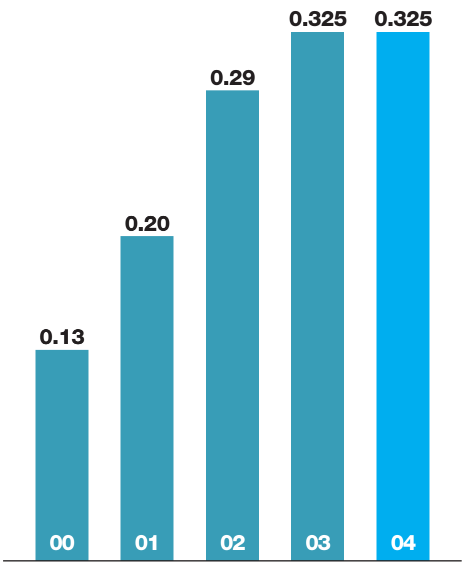
Key figures (€m)	2000	%	2001	%	2002	%	2003	%	**2004**	**%**
Consolidated sales	1,601	100.0	1,971	100.0	2,480	100.0	3,008	100.0	**3,177**	**100.0**
Overseas sales	1,145	71.5	1,559	79.1	2,038	82.2	2,540	84.4	**2,735**	**86.0**
Ebitda	164	10.2	226	11.5	318	12.8	387	12.9	**405**	**12.7**
Ebit	96	6.0	139	7.1	203	8.2	246	8.2	**248**	**7.8**
Pre-tax result	63	3.9	116	5.9	166	6.7	197	6.6	**185**	**5.8**
Group net result	42	2.7	74	3.7	107	4.3	120	4.0	**116**	**3.6**
Total net result	42	2.7	74	3.7	108	4.3	126	4.3	**118**	**3.7**
Total assets	1,629		1,868		2,356		2,306		**2,318**	
Tangible fixed assets	535		546		690		698		**746**	
Net invested capital	528		530		703		709		**817**	
Shareholders' equity - Group	286		365		422		481		**576**	
Shareholders' equity - total	301		379		521		517		**607**	
Net financial indebtedness	227		151		181		192		**211**	
Industrial investments	96		83		90		137		**136**	
Net self-financing [1]	108		161		223		268		**274**	
Personnel (no.) [2]	13,672		13,386		14,100		19,343		**19,056**	

[1] Total net result + depreciation and amortization. [2] Average number of employees; since 2003, including GDA.

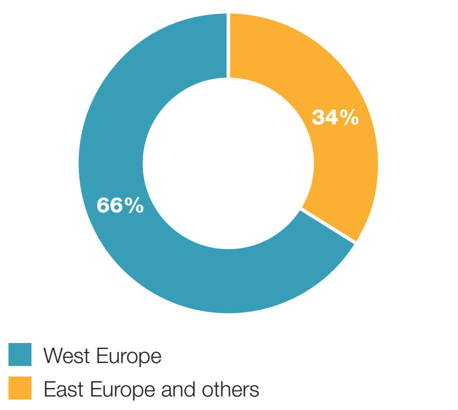
Group net result (€m)



Dividend per share* (€)



Sales 2004 by geographical region



* Excluding amounts due on treasury shares.

letter to the shareholders

Vittorio Merloni
Chairman

«From an Italian enterprise
acclaimed in Europe
to a European company
with an Italian soul»

Shareholders,

"Life begins at 30" was the claim that launched our new Company, in January 2005, into a new era. Thirty years on from its set-up, Merloni Elettrodomestici handed over to Indesit Company its heritage of philosophy and values, innovation and brands. Indesit, our most international brand, is also the one that best expresses a young, dynamic and reliable Company.

It was a story of growth through acquisitions and internal development leading to the European "podium" of white goods makers. Growth that was achieved also by re-investing 85% of cash-flow every year to become a globally competitive Company, ready for the challenges of the future.

«A new era has begun for our Company»

2004 was particularly difficult because of the sharp rise in raw materials prices, but we managed all the same to make it yet another year of very positive results, including confirmation of shareholders' dividends and a reassuring situation for our employees.

«The will to re-invest 85% of cash flow every year»

In July a new CEO was appointed. Marco Milani has had a long career in our Company and has held high-profile international posts in which he helped the Company through major transitions.

«We continued to re-distribute production to markets with the highest demand»

We carried forward our development plans in East Europe by opening new facilities in Russia and Poland, thus furthering our re-distribution of production to markets where demand is highest. 2004 was also the year of the Hotpoint re-launch in the UK, the final stage of our major brand re-positioning project.

The 30th "anniversary" was thus a rite of passage for Indesit Company, from an Italian enterprise acclaimed in Europe to a European company with an Italian soul.

Vittorio Merloni
Chairman

the CEO's view

«Development is the capacity of our products to interpret modernity in different markets and meet the needs of new types of consumers»

Marco Milani
CEO

2004

It was a very competitive year. All the players in our industry felt the effects of the gathering pace of globalization and major political upheavals at international level. Rising oil prices give perhaps the best example of the impact of increasing raw materials costs on the entire economy. Hence the issue of product prices has become the key strategic choice for businesses.

Choices

By adjusting our industrial platforms we managed to handle the situation by using various sources of synergy to improve production efficiency. Since July 2004 we've transferred a number of minor brand ranges to Indesit and Ariston (which we've made coincide with Hotpoint in the UK) to reduce costs; and in certain mature markets we've rationalized product ranges by narrowing the less profitable ones. We applied a policy of raising prices and this has been positive for the price index.

Future scenario

Global economic indicators are signalling a recovery. A strategy for the future should therefore be based on consolidating the ground made up in this difficult stage and on preparing for the new characteristics the market will take on when growth really starts up again. The next phase in the recovery will require industry leaders to be increasingly selective in both supply and demand. For Indesit Company that means aiming at even higher standards in terms of both industrial efficiency and products.

Products are key

The game will be won by creating new models that give the brand unique and exclusive values and significance, in terms of design and performance. This means our entire product development process will be based on interpreting what's most modern in each market where we manufacture and export, thus meeting the needs of new types of consumers. Indesit's Graffiti fridge, launched at the start of last year was the first step in this direction.

New products are ready for 2005: Ariston's Experience line, with the exclusive "drawer" fridge, throughout Europe; Ariston's new 60 cm fridges with an integrated vacuum system; Indesit's Sport Machine washing machine; the new Ariston range featuring an 8.5 kg washing machine and a fridge with a bar compartment; the new Indesit On Time ranges with user-programmable cycles.

The brand

Given that competition is now above all on quality, the value of our brands has become central. Our brands make us one of the world's undisputed leaders in this industry. We must be continually building their value through innovation because that is the way to go. We will therefore complete the strategic process of concentrating on a few brands to make them more and more distinctive, more and more respected. In this way and in a fully global context, we will make ourselves increasingly recognizable as a European company with an Italian identity.

The organization

These strategies will require developments in our organization as well, so that management decisions spring from co-ordination and a "network" rather than the top of a pyramid. Management based on personal responsibility is the only one capable today of bringing out the best in people but it's also the only one that can adequately meet the new needs of our Company and the industry it works in.

events in 2004

january Start of the Indesit ATP 2004 Race, the world's premier tennis ranking. Collaboration with ATP, reflecting Indesit's interest in tennis, will lead to a three-year partnership agreement.

february Budapest (N)Ice Party: big party for the launch of Indesit's new appliances in New Europe, attended by over 600 partners from 32 countries in the Hungarian capital's Sports Palace.

march After Indesit, Ariston and Scholtès, it was Hotpoint's turn to renew its image. With its *Designed for the real world* philosophy, the new brand identity was presented to the press, financial analysts and the trade in London on 16-17th March.

april The Italian Prime Minister Silvio Berlusconi and the President of the Russian Federation Vladimir Putin opened the new Lipetzk washing machine plant in Russia.

may At the Eurocucina trade fair in Milan, Ariston launched its Experience built-in line, new in concept and design. One of the products visitors admired most was the oven with *Touch Control*.

june Indesit launched its *Graffiti* fridge. A series of events throughout Europe made the *Graffiti* one of the phenomena of the year. In Italy, the 16th Rimini Fitness Festival saw the first instance of strong synergy between household appliances and the world of wellness.

Vittorio Merloni, Vladimir Putin and Silvio Berlusconi opened the Lipetzk plant

Launch of Hotpoint's new identity in London

july Marco Milani became CEO of Merloni Elettrodomestici. Formerly CEO at Merloni Elettrodomestici UK, he was co-opted onto the board.

august Take one! CineIndesity, the first travelling cinema, by Indesit, took famous old and modern Italian films into the squares in the cities where they were actually shot. CineIndesity also delighted evening crowds in Madrid.

september At Yate, Europe's biggest dryer factory, the launch of the new line of products to be distributed across all markets in 2004 and 2005. The BBC ran a special feature on the event.

october Vittorio Merloni, the President of the European Commission Romano Prodi, the Polish Prime Minister Marek Belka and the Italian minister of productive activities Antonio Marzano opened the new fridge plant in Lodz.

november Vittorio Merloni received the Leonardo Prize from Italian President Carlo Azeglio Ciampi for "having successfully implemented a model of international development by combining internal growth with acquisitions". He also won the Pico della Mirandola Award for economics, finance and business.

december Indesit Company set to be the new name of the Company as of January 2005, as approved by the shareholders in September. The new name answered the need to communicate more immediately and effectively the links between the Company and its brands.

Vittorio Merloni, Romano Prodi, Marek Belka and Antonio Marzano opening the Lodz plant

The new Ariston fridge with
an integrated vacuum system
and exclusive mini-bar

markets

in touch with others

We stay close to our stakeholders, listening to their needs, so we can provide the most effective solutions and achieve the best results

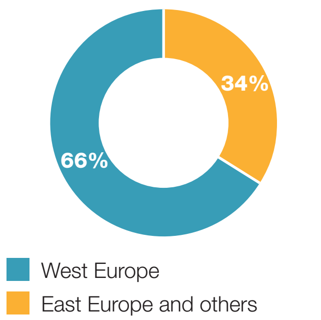
west europe

With 14 million appliances sold and a market share in Europe of around 15%, Indesit Company is one of Europe's top white goods makers.

In 2004 Indesit Company consolidated its leadership in the UK, largely thanks to Hotpoint. Significant investments were made to further improve the Service division, the biggest of any UK organization and one of the biggest in Europe. Nearly four million euro was spent on improving the speed of technical assistance and by the year-end the average call time was well under three days in most of the country. On the production front, Yate, one of the four UK plants, was upgraded at a cost of £15m. Production will reach over 1 million dryers in 2005.

In West Europe a special drive was made to work with local distribution on initiatives to make household appliance sales areas in shops more appealing. The strikingly original Ariston Experience Line displays are one of the best examples so far.

Sales 2004 by geographical region



new europe

Indesit Company consolidated its presence in New Europe in order to tap into its great growth potential. Major investments in production in the region are being accompanied by significant commercial development. In Poland, the Company's market share is in line with its European average and is set to expand further thanks to fridge production in the new Lodz plant. The cooling and cooking plants in Lodz form an industrial district covering some 170,000 square metres and have an output of two million appliances at capacity.
Major investments were also made in Budapest, including a call center serving Hungary, Romania, the Czech Republic and Slovakia, a logistics platform to boost distribution and new headquarters for the Central European area.

The second Lipetzk plant, opened in April by Vladimir Putin and Silvio Berlusconi, is an important milestone in the Company's eastward expansion. It has in fact created the biggest white goods industrial district in Russia and this will help towards balancing production and sales between East and West. Alongside the existing fridge facility, the new plant will turn out a million washing machines a year at capacity, an important boost for output in Eastern markets, where demand is growing faster.
Indesit Company is already market leader in Russia, with a share of over 30% (Indesit, Ariston and Stinol), and also intends to consolidate its position by improved distribution efficiency, closer proximity to the market and solid ties with the local community.

china

Having successfully created industrial districts in Russia and Poland, Indesit Company initiated a process of industrial development in China, one of the most competitive industrial nations today and one of the biggest markets for household appliances. At the beginning of 2005 it signed an agreement with WLS (Wuxi Little Swan Company), China's biggest producer in the washing segment, to form a joint venture of which Indesit holds 70%.
Thanks in part to the associate Merloni Progetti, which has built some 25 industrial plant in China over the last 20 years (including Wuxi's), the Company has earned good credibility in the country. In many parts of China, in fact, people say "Ariston" to mean fridge.

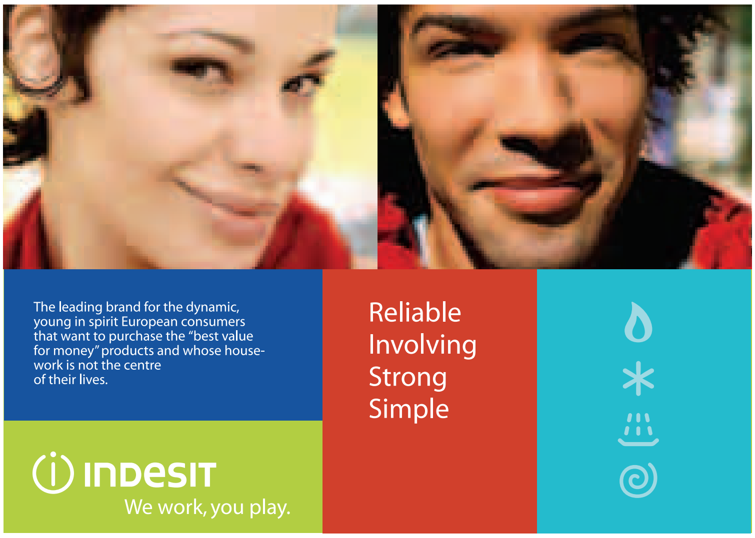
brands

ariston

The homes of millions of women and men in Europe are being enlivened with the innovations and unmistakable style that have always characterized this brand. New developments include the built-in *Experience Line*, designed by Makio Hasuike and offering even more advanced performance characteristics under its sleek new lines. It comes in two versions: stainless steel, to seduce even the most refined tastes, and glass, going beyond traditional colour schemes to highlight the preciousness of the material. The new line's cutting edge though is the oven with the *Touch Control* system, which won the coveted German "Plus X Award" for innovation. The high-tech design hobs have a striking rhomboid arrangement of burners, while the 75 cm multi-function model offers different cooking solutions on the same hob. Simply revolutionary the new horizontal Class A+ fridge (previewed at Eurocucina), featuring two ample drawers that fit comfortably into furniture units thanks to the door hooking systems and standard sizes.

hotpoint

In the wake of Indesit, Ariston and Scholtès, Hotpoint too renewed its image. The new brand identity was presented to the press, financial analysts and major clients in London. It's based on the new *Designed for the real world* philosophy and a renewal of the origins of the brand (one of the best known in the UK). A "Readers Digest" survey put Hotpoint in first place amongst the household appliance brands considered most reliable over the last four years, while another more recent survey put Hotpoint amongst the top five brands that UK consumers "couldn't live without". (Martin Hamblin GfK, January 2004).



indesit

Indesit can be summed up in four key words: simplicity, reliability, strength and engagement.
Indesit is the Indesit Company brand dedicated to people with a young lifestyle, and designed to give them more time for leisure. It has product features especially developed for people who love doing sport, such as the *Play Zone* in the fridges and the washing machine programmes for sportswear (*Special Sport* and *Special Shoes*).
The new *Time4You* washing machines and the dishwashers deliver considerable time saving without making any sacrifices in terms of quality or top performance.
A good example of the brand's combination of the functional/practical on one hand and a sense of fun on the other, is the revolutionary *Graffiti*, a fridge that enables its users to be creative by writing on its outside surface.
All Indesit appliances are designed by Giugiaro.

scholtès

Scholtès, the art of cooking as a lifestyle and a taste for excellence. Elegance of design, choice of materials and continual technological innovation are the indispensable ingredients that Scholtès blends to make whatever creativity and imagination in the kitchen may require. Scholtès has always had a genuine passion for the art of cooking and is a point of reference for consumers who appreciate life's most genuine pleasures and finest flavours. The *Axiom* line combines aesthetics and performance. Thanks to their new *Succès* and *Création* functions they guarantee perfect cooking results. The variously sized glass and stainless steel hobs meet all possible needs; the stainless steel block can even be worked to fit the user's space requirements. Scholtès is a partner of Slow Food in major gastronomic initiatives like the "Salone del Gusto" and the "Master of Food" events.

Hotpoint washing
machine and dishwasher

innovation and technology

innovative

We are creative and proactive people who apply innovation and inventiveness to everything we do

The capacity for innovation, in products and technology, will become an increasingly important factor in consolidating growth and attaining competitive edge.
In a Group that's always been an agile thinker and planner, the new Innovation and Technology department is responsible for developing new operating techniques and procedures based on long-term research into matters affecting all product lines - such as materials, sensor systems, noise control, user interfaces, networking and intellectual property. The department co-ordinates an ambitious young team of internal researchers recruited from the various product lines, Wr@p specialists (electronics) and external experts.
One particular focus is on advanced solutions involving the application of high-tech content to our products, partly in collaboration with the scientific and academic communities, as has happened with the Politecnico di Milano for some years now.

The Innovation and Technology Committee, in turn, helps the Company build on its commitment to research and innovation in order to develop its own cultural approach to such matters. This new committee, headed by Adriana De Maio, includes directors (Vittorio Merloni, Marco Milani, Andrea Merloni), academics (Marco Iansiti), external innovation specialists (Pasquale Pistorio) and a number of Indesit Company managers.

Electronics R&D

Indesit Company has been developing industrial platforms to standardize production for some years. All its appliances have a common structure and are given differing modular make ups according to the functions, aesthetics and design required.
Development of such product platforms goes back years, whereas more recently the Company launched a process to develop and implement an electronics platform to digitalize appliances across all product lines. Today, in fact, the Company uses the same hardware core and the same software in all its product platforms, thus enjoying the benefit of synergy. Another process is now underway to standardize user interfaces in appliances so that the Company can offer consumers easy-to-use electronics without sacrificing product innovation.

production

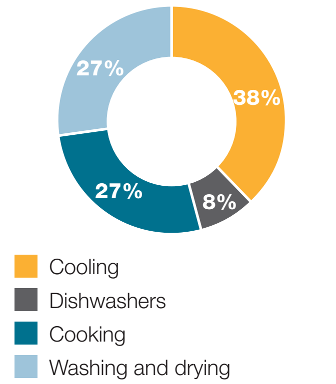
refrigerators

The cooling division employs over a third of Indesit Company's people and turns out over four million appliances a year, around a third of total production. It has a network of plants strategically located across West and East Europe, from Peterborough, north of London, to Lipetzk, 400 km from Moscow.
The Lodz plant in Poland, the newest facility (October 2004), will produce a million appliances a year when it reaches capacity in two years time and will enable Polish families to choose locally manufactured fridges. Meanwhile, the Carinaro plant in Italy rolled out its millionth fridge. This record, achieved in November, was celebrated at an event attended by the whole cooling division.

dishwashers

In 2004 over a million dishwashers were produced, of which 85% were Class AA in terms of energy consumption and washing performance. The None plant (Turin) has doubled its output in five years, from 500,000 units in 1999 to 1,000,000 in 2004. Thanks to its use of electronics in all its dishwashers, Indesit Company has made impressive advances in washing performance quality and also in reduction of water and energy consumption. Washing times at Class A performance levels have been cut by over 30%.

Production by product type



dryers

Dryer production is concentrated at Yate, one of Indesit Company's four UK plants. It's the biggest dryer plant in Europe and from 2005 on will start turning out over 1 million units a year thanks to the €15m investment in a new production line. Under the Hotpoint label the Company has developed a technologically innovative range of condensation and ventilation dryers that can handle loads of up to 7 kilos.

cookers

The cooking business unit involves around a sixth of the Company's employees and produces over 3.5 million appliances in its various plants, including Lodz in Poland and Albacina in Italy.
The more advanced of its built-in ovens have insulation systems that deliver up to 60% energy savings. Its pyrolitic ovens feature a self-cleaning system that incinerates dirt by raising the temperature to over 500°C.
The new-generation built-in hobs are practical and super-safe, provide even faster cooking times and guarantee more energy saving.

washing machines

The washing business unit employs almost a fifth of the work force. Nearly five million washing machines, of which 75% in Class A, are made every year. Since 1990, Indesit Company machines have reduced washing energy by 45% on average and water consumption by over 50%. Advanced washing machine technology has also brought noise down by ten decibels.
Plants in Italy and the UK serve all the markets in Europe and each specialize in a particular model defined in the industrial platform. In East Europe, the new Lipetzk plant will turn out a million machines a year at capacity.

quality

Indesit Company's Quality System involves the entire organization, from research to human resources, from production to marketing, from distribution to after-sales service, the primary aim being maximum customer satisfaction with both products and services.
The main priority in this integrated system is constant improvement of the call rate (percentage of appliances requiring intervention in their first year of service).
Indesit Company's quality policy is also focusing increasingly on the outside world, in the form of constant dialogue with consumers and serious consideration of their comments and suggestions.
2004 saw the start of a customer satisfaction survey of the Group's products (including benchmarking with competitors) to identify new areas for improvement.

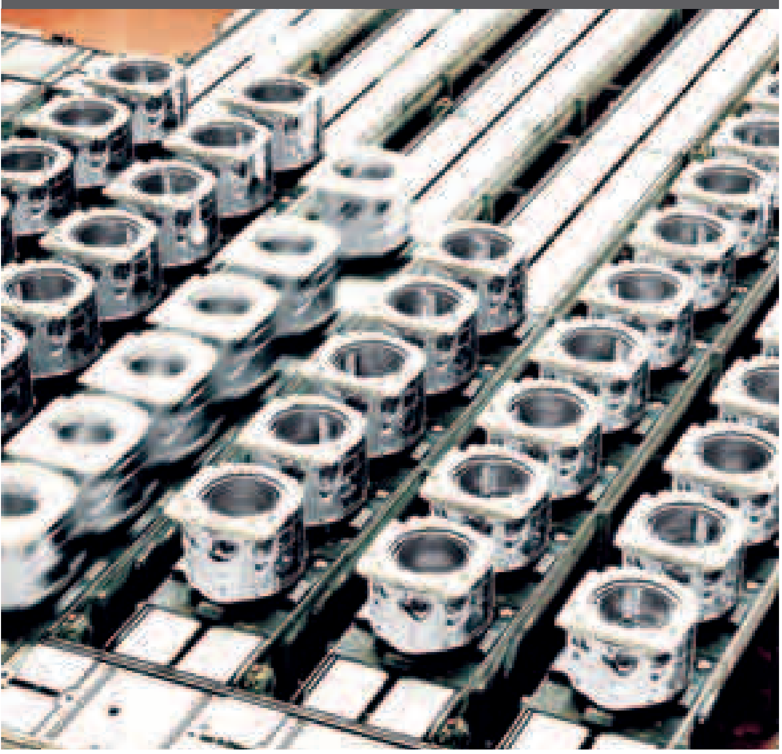
Indesit Company on the top of Mont Blanc

purchasing

Indesit Company considers its suppliers strategic partners and regularly involves them in new product development projects. To ensure constant improvement in their performance, the Company defines its expectations of them, on an annual basis, in terms of quality, punctual delivery and costs.
The main result of the increasingly rigorous supplier assessment policy is the 40% reduction in the average defect rate on supplies received. In line with its commitments under the Code of Conduct, the Company has also undertaken to ascertain that its suppliers, wherever in the world, comply with the Code's provisions regarding respect for workers' rights, workplace safety and environmental protection. Serious breach of the Code by suppliers may even entail termination of their contracts.

we climb for quality

In September 2004 ten Indesit Company employees climbed Europe's highest peak, Mont Blanc, carrying with them to the summit the Company flag and that of its Quality department. The achievement symbolises the commitment that the whole of Indesit Company has always invested in pushing the quality of products and services towards levels of excellence. The same philosophy had already inspired other employees, in the past, to take part in another sporting enterprise – the New York Marathon.



service

Indesit Company's network of after-sales services and assistance plays a fundamental role in supporting sales efforts and cultivating customer loyalty by providing fast, punctual and efficient service.
The service organization is based on call centres that handle consumers' requests for assistance and arrange intervention through the network of service engineers (around 5,000).
The formula employed varies from market to market, using either Company employees (direct channel) or the network of Service Partner (indirect channel).
The professionalism and competence of service technicians is guaranteed by a capillary system of product-specific training, including on-line updating of information, so that the level of service excellence is constantly improved, and customer satisfaction along with it. The Service division is currently seeking to boost efficiency in various markets by employing new troubleshooting and assistance tools (remote assistance).
A vital role in achieving the standards of excellence that the after-sales service sets itself is played by supply chain management. Rationalization and simplification of spare parts management (from 120,000 part numbers down to 80,000) made it possible to create a highly efficient system for replenishing service centres with spare parts.

The new Ariston washing machine loads up to 8.5 kg.

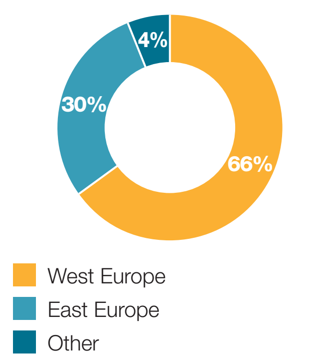
people

ambitious

we are enthusiastic people with a passion for excellence. Our aim is to improve every day, and build powerful relationships with our customers, investors and other stakeholders

Following growth and acquisitions over the last few years, Indesit Company is now made up of 18,000 people, nearly half of whom are outside Italy. The Company is therefore naturally international and requires a European management. To forge optimum management out of such variegated resources, two tools have been developed: a professional training model and a performance management system (PMS), which assesses individuals' performance so they can develop and plan their careers around their own competencies and attitudes.
Indesit Company also considers collaboration with the academic world vital to its human resources policies. Together with the Università Politecnica delle Marche it has instituted a Master's degree in Innovation Engineering and Management to provide competencies for new management roles in an ever more competitive scenario.

Employees by region



A meeting of Indesit Company's management team: top row, left to right: Enrico Vita *(Purchasing Director),* Adriano Mencarini *(EDT Director),* Francesco Trovato *(West Europe Area Director),* Andrea Sasso *(Chief Commercial Officer),* Marco Marini *(UK and Ireland Area Director),* Piero Moscatelli *(Quality Director),* Marco Rota *(Marketing Director),* Andrea Pifferi *(IT Director),* Giuseppe Salvucci *(Global Product Planning Director),* Enrico Cola *(Product Division Cooking Director),* Roberto Cuccaroni *(Italy Director).* Bottom: Cesare Ranieri *(Human Resources Director),* Oscar De Sanctis *(Service Director),* Davide Milone *(Product Division Dishwashing Director),* Oscar Groet *(East Europe Director),* Gianluigi Seri *(Logistics Director), Silvio Corrias (Innovation Director),* Andrea Crenna *(Chief Financial Officer),* Kaka Kobakhidze *(CIS Director),* Massimo Rosini *(Chief Technical and Industrial Officer).*

communication

life begins at 30

The "Life begins at 30" press campaign that appeared in Italian dailies and major European papers and magazines on 28th January 2005 marked the Company's changing of names, from Merloni Elettrodomestici to Indesit Company. It was also an opportunity to herald in a new era for the Company, a commitment the Company duly communicated to everyone - consumers, investors, partners and employees.
According to a Eurisko survey in Europe, 80% of Indesit Company's stakeholders saw the name change as strengthening the links between Company and brand, and 60% thought it a key factor for raising its international profile.
The new name meets the need to communicate the link between Company and brand with heightened effect and immediacy. Indesit was chosen because it's the most international of the brands, the one that best expresses the Company's characteristics. The word Company after Indesit underscores the strategic choice of maintaining a single organization - swift and synergic and capable of harnessing different cultures. So Indesit Company is an international banner under which to face the challenges of the future.

marketing

Advertising spending in 2004 had two complementary objectives: to understand consumers' day-to-day needs and to raise awareness of the Company, its brands and products with the relevant publics (consumers, institutions, suppliers, shareholders, the media).

In line with its We work, you play philosophy, Indesit sponsors popular sports such as football, volleyball and tennis, and in particular the ATP Race, the world's premier tennis circuit.

The Graffiti fridge was launched in 2004 by a fresh and youthful press campaign focusing on the value of the written word as a communication tool, as well as a series of events ranging from the Rimini Fitness Festival, with stands and islands specially fitted out with games for the public, to the International Graffiti Festival in Lodz, Poland, featuring a competition for the "Best Drawing on an Indesit Graffiti fridge".

Italy and New Europe countries were addressed by an Indesit TV campaign, with ads featuring the *Time4You* washing machines and dishwashers.

The Italian TV campaign, on the other hand, focused on the Ariston Experience line and was aired on the main national networks.

Top: Roger Federer with the Indesit ATP2004 Race trophy

Centre: Ariston Drawer Fridge

Bottom: a frame from a Hotpoint TV ad

An Ariston Experience line built-in oven, with the Touch Control system

social responsibility

«There is no value in the economic success of any industrial initiative if it is not also accompanied by commitment to social progress»

Aristide Merloni, 1967

respectful

We are thoughtful, caring and responsible people whose attitudes are reflected in their respect for consumers, employees and other stakeholders – and the environment

CSR

At the 10th anniversary of CSR Europe, Indesit Company was judged one of the most virtuous of the 100 companies from all over Europe thanks to its innovative projects. In collaboration with other producers on the Ceced, the Company responded to new European environmental directives restricting use of hazardous substances in electrical and electronic equipment (RoHS) and waste represented by equipment at the end of its life cycle (WEEE). To this end the Company created its own environmental impact assessment system, which also involves collaboration with recycling organizations in order to identify areas for improvement.

In 2002 Indesit Company was admitted to the Ethibel Sustainability Index, which recognized the Company's genuine desire to operate ethically both in the communities where it operates and in its own internal processes. And it was for work on its internal processes that it received the Sodalitas Social Award, part of the European Social Responsibility Marathon. In 2004 Indesit Company was listed for the second year running in the Kempen/SNS Smaller Europe SRI Index, the first index to measure the social responsibility of small enterprises, in recognition of its ethical, environmental and human resources commitments. Indesit Company's guiding principles in these matters are the charters of values and conventions of major international organizations, as enshrined in the Company's own Corporate Governance system and its official code of conduct, the first such document to be signed with the trade unions.

In building its Corporate Governance system, Indesit Company adopted the Code of Self-Discipline for listed companies in order to ensure even higher levels of transparency and efficacy. In fact, its Corporate Governance model reflects some of the most recent and advanced regulatory standards and best practice (such as the Sarbanes-Oxley Act, the UK's Combined Code on Corporate Governance and Italian Assonime and Borsa Italiana recommendations). Key features include the Board having a majority of independent directors and the separation of roles between chairman and CEO (since 1997).

environment

In 2000, ahead of legislation, Indesit Company had already started up a series of projects on the recovery and recycling of appliances and the reduction of consumption by its products. Product disassembly and recycling indexes were created and used as units of measure in environmental analysis in line with the “eco-points” recommended by Ecodesign. In particular, Indesit Company carried out experiments to test the recyclability of its fridges. 100 appliances were transformed into Ariston “Riciclette”, “ecological” bicycles to be used on ecological (no-traffic) Sundays in Italian Cities. The environmental benefits available in the various phases of a product’s life cycle reflect choice of materials, assembly technique, product recovery and recycling and even transport, two thirds of which is by rail. The overall dimensions and weight of packaging have also been reduced by rationalizing the use of materials.

2004 saw the start of a process to standardize components in line with the European RoHS Directive and an information system, Green DB, was implemented to map the Company’s suppliers and verify their observance of the Directive. The Company also contributes to the formation of consortia dealing with the disposal of products at the end of their life cycle (WEEE Directive) to ensure that operations are properly in place when the legislation comes into force.

Indesit Company sits on the board in the main countries and is currently chairing Ecodom in Italy. In 2004 it set up an internal competition between production facilities to see which was most sensitive on CSR matters. The first edition was won by Carinaro. The award is adjudicated on the basis of specific environmental and social criteria.

rice is life

In the International Year of Rice (IYR), proclaimed in 2004 by the FAO under the auspices of the UN, Indesit Company decided to support a solidarity project for rice production, co-ordinated by Mani Tese, in parts of Guinea Bissau which aren’t self-sufficient in food. Under the project, certain communities will be taught rice cultivation techniques (rain and irrigated) and basic book-keeping. Supplies of instruments and materials will include all the necessaries for production, storage and transport of foodstuffs, as well as a motor pump for irrigating paddy-fields in periods of drought.

An Ariston “Ricicletta” made of aluminium recycled from Indesit Company fridges

ethics and social responsibility

Ethical responsibility towards both the environment and people is a big priority for Indesit Company, which stands firmly by principles such as respect for employees' rights, the central role of the individual, adoption of a participatory industrial relations model, fair distribution of value created by the Company, sustainable growth and correct, transparent communication. The Jonathan-Indesit Company project has given job opportunities to young people who are "at risk" or with criminal convictions in socially disadvantaged areas in Southern Italian cities. Initially an experiment in the Caserta area, in the Carinaro and Teverola plants, the project was extended in 2004 to Le Marche, a region in central Italy, and next year it will move into a European dimension as well, with 100 young people being given work experience in Indesit Company plants outside Italy.

childline

In the UK, Hotpoint is sponsoring "Safely to 18", a campaign promoted by ChildLine, an association that defends children. The directors of Indesit Company raised funds for this by taking part in a hike across the Scottish mountains.

adopt-a-minefield®

Under the UN "Adopt-A-Minefield®" programme, Indesit Company has adopted around 25,000 square metres of land outside the village of Tenja, near the city of Osijek (Croatia), to clear of mines and build a school for the village's 300 children and access roads for the 56 families.

Top: during the European Football Championship in 2004, Indesit gave thousands of footballs to kids in schools in the UK

The "Socially Responsible Plant" prize awarded to the Carinaro plant in 2004

Indesit's Graffiti fridge, with a fully "writable" door

behind the figures

genuine

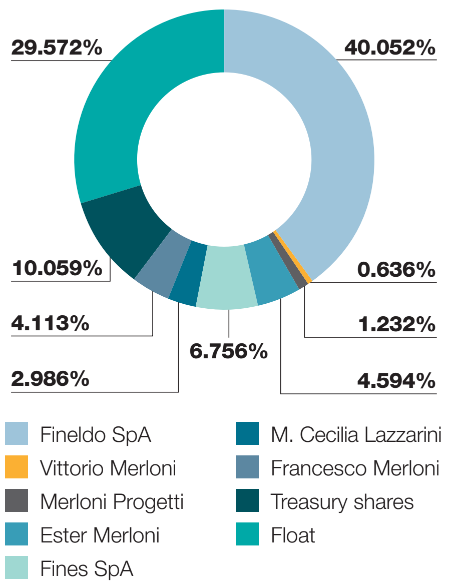
we are open, transparent people with a simple, youthful and flexible attitude to the way we work

The increase in sales volumes in all markets (6.2%) pushed total sales to €3,177m (€3,008m in 2003), up 5.6%. In East Europe in particular, sales grew by 12%. This marked increase was partly offset by the combined effect of the mix, prices and currencies (down 0.9%).
Ebitda touched €405m (up 4.5%), the margin over sales being slightly down from 12.9% to 12.7%. The result reflects increasing pressure on retail prices, rising service and distribution costs associated with improvements to customer service, and towards the end of the year the increase in raw materials costs (especially plastics and steel in Russia not covered by annual supply contracts).
Ebit (net operating income) was in line with 2003 (€248m against €246m), its margin over sales dropping from 8.2% to 7.8%. The main factors here, in addition to those affecting Ebitda, were increased depreciation charges (from €142m to €157m) on investments in 2003 and 2004 in new plants in East Europe and high amortization charges for intangible assets.
Financial charges dropped from €30m to €26m largely due to reduced foreign exchange losses and adjustments to the value of financial assets, while extraordinary charges rose from €18m to €37m.
Profits before tax (PBT) were down 6.6% to €185m (€197m) and represents 5.8% of sales. Taxes (current and deferred) amounted to €67m (€72m), the tax rate being stable at 36%. Net profits amounted to €118m (€126m in 2003).
In 2004 investments amounted to €189m, of which €136m (€137m in 2003) in capital goods for routine substitution of plant and machinery and new facilities in Poland (€40m) and Russia (€30m) and €53m in intangible fixed assets (€32m in 2003). Investments in intangible fixed assets included €18m (€12m in 2003) in R&D, €10m (€16m in 2003) in new software systems and IT licenses and €10m in advertising campaigns for the company name change. Investments in shareholdings amounted to €58m.
Net financial indebtedness was up by €19m (of which €9m due to a reclassification) to €211m. Gearing (debt/equity) moved from 39.8% to 36.6% of Group shareholders' equity. In September 2004 the Group extended the average maturity of its debt by means of a medium/long-term private placement for US institutional investors (US$330m).
In 2004 the pay-out ratio rose from 30% to 31.6%.

Stockmarket data (at 31st December)	2000	2001	2002	2003	**2004**
Ebitda per share (€)	1.79	2.11	2.95	3.57	**3.69**
Net profit per share (€)	0.46	0.69	0.99	1.11	**1.06**
Adjusted net profit per share (€)(1)	0.52	0.84	1.11	1.24	**1.18**
Cash flow(2) per share (€)	1.20	1.50	2.05	2.47	**2.51**
Dividend per share (€)(3)	0.13	0.20	0.29	0.325	**0.325**
Price per share (€)	4.70	5.82	10.07	14.95	**12.67**
Price per share/profit per share	10.14	8.46	10.17	13.51	**11.99**
Price per share/shareholders' equity per share	1.50	1.71	2.58	3.37	**2.41**
Pay out ratio (%)	37.00	30.00	30.00	30.00	**31.60**
Dividend per share/price per share	2.77	4.22	3.03	2.67	**2.35**
Number of ordinary shares	91,508,268	107,316,122	107,998,372	108,465,122	**109,752,372**
Share capital (€/thousands)	58,126	98,837	99,451	99.871	**101,030**
Market capitalization (€m)	480	636	1,099	1,650	**1,422**
Debt+Equity/sales (%)	33	27	28	24	**26**
Debt+Equity/Ebitda	2	2	2	2	**2**

Data refer to ordinary shares only.
(1) Average number of ordinary shares net of the average number of treasury shares.
(2) Net profits plus amortization and depreciation.
(3) The dividend doesn't include the amount due on treasury shares.

Main shareholders and float



5 years of results

Income statement (€m)	2000	2001	2002	2003	**2004**
Sales	1,601	1,971	2,480	3,008	**3,177**
Ebitda	164	226	318	387	**405**
Ebit	96	139	203	246	**248**
Profit after financial income and charges	78	116	178	218	**222**
Profit before tax	63	116	166	197	**185**
Group net profit	42	74	107	120	**116**
Tax rate (%)	32	36	35	36	**36**

Balance sheet (€m)	2000	2001	2002	2003	**2004**
Intangible and tangible fixed assets	583	601	843	860	**976**
Financial fixed assets	84	106	166	153	**135**
Working capital	962	1,161	1,347	1,292	**1,207**
Total assets	1,629	1,868	2,356	2,306	**2,318**
Shareholders' equity, Group	286	365	422	481	**576**
Shareholders' equity, minority interests	14	14	99	36	**31**
Medium/long-term indebtedness (1)	497	513	560	276	**548**
Short-term borrowing	830	976	1,275	1,513	**1,163**

Cash flows (€m)	2000	2001	2002	2003	**2004**
Cash flows from operations	172	212	272	292	**292**
Cash flows from investments	(275)	(114)	(259)	(242)	**(247)**
Cash flows from financial operations	(32)	(22)	(44)	(60)	**(65)**
Closing net financial indebtedness	227	151	181	192	**211**
Residual cash flow (2)	(135)	75	(30)	(10)	**(19)**

(1) Includes staff leaving indemnity and risk reserves.
(2) Cash flows from operating activities + investments + financial activities.

report and consolidated financial statements

as of 31 December 2004

company officers and committees

Board of Directors

Chairman	Vittorio Merloni	
Chief Executive Officer	Marco Milani	
Directors	Innocenzo Cipolletta Adriano De Maio Alberto Fresco Mario Greco Carl H. Hahn Hugh Malim	Andrea Merloni Antonella Merloni Ester Merloni Luca Cordero di Montezemolo Roberto Ruozi

Statutory Audit Committee

Chairman	Angelo Casò
Standing auditors	Paolo Omodeo Salè Demetrio Minuto
Reserve auditors	Leonello Venceslai Fabrizio Colombo

Human Resources Committee

Chairman	Alberto Fresco
	Carl H. Hahn Mario Greco Marco Milani

Audit Committee

Chairman	Roberto Ruozi
	Innocenzo Cipolletta Hugh Malim Vittorio Merloni

Innovation and Technology Committee

Chairman	Adriano De Maio

Members also on Board of Directors

Andrea Merloni
Vittorio Merloni
Marco Milani

Members not on Board of Directors

Valerio Aisa Giovanni Carlino Enrico Cola Silvio Corrias Marco Iansiti Adriano Mencarini	Davide Milone Pasquale Pistorio Massimo Rosini Giuseppe Salvucci Andrea Uncini (secretary)

Representative of savings shareholders

Adriano Gandola

Independent Auditors

KPMG S.p.A.

board of directors' report

economic background

The world economy grew by 3.8% in 2004, driven mainly by the US economy, which grew by 4.4%. In the euro area signs of recovery were weak and growth of GDP stopped at around 2%, while in Eastern Europe, Russia and Poland recorded growth of 6.8% and 5.6% respectively. In the European Union, the UK economy continued to grow (3%). Inflation in EU countries ran at 2.1%.

currency markets

2004 was characterized by a constant weakening of the dollar against the euro (average rate), which had gained 10% by the year end. The zloty too lost ground (2.9%) as did the Turkish lira (4.9%) and the rouble (3.3%). UK sterling on the other hand gained 1.9% on the euro.

The cost of money in the euro area was 2.00%, in line with the end of 2003, while the interest rate in the UK rose to 4.75% (up 1% on the end of 2003). The interest rate also continued to rise in the USA, where it reached 2.25% at the end of 2004 (up 1.25% on the end of 2003).

the white goods market in Europe

Demand for household appliances in Greater Europe in 2004 grew 6.7% by volume in 2004.
In Western European markets growth in volumes was up 4% overall, though growth rates were uneven. While there was substantial growth in the UK (8%), Spain (7%) and Portugal (6%), there was a slackening of demand for white goods in some countries, such as Germany (1%) and The Netherlands (1%).
The story was different in Eastern Europe (excepting the CIS and Turkey), as volumes fell by 3% overall (Slovakia +21%, Czech Republic +11%, Bulgaria -9%, Romania -24% and Croatia -31%).
The CIS and Turkey saw growth of 15% and 60% respectively.

There was strong pressure on prices in both Western and Eastern Europe.

In this competitive and macroeconomic scenario Indesit Company managed to increase its market share by 0.3%.

significant events in 2004, changes in the consolidation area and post-balance sheet events

On 1st January 2005 Merloni Elettrodomestici S.p.A changed its name to Indesit Company S.p.A. The change put the Group in line with other major operators in the consumer durables industry whose name is that of their main brand. The name change thus met the need to effectively communicate the links between the company and "Indesit", the Group's most international and widely sold brand.
In this Report we will use Indesit Company to indicate the Group and Indesit Company S.p.A., or the Company, to indicate the Group parent company.

In January 2004 General Electric exercised its second put option on a further 8% of the investment in General Domestic Appliances Holdings Ltd for the sum of €55m. As a result, the Group's interest in General Domestic Appliances Holdings Ltd moved from 60% to 68%.

In September 2004 Indesit Company contracted a $330m medium/long-term loan (U.S. private placement), with various maturities, from certain institutional investors, mainly American. Designed to lengthen the average maturity of overall debt, the operation was closed on disbursement of the funds in September 2004. Using funds obtained by said *Private Placement* operation, the €150m residual portion of the previous debenture loan, falling due in November 2004, was repaid. Interest and exchange rate risks on the aforesaid loan operation were covered by a Cross Currency Swap. More detailed information on the loan maturities and the hedging operation can be found in the Notes to the Financial Statements, in the sections on debenture payables and the memorandum accounts.

In December 2004 Indesit Company transferred 40% of Faber Factor S.p.A. to Fineldo S.p.A., thus reducing its interest in the factoring company, no longer deemed strategic, to 10%.
At the same time Gruppo Faber Factor transferred 29.4% of Aermarche S.p.A. to Indesit Company S.p.A., which already held 41.4% of the company. As a result, Aermarche S.p.A., a supplier of air transport services to

Indesit Company and third parties, was consolidated on a line by line basis for December 2004 only and on an equity basis for the rest of the period (January-November).

In December 2004 Indesit Company entered a commercial joint venture with the Chinese WLS (Wuxi Little Swan Company, China's biggest producer in the washing segment). In January 2005 following the signing of the agreement and the obtaining of the relevant authorizations, the partners set up WUXI Indesit Home Appliances Co. Ltd., of which Indesit Company holds 70% and WLS 30%. The joint venture then acquired WLS's dishwasher business. Production will start up in the second half of 2005 and will be mainly for export in the initial phase.

In February 2005 General Electric exercised its third put option, for a further 8% of its investment in General Domestic Appliances Holdings Ltd., for the sum of US $57m. The transaction will be settled and the shares transferred on 31st March 2005, at which point Indesit Company's stake in the UK company will move from 68% to 76%.

A list of the Group's investments is attached to the Notes.

expression of values

All the comments and comparisons in the rest of this report refer to economic and financial data for financial 2004 with respect to financial 2003 (the latter indicated in brackets), unless otherwise specified. All the values in the annual report and summary accounts are in millions of euro, whereas the balance sheet, income statement and cash flow statement are in thousands of euro, as are the relative comments in the Notes. All percentages (margins and growth) are based on values in thousands of euro. Figures for the previous year are indicated in brackets.

income statement

Indesit Company's income statement is summarized in the **table 1**.

Total sales reached €3,177m (€3,008m), up 5.6%. Finished product sales, amounting to €2,886m, rose 5.3% thanks to increases in volumes (6.2%) in all Indesit Company's markets and especially in Eastern Europe, where sales rose 12.0%. The growth in volumes was partially offset by the combined effect of mix, prices and currency (-0.9%).

EBITDA rose 4.5% to €405m (€387m), while its ratio to sales dropped from 12.9% to 12.7% as a result of increasing pressure on prices, higher service and

Table 1. Consolidated income statement (€ millions)	**31 December 2004**	31 December 2003	Delta	Delta %
Sales	**3,177**	3,008	169	5.6%
Gross operating margin (EBITDA)	**405**	387	17	4.5%
% of sales	***12.7%***	*12.9%*		
Operating margin (EBIT)	**248**	246	2	1.0%
% of sales	***7.8%***	*8.2%*		
Profits before tax (PBT)	**185**	197	(13)	(6.6%)
% of sales	***5.8%***	*6.6%*		
Total net profits	**118**	126	(8)	(6.3%)
% of sales	***3.7%***	*4.2%*		

distribution costs incurred to improve customer service quality and, for the last quarter only, increases in raw materials costs not covered by annual contracts closed in 2003.

The operating margin (EBIT) was €248m (€246m), up 1% and with a ratio to sales of 7.8% (8.2%). In addition to the factors influencing EBITDA mentioned above, the reduction in EBIT over sales reflects increased depreciation and amortization charges, which amounted to €157m (€142m). This increase relates both to investments in tangible fixed assets in 2003 and 2004 to open new plants in Eastern Europe and in intangible fixed assets, including goodwill arising from the acquisition of 8% of General Domestic Appliances Holdings Ltd.

Financial charges amounted to €26m (€30m), which is 0.8% (1.0%) of sales. The decrease in financial charges was due mainly to diminished exchange losses and value adjustments to financial assets.

Extraordinary charges amounted to €37m (€18m). The increase in this item was due mainly to the above mentioned transfer of the investment in Faber Factor and the loss of extraordinary income from the use of the risks reserve set up on the first-time consolidation of the Russian closed joint stock company Indesit CIS (former Zao Refrigerator Plant Stinol). Restructuring costs remained substantially stable in spite of an acceleration in the conversion of the Setubal facility in Portugal. A detailed description of extraordinary income and charges is given in the Notes.

Profit before tax (PBT), at €185m (€197m) was 5.8% of sales and showed a decrease of 6.6%.

Tax for the period, including current and deferred amounts, amounted to €67m (€72m), with a tax rate of 36% (36%) and net profits of €118m (€126m) including minority interests of €2m (€5m) or 3.7% of sales (4.2%).

financial performance

Net Working Capital (NWC), net of €114m arising from the securitization operation, was a negative €25m (negative €25m). Over sales this was -0,8% (-0.8%) or 2.8% (3.2%) including the effects of the securitization. The change in inventories reflects not only growth in turnover but also the policy of improving customer service levels. **(table 2)**.

Total cash flows amounted to a negative €19m (negative €10m), the cash flows from business operations were in line with the previous year. In particular, investments in tangible and intangible fixed assets amounted to €189m, of which €136m in tangible (€137m) and €53m in intangible assets (€32m). Capital investments, apart from routine replacement of plant and machinery, were

Table 2. Reclassified consolidated balance sheet (€ millions)	**31 December 2004**	31 December 2003
Trade receivables	**502**	482
Inventories	**331**	285
Trade payables	**858**	792
Net working capital	**(25)**	(25)
% of sales	***-0.8%***	*-0.8%*
Other current assets/liabilities, net	**(46)**	(67)
Tangible and intangible fixed assets	**1,040**	942
Other medium/long term assets/liabilities, net	**(153)**	(140)
Total assets	**817**	709
Net financial indebtedness	**211**	192
Shareholders' equity, Group	**576**	481
Minority interests	**31**	36
Total shareholders	**817**	709

mainly in new production units in Poland and Russia, €40m and €30m respectively. Investments in intangible fixed assets related mainly to R&D, €18m (€12m), new software systems and licences, €10m (€16m), and extraordinary advertising campaigns for the name change amounting to €10m (no value posted in 2003). Investments in shareholdings, at €58m, related mainly to the aforementioned acquisitions of a further 8% of General Domestic Appliances Holdings Ltd and of Aermarche S.p.A. **(table 3)**.

Net financial indebtedness moved from €192m to €211m, up €19m, of which €9m due to a reclassification, as explained in detail in the Notes. Gearing (debt/equity ratio), relative to Group shareholders' equity, moved from 39.8% to 36.6% (from 64.9% to 56.5% adjusted for securitization).

brands, products and R&D activities

2004 saw significant investments in ongoing renewal of the product range. Investments in product development amounted to €18m (€14m) across all the product lines (cooking, cooling, washing, dishwashers) and focused on innovation in both products and processes.

In 2004 the Indesit brand attained leadership in the free standing segment with an increase of 0.3% of market share, mainly thanks to the launch of new washing machines (*Time4U*) and fridges (*Playzone* and *Graffiti*). 2004 also saw the start up of washing machine production in the new Lipetsk plant (CIS) and fridge and combi production (A+ and A++ Class consumption) in the new Lodz plant (Poland). Further, the hob, oven, dishwasher, hood and tumble dryer ranges were completely renewed.
On the advertising front, the Company stepped up its efforts to associate the Indesit brand with sport by sponsoring a number of important international events including volleyball and above all tennis (Indesit ATP Race). It continued its classic media activities and also invested in the name change from Merloni Elettrodomestici S.p.A. to Indesit Company S.p.A. and the related changes in Group company names.

Regarding the Ariston brand in 2004, new advertising campaigns were launched (and won significant

Table 3. Consolidated cash flow statement (€ millions)	**2004**	2003
Net profits	**118**	126
Amortization and depreciation	**157**	142
Financial charges	**26**	30
Change in net working capital	**–**	42
Change in other assets/liabilities and provisions	**(8)**	(47)
Operating cash flows	**292**	292
Investments/disinvestments, tangible and intangible fixed assets	**(189)**	(169)
Investments/disinvestments, acquisitions of interest in shareholdings	**(58)**	(73)
Investment cash flows	**(247)**	(242)
Dividends	**(36)**	(32)
Financial charges	**(26)**	(30)
Change in shareholders' equity	**(2)**	2
Cash flows from financing activities	**(65)**	(60)
Total cash flow	**(19)**	(10)
Net financial indebtedness, opening	**192**	181
Net financial indebtedness, closing	**211**	192

NB: the effects of translating foreign currency balance sheets are stated under the items from which such effects arise; for the sake of comparison, the figures at 31st December 2003 have also been reclassified.

recognition, including the prestigious *top brand advertising*) and new technological innovations were made (silent washing machines and the *Everfresh* system for fridges), confirming the Ariston brand's major role in the market. Further, the oven range was extended with the launch of the Experience line and the *tumble dryer* and top-loading washing machine ranges were completely renewed.

Hotpoint, judged for the 5th year in a row the UK's best known and most reliable brand, launched its new *brand identity* and continued the process of integration with the Ariston brand in terms of product ranges. The washing machine, dryer, hob, oven, fridge, combi and dishwasher ranges were fully renewed, with particular impact in the *built-in* segment, where the brand strengthened its positioning.

infra-group business and business with affiliated parties

Business between Group companies is conducted at arm's length and takes into account the quality of goods and services provided. Business conducted by the Group parent company and Group companies with affiliated parties, associated companies, subsidiaries, parent companies and companies controlled by the latter is dealt with in the relevant section of the Notes, where the nature of the main relationships with such parties is described, along with the detailed information required by Consob and IAS 24.
Indesit Company has adopted a procedure for carrying out significant operations with affiliated parties based on a series of principles of conduct designed to guarantee the transparency and correctness (material and procedural) of such operations.
Under this procedure the Board of Directors is provided with full information on the nature of the affiliation, the type of operation, the terms (including economic) under which it is transacted, the evaluation procedure adopted, the underlying interest and motives and any risks for the Company. The procedure also provides for consultation of one or more independent experts regarding the economic conditions and/or legality and/or technical aspects of such operations.
The same scope of information and the possibility of consulting independent experts are also provided for when such operations are carried out by executive directors or company structures acting on their behalf.
In the case of operations indicated in art. 71-bis of Consob Rights Issue Rules, Indesit Company S.p.A. makes a public disclosure in the format required by said Rules.

shareholder resolutions on stock option plans

Stock option plan for Group managers and middle managers

The extraordinary shareholders' meetings held on 16th September 1998 (as modified by the meetings on 5th May 2000 and 7th May 2001) and 23rd October 2001 resolved to increase the share capital pursuant to art. 2441, paragraph 8 of the Italian Civil Code, by a maximum amount of €2,700,000 each, issuing a maximum of 6,000,000 ordinary shares with a nominal value of €0.90 to fund a stock option plan for Group managers and middle managers. The Board of Directors, or the Chairman on its behalf, fixes the amount of options to allot each year and identifies the beneficiaries of stock options, as indicated by the CEO. For options allotted after 24th July 2003 there is a vesting period of three years for the first 50% and four years for the remaining 50%, whereas for options allotted prior to such date the vesting period was two and three years respectively.
For further details on the progress of the stock option plans, see Annex 3.
The CEO, as an employee of the Company, is the beneficiary of a stock option plan tied to his permanence in office for the period 2004-2006 and the achievement within said period of the sales and profits objectives fixed in the MTP (Medium Term Plan) approved by the Board. The plan provides for the allotment of 900,000 options (300,000 for each exercising) on the acquisition of 900,000 of the Company's own shares (ordinary). Allotment takes place at the end of each year. The price of exercise of the options is equal to the average stockmarket price of the Company's ordinary shares over

the 30 (thirty) days prior to 31st December each year. The price of exercise for the 2004 allotment was €12.5649, which is more than the book value of such own shares.

Stock option plan for non-employee directors holding significant posts

The extraordinary shareholders' meetings on 23rd October 2001 and 6th May 2002 voted two capital increases, up to a maximum of 1,600,000 new shares, to fund a stock option plan for non-employee directors in posts significant for the strategic management of the company. The options allotted may be exercised as of 31st March 2004 and in any case no later than 31st March 2006. The subscription price is €4.76 for the 1,400,000 options allotted in 2001 and €9.6954 for the 200,000 options allotted in 2002 (Annex 3 bis).
The shareholders' meeting on 5th May 2004 approved a new capital increase of up to 1,000,000 new ordinary shares for the exercising of stock options by the chairman of the Board of Directors. The plan is tied to his permanence in office and achievement of the sales and profits objectives fixed in the 2004-2006 MTP. The subscription price is €14.70.

corporate governance

The Corporate Governance system adopted by Indesit Company conforms for the most part with the principles of the "Listed Companies Code of Self-discipline" (hereafter "Code"), which the Board of Directors decided to adopt in 2001 and to international best practice. Meeting on 24th March 2005 the Board approved the relative annual Corporate Governance report, which illustrates the Company's Corporate Governance model and reports on the state of enforcement of the Code (summarized in the three synoptic tables in Annexes 5, 6 and 7).
The Group parent company's management and control system is "ordinary" (as defined by Italian law), ie. based on a Board of Directors, a statutory audit committee and external accountants. These bodies are appointed by the shareholders and hold office for three year periods. The majority of independent directors and the key roles they play both on the Board and in its committees (Human Resources, Internal Control and Innovation and Technology) ensure effective reconciliation of interests across all the shareholders and a wide base for board room discussion.
Detailed information on Indesit Company S.p.A.'s Corporate Governance system can be found in the Annual Corporate Governance Report, which will be made available together with financial statement documentation, as required by Stock Exchange Rules.
Indesit Company S.p.A. drew up a programme document on security in accordance with Annex B of decree law 196/03 ("Consolidated Privacy Law"). Italian subsidiaries which have not already done so will produce said document within the term fixed by current law.
In 2004 Indesit Company S.p.A. adopted an organization model and code of conduct pursuant to and for the purposes of decree law 231/01.
Regarding "control and co-ordination" as contemplated in to art. 2497 and subsequent Civil Code, the directors of Indesit Company S.p.A. and external experts consulted for the purpose deem that the Group parent company is not subject to control and co-ordination by any other subjects, including the holding company.

transition to international accounting standards

In line with the provisions of European regulation 1606/2002 (19th July 2002) requiring companies listed in the EU to draw up financial statement to International Financial Reporting Standards (IFRS™, hereafter either IFRS or IAS) as of 1st January 2005, Indesit Company initiated transition from current Italian to IAS accounting standards in 2003 so that the new accounting rules can be adopted in due time. Transition to IFRS is nearing completion.

On the basis of analysis conducted to date, the most significant effects of switching IFRS regard the format of balance sheet accounts, the contents of notes to financial statements, treatment of treasury stock and goodwill and accounting procedures for financial derivatives, intangible fixed assets, employee severance indemnity, stock options and securitization operations. Other effects may emerge as a result of developments in the IFRS and Italian accounting and fiscal regulations.

As for the scheduling of the transition to IFRS, Indesit Company plans to draft the first and second quarter

2005 reports in line with current Italian accounting standards and regulations, including disclosure of information required by the Consob recommendations dated 17th February 2005 on the adoption of international accounting standards, and adopt such standards as from the 1st half 2005 Report. The Company has yet to engage an accounting firm for the process of switching to IFRS, as it is awaiting publication of technical documentation being prepared by the relevant authorities and the accounting profession.

WEEE and RoHS directives

In December 2002 the European Union introduced legislation on the disposal of electrical and electronic products (WEEE, Waste Electrical and Electronic Equipment), making manufacturers responsible for recovery and disposal of old products. To date, a number of major countries have not yet fully assimilated this legislation but given the laws promulgated on a local level with respect to the main body of EU legislation, it is now possible to delineate the extent of manufacturers' and distributors' responsibilities more clearly than was possible when the directive was issued.

The directive defines two areas of responsibility.

- *Old waste* (products put on the market before 13th August 2005): disposal costs are covered by one or more systems to which all manufacturers present on the market at the time such costs are incurred will contribute on a proportional basis (eg. on the basis of market share). This approach is defined as "manufacturers' joint liability" and the law provides that for a 10 year transition period from when the directive becomes law the costs of collection, treatment and disposal ("*visible fee*") will be disclosed to purchasers at the time of sale where contemplated by local legislation.
- *New waste* (products put on the market after 13th August 2005): all manufacturers are responsible for funding the collection, treatment, recovery and disposal of waste produced by their own products. Manufacturers may choose to fulfil this obligation on an individual or joint basis. The directive also requires manufacturers to provide guarantees (through participation in appropriate management or insurance schemes, etc.) to cover the funding of disposal when the manufacturer is no longer present in the territory. In this case the Directive prohibits separately indicating the *visible fee* to the consumer.

On the basis of such provisions, it may be assumed that the disposal costs for *old waste* will be totally or partially covered by the *visible fee*, whereas in the case of *new waste*, it may become necessary to make provisions to cover future charges for the disposal of new products put on the market in those countries where transition periods or other forms of guarantee are not in place. The amount of such provisions cannot be quantified in the present state of uncertainty, particularly with regard to the actual cost of disposal (which will depend on the percentage of products recovered, which is not known on a current, let alone a future, basis and on recycling technology, which is developing rapidly). We may reasonably assume, however, that in the case of new waste the costs will be at least partially offset by increases in retail prices.

In December 2002 the European Parliament and Council also adopted EC Directive 2002/95/CE (the RoHS Directive - Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment). Under this directive, new electrical and electronic equipment put on the market as of 1st July 2006 may not contain such pollutant substances. As in the case of the WEEE restrictions, EU countries should have taken the legal and administrative measures needed to be able to comply with the Directive by 13th August 2004. At the end of December 2004, most of the member States had not assimilated the directive in their national laws. Indesit Company ensured compliance with the directive by informing all its suppliers that it will not accept components not conforming to RoHS as from July 2005 and that after July 2005 there will be a planned phase out of non-conforming production. On the basis of the information available to date it may reasonably be assumed that the realization value of stock in hand at December 2004 will not be compromised.

prospects for 2005

The economic and competitive scenario in 2005 will be characterized by appreciable increases in raw materials costs. Indesit Company will take strong measures over the year to contain costs by improving production efficiency. Significant benefits are expected to flow from our investment policies, from increased production in Eastern Europe and from the growing tendency to source from low-cost countries. In addition to this, Indesit Company started to raise its retail prices at the end of December.

other information

Further information on R&D activities, business with associated companies, subsidiaries, the parent company and other companies controlled by the latter, and treasury stock, can be found in the Notes.
In 2004 no operations involving treasury shares or those of the parent company were carried out.
24th March 2005

For the Board of Directors

Vittorio Merloni
(Chairman)

Annex 1. Shareholdings of directors, statutory auditors and operating officers - 31/12/2004

Name	Company invested in	Type of ownership	Number of shares held at end of previous year	Number of shares acquired	Number of shares sold	Number of shares held at end of year
Merloni Vittorio	Indesit Company S.p.A. Ordinary shares	Through trust company Sirefid S.p.A.	698,300	–	–	698,300
		Indirect through Fineldo S.p.A.	42,875,155	1,120,198	37,384	43,957,969
		Indirect through Merloni Progetti S.p.A.	416,787	–	–	416,787
		Indirect through Merloni Progetti Int. S.A.	934,995	–	–	934,995
		Indirect through Indesit Company S.p.A. treasury shares without voting rights in shareholder meetings	11,039,750	–	–	11,039,750
		Through Franca Carloni, wife, trust company Sirefid S.p.A.	254,840	–	–	254,840
	Indesit Company S.p.A. Savings shares	Indirect through Fineldo S.p.A.	6,000	44,060	–	50,060
	Indesit Company France Sa	Direct	1	–	–	1
Merloni Ester	Indesit Company S.p.A. Ordinary shares	Indirect through Fines S.p.A.	7,343,866	71,324	–	7,415,190
		Direct	5,042,400	–	–	5,042,400
Colombo Felice	Indesit Company S.p.A. Ordinary shares	Direct	–	100,000	35,000	65,000 (1)
		Through subsidiary Co.Ge.Fin.	1,804,722	–	110,000	1,694,722
Merloni Andrea	Indesit Company S.p.A. Ordinary shares	Through trust company Sirefid S.p.A. n. 254,840 - direct n. 1,560	256,400	–	765	255,635
Merloni Antonella	Indesit Company S.p.A. Ordinary shares	Through trust company Sirefid S.p.A. n. 254,840 - direct n. 5,490	260,330	–	–	260,330
Merloni Aristide	Indesit Company S.p.A. Ordinary shares	Through trust company Sirefid S.p.A. n. 254,840 - direct n. 12,000	266,840	–	–	266,840
Caio Francesco	Indesit Company S.p.A. Ordinary shares	Direct	1,000	200,000	200,000	1,000 (1)
Merloni Francesco	Indesit Company S.p.A. Ordinary shares	Direct	2,329,000	–	500,000	1,829,000
		Through trust company Cordusio S.p.A.	2,685,653	–	–	2,685,653
		Through Maria Cecilia Lazzarini, wife	1,653,000	–	–	1,653,000
		Through Maria Cecilia Lazzarini, wife, trust company Cordusio S.p.A.	1,623,700	–	–	1,623,700
Ruozi Roberto	Indesit Company S.p.A. Ordinary shares	Direct	–	100,000	100,000	0 (1)
Guerra Andrea	Indesit Company S.p.A. Ordinary shares	Direct	–	465,000	465,000	0 (1) (2)
Sasso Andrea	Indesit Company S.p.A. Ordinary shares	Direct	–	22,500	22,500	0 (1)

(1) 2004 movements makes reference to Stock Options exercised
(2) resigned from Board of Directors on 30th June 2004

Annex 2. Stock options allocated to directors and general managers - 2004

		Options held at beginning of year			Options allocated during year			Options exercised during year			Options lapsed during year	Options held at year end		
(A) Name	(B) Office	(1) Number of options	(2) Average strike price	(3) Average maturity	(4) Number of options	(5) Average strike price	(6) Average maturity	(7) Number of options	(8) Average strike price	(9) Average market strike price	(10) Number of options	(11) Number of options (=1+4 -7-10)	(12) Average strike price	(13) Average maturity
Vittorio Merloni	Chairman	1,000,000	4.760	2006	1,000,000	14.700	2009					2,000,000	9.730	2008
Andrea Guerra[1]	CEO	465,000	4.741	2008				465,000	4.741	14.628		0		
Marco Milani[2]	CEO	175,000	4.808	2006	300,000	12.565	2009					475,000	9.707	2008
Andrea Sasso	General Manager	42,500	7.008	2012				22,500	6.194	15.056		20,000	7.9258	2012
Roberto Ruozi	Director	100,000	4.760	2006				100,000	4.760	13.93		0		
Felice Colombo[3]	Director	100,000	4.760	2006				100,000	4.760	14.535		0		
Hugh Malim	Director	100,000	9.695	2006								100,000	9.695	2006
Carl H. Hahn	Director	100,000	4.760	2006								100,000	4.760	2006
Francesco Caio[3]	Director	200,000	4.709	2008				200,000	4.709	14.535		0		
Alberto Fresco	Director	100,000	9.6954	2006								100,000	9.695	2006
		2,382,500			**1,300,000**			**887,500**				**2,795,000**		

(1) Stood down, from directorship and CEO, 30th June 2004
(2) Appointed director 30th June 2004, appointed CEO 27th July 2004
(3) Term of office ended 5th May 2004 with shareholders' meeting to approve financial statements at 31/12/2003

Annex 3. Stock option allocated to managers and line-managers

	2004			2003			2002			2001			2000			1999		
	Number of options	**Striking price**	**Mkt price**	Number of options	Striking price	Mkt price	Number of options	Striking price	Mkt price	Number of options	Striking price	Mkt price	Number of options	Striking price	Mkt price	Number of options	Striking price	Mkt price
Rights existing at 1/1	**2,193,500**		**14.858**	2,460,250		10.072	2,527,500		5.824	1,372,500		4.702	665,000	4.6588	4.138			
New rights assigned in year	**0**		**13.8343**	405,000	12.6479	12.1474	700,000	7.9258	9.5865	1,192,500	4.8082	4.7378	762,500		4.8481	740,000	4.6588	4.1481
Detail													*635,000*	*4.488*				
													127,500	*4.88*				
Rights exercised in year	**987,250**		**13.8343**	466,750		12.1474	682,250		9.5865	5,000	4.6588	4.7378						
Detail	**145,000**	**4.6588**		*40,000*	*4.6588*		*420,000*	*4.6588*										
	152,250	**4.488**		*174,250*	*4.488*		*38,750*	*4.88*										
	3,750	**4.88**		*42,500*	*4.88*		*223,500*	*4.488*										
	548,750	**4.8082**		*210,000*	*4.8082*													
	137,500	**7.9258**																
Rights expired in year																		
Rights forfeited in year	**175,000**		**13.8343**	205,000		12.1474	85,000		9.5965	32,500		4.7378	55,000		4.8481	75,000	4.6588	
Detail	**2,500**	**4.488**		*5,000*	*4.6588*		*25,000*	*4.488*		*12,500*	*4.6588*		*37,500*	*4.6588*				
	47,500	**4.8282**		*10,000*	*4.488*		*10,000*	*4.88*		*15,000*	*4.488*		*12,500*	*4.488*				
	80,000	**7.9258**		*5,000*	*4.88*		*50,000*	*4.8082*		*5,000*	*4.88*		*5,000*	*4.88*				
	45,000	**12.6479**		*60,000*	*4.8082*													
				120,000	*7.9258*													
				5,000	*12.6479*													
Rights existing at year end	**1,031,250**		**12.605**	2,193,500		14.858	2,460,250		10.072	2,527,500		5.824	1,372,500		4.702	665,000	4.6588	4.138
of which exercisable at year end	**495,000**			607,250			242,750			332,500	4.6588							

Annex 3 bis. Non-employee director stock option plans

	2004		2003		2002		2001	
	Number of options	**Striking price**	Number of options	Striking price	Number of options	Striking price	Number of options	Striking price
Rights existing at 1/1	**1,600,000**		1,600,000		1,400,000	4.76	0	–
Detail	**1,400,000**	**4.76**	1,400,000	4.76				
	200,000	**9.6954**	200,000	9.6954				
New rights assigned in year	**0**	**–**	0	–	200,000	9.6954	1,400,000	4.76
Rights exercised in year	**300,000**	**4.76**	–	–	–	–	–	–
Rights expired in year	**0**	**–**	0	–	0	–	0	–
Rights forfeited in year	**0**	**–**	0	–	0	–	0	–
Rights existing at year end	**1,300,000**		1,600,000		1,600,000		1,400,000	4.76
Detail	**1,100,000**	**4.76**	1,400,000	4.76	1,400,000	4.76		
	200,000	**9,6954**	200,000	9.6954	200,000	9.6954		
of which exercisable at year end	**1,300,000**		0	–	0	–	0	–
Detail	**1,100,000**	**4.76**						
	200,000	**9.6954**						

Annex 4. Positions held by directors of Indesit Company S.p.A. in other listed companies, finance houses, banks, insurance companies and other large concerns.

Director	Office	Company
Vittorio Merloni	Chairman	Fineldo S.p.A.
	Director	MerloniTermoSanitari S.p.A.
Innocenzo Cipolletta	Chairman	UBS Corporate Finance S.p.A. Il Sole 24 Ore S.p.A.
	Director	Biesse S.p.A. Ericsson Italia S.p.A.
Adriano De Maio	Chairman	Dike Aedifica S.p.A.
	Director	Impregilo S.p.A. Saes Getters S.p.A. Telecom Italia Media S.p.A. TXT e-solution S.p.A.
Alberto Fresco	Director	Ca.Ri.Ge Assicurazioni
Carl H. Hahn	Director	Atradius ngs AG Perot Systems Corporation Hawesko Holding AG
Mario Greco	CEO	Ras S.p.A.
	Director	Unicredit S.p.A. Ifil S.p.A. Fastweb S.p.A. Pirelli&C S.p.A.
Hugh Malim	Chairman	Barclays Financial Services Italia S.p.A. Banca Woolwich S.p.A.
	Vice-Chairman	Barclays Private Equity S.p.A.
	Director	Gabetti Holding S.p.A.
Andrea Merloni	Director	Fineldo S.p.A.
Antonella Merloni	Chairman	Faber Factor S.p.A.
	Director	Fineldo S.p.A.
Ester Merloni	Sole Director	Fines S.p.A.
	Director	Fineldo S.p.A. MerloniTermoSanitari S.p.A.
Luca Cordero di Montezemolo	Chairman and CEO	Ferrari S.p.A. Maserati S.p.A.
	Chairman	Fiat S.p.A.
	Director	Tod's S.p.A. PPR-Pinault/Printemps Redoute Campari S.p.A.
Roberto Ruozi	Chairman	Factorit S.p.A. Palladio Finanziaria S.p.A. ePlanet S.p.A. AXA Interlife S.p.A. AXA Assicurazioni S.p.A. AXA Sim S.p.A. UAP Vita S.p.A. Mediolanum S.p.A.
	Director	Mediaset S.p.A. Gewiss S.p.A. Data Service S.p.A. L'Oréal Italia S.p.A. Air Liquide S.p.A. Finanziaria Fratelli Cerreti S.p.A. Convergenza S.A.
	Chairman of Statutory Audit Committee	Borsa Italiana S.p.A. Monte Titoli S.p.A.

Annex 5. Corporate Governance - board of directors and its committees

Board of directors							Internal Control Committee		Human Resources Committee		Innovation and Technology Committee	
Office	Members	Executive	Non-executive	Independent	****	Number of other posts **	***	****	***	****	***	****
Chairman	Vittorio Merloni	•			100%	2	•	100%			•	100%
CEO	Marco Milani*	•			100%	0			•	33%	•	100%
Director	Innocenzo Cipolletta*		•	•	100%	4	•	100%				
Director	Adriano De Maio*		•	•	80%	5	•	100%			•	100%
Director	Alberto Fresco		•	•	100%	1			•	100%		
Director	Mario Greco*		•	•	60%	5			•	25%		
Director	Carl H. Hahn		•	•	62.5%	3			•	100%		
Director	Hugh Malim		•	•	100%	4	•	100%				
Director	Andrea Merloni		•		100%	1					•	100%
Director	Antonella Merloni*		•		100%	2						
Director	Ester Merloni		•		100%	3						
Director	Luca Cordero di Montezemolo		•	•	50%	6						
Chairman	Roberto Ruozi		•	•	75%	17	•	100%				

Number of meetings held in the reference period	Board: 8	Internal Control Committee: 4	Human Resources Committee: 5	Innovation and Technology Committee (created 23rd March 2004): 1

° Departure from recommendations of the Code: the Chairman sits on this Committee even though he is an executive director, given the Committee's focus on operating management risk evaluation. His participation is a guarantee for stakeholders
* This shows a director was appointed during the year, so the percentages refer to time of appointment.
** This column shows the number of positions held (director or statutory auditor) in other companies listed in regulated markets, including non Italian ones, finance houses, banks, insurance companies and other large organizations. Annex 4 to the Report details such posts in full.
*** A "•" in this column indicates that a director is also a committee member.
**** This column shows directors' attendance (in %) at Board and committee meetings.

Annex 6. Statutory audit committee

Office	Members	Attendance (%) at statutory audit committee meetings	Number of other assignements**
Chairman	Casò Angelo	100%	4
Standing auditor *	Minuto Demetrio	100%	0
Standing auditor	Salè Paolo Omodeo	100%	0
Reserve auditor	Venceslai Leonello		
Reserve auditor *	Colombo Fabrizio		

Number of meetings in the reference period: 8	Quorum for submission of lists by minorities for election of one or more standing auditors (pursuant to art. 148 TUF): 2%

NB.:
* A single asterisk indicates that the auditor was appointed from a minority list.
** This column shows the number of positions held (director or statutory auditor) in other companies listed in regulated markets in Italy

Annex 7. Corporate Governance - Other provisions of the code of self-discipline

	YES	NO	Reasons for departure from the recommendations of the Code
Delegation of powers and operations with correlated parties			
Has the Board delegated powers and defined their			
a) limits	•		
b) mode of exercise	•		
c) and reporting frequency?	•		
Does the Board review and approve operations of special economic, equity and financial importance (including operations with correlated parties)?	•		
Has the Board defined guidelines and criteria for identifying “significant” operations?	•		
Are the aforesaid guidelines and criteria described in the report?	•		
Has the Board defined special procedures for reviewing and approving operations with correlated parties?	•		
Are the procedures for reviewing and approving operations with correlated parties described in the report?	•		
Procedures in the most recent appointment of directors and statutory auditors			
Submission of candidacies for directorships occurred at least ten days beforehand?	•		
Were candidacies for directorships accompanied by full information?	•		
Were candidacies for directorships accompanied by statements of eligibility for “independent” status?	•		
Submission of candidacies for the appointment of auditor occurred at least ten days beforehand?		•	Submission was made five days beforehand in accordance with the by-laws. An extraordinary shareholders’ meeting on 6th September approved a modification to the by-laws increasing the term for submission to 10 days.
Were candidacies for the appointment of auditor accompanied by full information?	•		
Shareholder meetings			
Has the Company approved rules disciplining shareholders’ meetings?	•		
Are the Rules attached to the report (or does the report say where they can be obtained/downloaded)?	•		
Internal control			
Has the Company appointed internal control officers? (1)	•		
Are such officers independent of operating area managers?	•		
Investor relations			
Has the Company appointed an investor relations manager? (2)	•		

(1) The Internal Control Officer (pursuant to art. 9.3 of the Code) is the Group Chief Internal Auditor
(2) Elisabetta Vilizzi Investor Relation Manager - Address: Viale Certosa 247 - 20147 Milano - investor.relator@indesitcompany.com

Annex 8. Corporate Governance - Emoluments paid to directors, statutory auditors and general managers in 2004 (€)

(A) Name	(B) Office	(C) Period in office	(D) End of term	(E) Emoluments for office held in company issuing statements	(F) Non-cash benefits	(G) Bonuses and other incentives	(H) Other remuneration
Vittorio Merloni	Chairman of Board	01/01/2004 - 31/12/2004	Balance sheet 2006	995,644.77		300,000.00	90,000.00 (1)
Marco Milani	CEO	27/07/2004 - 31/12/2004	Balance sheet 2006	202,331.15	2,679.01	141,000.00	649,447.75 (5)
Andrea Guerra	CEO	01/01/2004 - 29/06/2004	–	181,620.23	2,712.32		150,138.68 (2)
Francesco Caio	Director	01/01/2004 - 04/05/2004	–	5,333.00			
Innocenzo Cipolletta	Director	05/05/2004 - 31/12/2004	Balance sheet 2006	50,835.69			
Felice Colombo	Director	01/01/2004 - 04/05/2004	–	10,330.00			
Luca Cordero di Montezemolo	Director	01/01/2004 - 31/12/2004	Balance sheet 2006	27,275.23			
Adriano De Maio	Director	05/05/2004 - 31/12/2004	Balance sheet 2006	33,890.46			
Alberto Fresco	Director	01/01/2004 - 31/12/2004	Balance sheet 2006	74,803.31			
Mario Greco	Director	05/05/2004 - 31/12/2004	Balance sheet 2006	33,890.46			(7)
Carl H. Hahn	Director	01/01/2004 - 31/12/2004	Balance sheet 2006	56,168.69			998.92 (3)
Hugh Malim	Director	01/01/2004 - 31/12/2004	Balance sheet 2006	66,330.69			
Andrea Merloni	Director	01/01/2004 - 31/12/2004	Balance sheet 2006	52,693.08			80,000.00 (4)
Antonella Merloni	Director	05/05/2004 - 31/12/2004	Balance sheet 2006	42,363.08			
Aristide Merloni	Director	01/01/2004 - 04/05/2004	–	15,495.00			
Ester Merloni	Director	01/01/2004 - 31/12/2004	Balance sheet 2006	57,858.08			
Francesco Merloni	Director	01/01/2004 - 04/05/2004	–	10,330.00			
Roberto Ruozi	Director	01/01/2004 - 31/12/2004	Balance sheet 2006	52,693.08			
Angelo Casò	Chairman, statutory audit committee	01/01/2004 - 31/12/2004	Balance sheet 2004	51,000.00			2,734.41 (3)
Demetrio Minuto	Statutory auditor	01/01/2004 - 31/12/2004	Balance sheet 2004	30,600.00			2,237.80 (3)
Paolo Omodeo Salè	Statutory auditor	01/01/2004 - 31/12/2004	Balance sheet 2004	30,600.00			3,060.00 (3)
Giovanni Carlino	COO	01/01/2004 - 31/12/2004	Indefinite	–	2,052.64	100,106.80	306,153.85 (6)
Andrea Sasso	COO	01/01/2004 - 31/12/2004	Indefinite	–	9,913.19	301,597.49	376,923.08 (6)

(1) Lump sum reimbursement of expenses.
(2) Employment based remuneration as a manager of Indesit Company S.p.A.
(3) Reimbursement of expenses.
(4) Fees for chairing the board of directors of Wrap S.p.A.
(5) Employed by Indesit Company S.p.A. €249,551.99 - Emoluments as CEO Indesit Company UK H Ltd €399,895.76.
(6) Other remuneration refer to annual gross remuneration as a manager of Indesit Company S.p.A.; non cash benefits refer to fringe benefits, bonuses and other incentives refer to bonuses and other income not included into annual gross remuneration.
(7) Fees paid to RAS S.p.A.

Information by region as of 31 December 2003 (in € thousands)				
	Western Europe	Eastern Europe	Rest of the world	Consolidated
Sales to third parties	2,042,569	761,993	203,179	3,007,741
Inter-company sales	109,305	61,771	48,596	
Total revenues	2,151,874	823,764	251,775	
Result by region	138,718	164,656	24,096	327,470
Non attributable general expenses				(81,948)
Difference between value and cost of production				245,522
Net financial charges				(28,002)
Revaluation (writedown) of investments				(1,631)
Net extraordinary charges				(18,412)
Result before taxes				197,477
Taxes				(71,916)
Minority interests				(5,263)
Group result				120,298

Other information				
Assets by region				
Breakdown by region	*69%*	*19%*	*12%*	
Receivables	332,028	89,685	60,065	481,779
	78%	*16%*	*6%*	
Inventories	221,979	45,534	17,075	284,588
Total	554,007	135,219	77,141	766,366
Placement of long-term assets	629,607	42,214	22,966	694,786
Centralized assets				844,718
Total consolidated assets				2,305,870
Liabilities by region				
Breakdown by region	*70%*	*26%*	*4%*	
Suppliers	557,283	206,056	28,556	791,895
Centralized liabilities				1,513,975
Centralized liabilities				2,305,870

Information by region as of 31 December 2004 (€ thousands)	Western Europe	Eastern Europe	Rest of the world	Consolidated
Sales to third parties	2,102,545	853,506	220,918	3,176,969
Inter-company sales	132,319	144,645	39,954	
Total revenues	2,234,864	998,151	260,872	
Result by region	133,642	173,360	27,402	334,404
Non attributable general expenses				(86,509)
Difference between value and cost of production				247,895
Net financial charges				(25,566)
Revaluation (writedown) of investments				(772)
Net extraordinary charges				(37,019)
Result before taxes				184,538
Taxes				(66,926)
Minority interests				(1,571)
Group result				116,041

Other information				
Assets by region				
Breakdown by region	*65%*	*20%*	*15%*	
Receivables	326,277	100,393	75,295	501,965
	72%	*22%*	*6%*	
Inventories	239,236	72,580	19,042	330,857
Total	565,513	172,973	94,336	832,822
Placement of long-term assets	664,874	288,253	23,295	976,422
Centralized assets				508,845
Total consolidated assets				2,318,089
Liabilities by region				
Breakdown by region	*70%*	*23%*	*7%*	
Suppliers	600,420	197,281	60,043	857,744
Centralized liabilities				1,460,345
Total consolidated liabilities				2,318,089

Business information by region is structured on the basis of internal reporting rules. In particular, all the information comes from aggregating finished product sales as per the income statements in the various markets. Minor income statement items (eg. revenues from services, other revenues, etc.) are stated by region on a lumpsum basis. Inter-company revenues include revenues from sales and provision of services within the Group that produced in one geographical region and sold in others. The non-attributable expenses (non-attributable general expenses, centralized asssets and liabilities) are economic and financial items for which lumpsum criteria would be incompatible with respect to standard methods of measuring market results. Under the reporting rules mentioned above, the country markets are grouped in the following regions:
The Western Europe region includes Italy, France, Portugal, Spain, Germany, The Netherlands, the UK, Belgium, Denmark, Finland, Iceland, Norway, Sweden, Ireland, Austria, Switzerlan and Greece.
The Eastern Europe region includes the CIS, Poland, Rumania, Bulgaria, Hungary, the Czech Republic, Slovakia and the Balkan states.
The Rest of the world includes Turkey, South America, North America, Africa, Australia, Middle and Far East.

For the sake of comparison, the data as of 31st December 2003 includes a number of reclassifications between regions and relative to the non-attributable general expenses, following changes in the reporting rules.

consolidated financial statements

as of 31 December 2004

Balance sheet (€ thousands)		31 December 2004		31 December 2003
A. Share capital issued and not yet paid		**-**		-
Total A		**-**		-
B. Fixed asset				
I. Intangible fixed assets				
1. Installation and expansion costs		**9,813**		4,728
2. Research, development and advertising costs		**34,341**		14,592
3. Industrial patent rights		**31,526**		34,717
4. Concessions, licenses, trademarks and similar rights		**70,548**		63,720
5. Goodwill		**-**		-
5 bis. Consolidation difference		**76,031**		39,632
6. Intangible assets in progress and payments on account		**-**		15
7. Others		**7,890**		4,373
		230,149		161,777
II. Tangible fixed assets				
1. Land and buildings		**244,761**		239,219
2. Plant and machinery		**291,799**		294,211
3. Industrial and commercial equipment		**82,757**		77,622
4. Other assets		**71,628**		53,965
5. Tangible assets in progress and payments on account		**55,328**		33,474
		746,273		698,491
III. Financial fixed assets				
1. Shareholdings in:				
1.a Subsidiaries		**2,173**		138
1.b Associated companies		**26,547**		46,610
1.c Parent companies		**-**		-
1.d Other enterprises		**2,294**		1,712
2. Receivables				
2.a From subsidiaries		**-**		-
- of which falling due in the subsequent period	-		-	
2.b From associated companies		**-**		-
- of which falling due in the subsequent period	-		-	
2.c From parent companies		**-**		-
- of which falling due in the subsequent period	-		-	
2.d From others		**71,100**		71,738
- of which falling due in the subsequent period	-		859	
3. Other securities		**12**		10
4. Treasury shares		**32,974**		32,974
Total nominal value	10.929		10,929	
		135,100		153,182
Total B		**1,111,522**		1,013,450
C. Current assets				
I. Inventories				
1. Raw and auxiliary materials and spare parts		**66,911**		56,387
2. Work in progress		**11,826**		11,535
3. Contract work in progress		**280**		40
4. Finished goods		**248,337**		214,587
5. Advances		**3,503**		2,039
		330,857		284,588
II. Receivables				
1. Trade receivables		**497,372**		462,474
- of which falling due after the subsequent period	-		109	
2. From subsidiaries		**1,912**		1,781
- of which falling due after the subsequent period	-		-	
3. From associated companies		**2,552**		17,464
- of which falling due after the subsequent period	-		-	
4. From parent companies		**129**		60
- of which falling due after the subsequent period	-		-	
4 bis. Tax receivables		**40,119**		40,346
4 ter. Advance taxes		**24,571**		16,035
- of which falling due after the subsequent period	11,899		7,093	
5. From others		**37,315**		39,899
- of which falling due after the subsequent period	74		75	
		603,970		578,059
III. Financial assets not held as fixed asset				
1. Shareholdings in subsidiaries		**-**		-
2. Shareholdings in associated companies		**-**		-
3. Shareholdings in parent companies		**-**		-
4. Other shareholdings		**-**		-
5. Shares and quotas of Group		**-**		-
Total nominal value	-		-	
6. Other securities		**26,877**		29,732
7. Financial assets not held as fixed assets		**6,357**		2,897
		33,234		32,629
IV. Cash				
1. Banks and postal deposits		**211,773**		373,277
2. Cheques		**10**		21
3. Cash on hand		**377**		334
		212,160		373,632
Total C		**1,180,221**		1,268,908
D. Accrued income and prepayments		**26,346**		23,512
Total D		**26,346**		23,512
Interest on loans	-		-	
Total		**2,318,089**		2,305,870

Shareholders' equity (€ thousands)		**31 December 2004**		31 December 2003
A. Shareholders' equity				
I. Share capital		**101,030**		99,871
II. Share premium reserve		**26,077**		20,702
III. Revaluation reserve		**4,165**		4,165
IV. Legal reserve		**11,601**		9,627
V. Statutory reserves		**-**		-
VI. Reserve for treasury shares		**32,974**		32,974
VII. Other reserves, indicated separately in the notes		**54,590**		36,830
VIII. Profit (loss) carried forward		**229,163**		156,964
IX. Group profit (loss)		**116,041**		120.298
		575,641		481,431
X. Share capital and reserves - minority interests		**29,310**		30,596
XI. Profit (loss) for the year - minority interests		**1,571**		5,263
		30,881		35,859
Total A		**606,522**		517,290
B. Reserves for risks and charges				
1. Pensions and similar obligations		**1,789**		1,748
2. Taxation, including deferred		**16,954**		10,627
2 bis. Consolidation reserve for future risks and charges		**-**		663
3. Others.		**68,040**		65,180
Total B		**86,783**		78,218
C. Staff leaving indemnity		**65,795**		62,044
Total C		**65,795**		62,044
D. Payables				
1. Debentures		**273,902**		150,000
- of which falling due after the subsequent period	273,902		-	
2. Convertible debentures		**-**		-
- of which falling due after the subsequent period	-		-	
4. Banks loans payable		**239,389**		513,542
- of which falling due after the subsequent period	106,895		129,910	
5. Other financing payables		**13,906**		5,987
- of which falling due after the subsequent period	13,233		5,346	
6. Advances		**10,022**		7,289
- of which falling due after the subsequent period	-		-	
7. Trade payables		**829,439**		567,681
- of which falling due after the subsequent period	-		-	
8. Secured payables		**-**		-
- of which falling due after the subsequent period	-		-	
9. Payables to subsidiaries		**2,765**		2,947
- of which falling due after the subsequent period	-		-	
10. Payables to associated companies		**15,071**		213,512
- of which falling due after the subsequent period	-		-	
11. Payables to parent companies		**447**		466
- of which falling due after the subsequent period	-		-	
12. Tax payables		**65,644**		69,454
- of which falling due after the subsequent period	3		7	
13. Social security payables		**36,209**		36,332
- of which falling due after the subsequent period	-		-	
14. Other payables		**44,585**		47,297
- of which falling due after the subsequent period	-		1	
Total D		**1,531,379**		1,614,507
E. Accrued liabilities and deferred charges		**27,610**		33,811
Total E		**27,610**		33,811
Total		**2,318,089**		2,305,870

Memorandum accounts (in € thousands)	**31 December 2004**	31 December 2003
Direct and indirect guarantees		
Bank guarantees		
in favour of 3rd parties	**8,253**	3,641
in favour of associated companies		
Other guarantees		
in favour of 3rd parties		
Collaterals		
in favour of 3rd parties		
Purchase or sale commitments	**176,164**	251,795
Party goods held by the Company	**6,216**	3,712
Total	**190,633**	259,148

Income statement (€ thousands)		**2004**		2003
A. Value of production				
1. revenues from sales and services		**3,176,969**		3,007,741
2. variations in work in progress and finished goods		**31,208**		39,679
3. variations in contract work in progress		**240**		(31)
4. variations in fixed assets		**14,407**		11,231
5. other revenues and income		**52,509**		50,971
- of which grants to operating account	157		294	
Total A		**3,275,333**		3,109,591
B. Cost of production				
6. Raw and auxiliary materials, spare parts and goods		**1,751,493**		1,633,123
7. Services		**519,442**		492,002
8. Utilization of 3rd party assets		**49,354**		45,454
9. Personnel				
a. Payroll		**410,359**		399,160
b. Social security		**91,305**		89,053
c. Staff leaving indemnity		**11,007**		10,534
d. Pensions and similar		**101**		268
e. Other costs		**11,467**		9,384
10. Amortization, depreciation and writedowns				
a. Amortization of intangible fixed assets		**39,216**		28,634
b. Depreciation of tangible fixed assets		**117,449**		113,147
c. Other writedowns of fixed assets		**5**		2
d. Writedown of receivables under current assets and cash balances		**7,813**		12,682
11. Variations in raw and auxiliary, spare parts, and goods inventories		**(13,555)**		5,882
12. Provisions for risks		**7,893**		3,771
13. Other provisions		**40**		778
14. Other operating charges		**24,049**		20,195
Total B		**3,027,438**		2,864,069
Difference between value and cost of production (A-B)		**247,895**		245,522
C. Financial income and charges				
15. Income from shareholdings		**43**		39
- Subsidiaries	-		-	
- Associated companies	-		-	
- Other enterprises	43		39	
16. Other financial income				
a. Receivables stated as fixed assets		**5**		770
- Subsidiaries	-		-	
- Associated companies	5		770	
- Parent companies	-		-	
- Others	-		-	
b. Securities under fixed assets other than shareholdings		**-**		-
c. Securities under current assets other than shareholdings		**-**		-
d. Income different from the previous		**6,379**		8,171
- Subsidiaries	-		-	
- Associated companies	-		-	
- Parent companies	-		-	
- Others	6,379		8,171	
17. Interest and other financial charges		**32,019**		34,484
- Subsidiaries	-		-	
- Associated companies	-		32	
- Parent companies	449		4	
- Others	31,571		34,448	
17bis. foreign exchange gains and losses		**26**		(2,498)
Total C		**(25,566)**		(28,002)
D. Adjustments to the value financial assets				
18. Revaluations				
a. Shareholdings		**1,078**		2,159
b. Financial fixed assets other than shareholdings		**-**		-
c. Securities under current assets other than shareholdings		**-**		-
19. Writedowns				
a. Shareholdings		**1,850**		3,790
b. Financial fixed assets other than shareholdings		**-**		-
c. Securities under current assets other than shareholdings		**-**		-
Total D		**(772)**		(1,631)
E. Extraordinary income and charges				
20. Income		**6,087**		13,448
- Capital gains on disposals	38		1,382	
- Others	6,049		12,066	
21. Charges		**43,106**		31,860
- Capital losses on disposals	4,063		703	
- Prior year taxes	-		879	
- Others	39,043		30,278	
Total E		**(37,019)**		(18,412)
Extraordinary income and charges		**184,538**		197,477
22. Income tax: current, deferred, advance		**66,926**		71,916
23. Profit (loss) for year		**117,612**		125,561
Profit (loss) for year, minority interests		**1,571**		5,263
Profit (loss) for year, Group		**116,041**		120,298

Net financial position (€ thousands)	**31 December 2004**	31 December 2003
Financial receivables not held as fixed assets		
Cash on hand	**387**	356
Bank and postal deposits	**211,773**	373,277
Other short-term financial assets	**33,234**	32,629
	245,394	406,262
Financial receivables held as fixed assets		
Bank and postal deposits	**70,339**	70,880
Receivables from others	**773**	868
	71,112	71,748
Total financial assets	**316,506**	478,010
Short-term financial payables		
Banks	**132,494**	383,632
portion of medium/long debt due within 12 months	**15,494**	11,620
Other financing payables	**673**	819
	133,167	384,451
Medium/long term financial payables		
Debentures	**273,902**	150,000
Banks	**106,895**	129,910
Other financing payables	**13,233**	5,346
	394,030	285,256
Total financial payables	**527,197**	669,707
Net financial position (1)	**(210,691)**	(191,697)

Cash flow statement (2) (€ thousands)	**31 December 2004**	31 December 2003
Profit for the year	**117,612**	125,561
Amortization and depreciation	**156,670**	141,782
Financial income and charges	**26,338**	29,633
Change in net working capital	**(429)**	41,609
Change in trade receivables	**(20,186)**	(22,667)
Change in inventories	**(46,269)**	(19,227)
Change in trade payables	**66,026**	83,503
Change in other assets/liabilities and provisions	**(8,113)**	(46,625)
Change in other short-term assets/liabilities	**(20,815)**	(36,955)
Change in employee severance indemnity reserve	**3,751**	3,041
Change in other reserves	**8,951**	(12,711)
Net operating cash flow	**292,078**	291,960
Invest/disinvest. tangible/intangible fixed assets	**(188,641)**	(169,422)
Invest./disinvest. tangible fixed assets	**(135,359)**	(136,995)
Invest./disinvest. intangible fixed assets	**(53,282)**	(32,427)
Other investments	**(57,903)**	(72,810)
Invest./disinvest. financial fixed assets	**7,058**	1,655
Acquisitions	**(64,961)**	(74,465)
Cash flow from investments	**(246,544)**	(242,232)
Dividends	**(36,160)**	(32,130)
Financial income/charges	**(26,338)**	(29,633)
Change in shareholders' equity	**(2,033)**	1,818
Changes in share capital	**1,159**	420
Changes in reserves	**8,968**	513
Changes in minority interests	**(12,160)**	885
Cash flow from financing activities	**(64,528)**	(59,945)
Net cash flow	**(18,994)**	(10,217)

(1) Net financial position gross of securitization effect amounts to €325,007 thousands (€312,437 thousands).
(2) The figures at 31st December 2003 were reclassified uniformly in respect of the 31st December 2004 figures. For the sake of correct representation, acquisitions of interest in shareholdings were stated separately, while changes in other shareholders' equity balances arising from such acquisitions were eliminated. The effect of translating foreign currency financial statements is stated under the original items.

notes to the consolidated financial statements

as of 31 December 2004

format and content

The consolidated financial statements at 31st December 2004, including the balance sheet, income statement, supplementary notes and annual report, were drafted in accordance with decree law 127/1991 and regarding matters not specifically provided for in said law with the accounting standards promulgated by the "Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri" or otherwise those of the International Accounting Standards Board (I.A.S.B.®) and the Financial Accounting Standards Board (F.A.S.B.). Further, these supplementary notes were prepared in accordance with the provisions regarding disclosure of financial information in decree law 58/1998 ("Draghi" consolidated law) and subsequent decrees in enforcement of and addition to it, with CONSOB recommendations and with the provisions of document no. 1 of the OIC (Organismo Italiano di Contabilità), which made amendments and additions to accounting standards as required by decree law 6/2003 (so-called "company law reform"). This entailed, among other things, the classification of certain items in the consolidated balance sheet and income statement accounts at 31st December 2003 and in the relevant accounts in the Group parent company's statements, as described hereunder.
Further, a cash flow statement was drawn up in a summary form for inclusion in the annual report and is also attached (in full-length format) to the balance sheet and income statement accounts.

The consolidated statements include the accounts of the Group parent company Indesit Company S.p.A. and of its Italian and non-Italian subsidiaries forming the Indesit Company Group and in which Indesit Company S.p.A. directly or indirectly holds more than 50% of stock or has *de facto* control. The remaining companies in which it has an investment of over 20% or in which it exercises significant control under the terms of art. 2359 Civil Code are stated using the equity method. Such companies are listed in an annex to these supplementary notes.
Non-material subsidiaries (accounting for less than 0.5% of overall revenues) were excluded from the consolidation area on the grounds that their exclusion would not detract from a clear understanding of the financial statements, as allowed under art. 29, decree law 127/91.
The financial statements of the companies included in the consolidation area were drawn up by their respective managements using the accounting standards indicated above.

As outlined in the directors' report, the consolidation area underwent certain changes with respect to 31st December 2003. In December 2004 Gruppo Faber Factor transferred 29.4% of Aermarche S.p.A. to Indesit Company S.p.A., which already held 41.4% of the company. As a result, Aermarche S.p.A. was consolidated on a line by line basis for December 2004 only and on an equity basis for the rest of the period (January-November). Later the same month, Indesit Company transferred 40% of Faber Factor S.p.A. to Fineldo S.p.A., thus reducing its interest in the factoring company to 10%.
The interest in General Domestic Appliances Holdings Ltd rose from 60% to 68% following General Electric's exercising of its second put option in January 2004, for the sum of €55m.
Further, at 31st December 2004 Indesit Company Hungary was consolidated for the first time but this didn't affect the consolidation area as the company is a spin-off from Indesit Company S.p.A.

Indesit Company adopts FAS 52 for its subsidiary in Turkey, where there is hyper-inflation. Up till 31st December 2003 this standard was also used for the Russian subsidiary, the Closed Joint International Stock Company Indesit (former Zao Refrigerator Plant Stinol). The Russian company stopped using FAS52 as of 2004, Russia no longer being a hyper-inflation country, so conversion of its financial statements at 31st December 2004 (in roubles) was by the ordinary methods provided for in PPCC17.

Adjustments made in the financial statements of Group companies for the sole purpose of enjoying otherwise unobtainable tax benefits have been eliminated from the consolidated statements. In this context, as a result of the abrogation of clause 2 of art. 2426 Civil Code, adjustments made for purely tax purposes by the Group parent company and its Italian subsidiaries were "fiscally de-polluted" in line with company law reforms introduced by decree law 6/2003 (as interpreted in the provisions of OIC document no.1).

The balance sheet, income statement, cash flow statement and all the tables in these Notes are in thousands of euro.
The post balance sheet events illustrated in the directors' report form an integral part of these Notes.

Regarding disclosures on "direction and co-ordination", further information can be found in the directors' report.

exemptions

There were no exceptional cases requiring departure from standard procedure as allowed by art. 29, clauses 4 and 5, decree law 127/1991.

evaluation criteria

The evaluation criteria adopted in preparing the consolidated statements are in line with those used by the Group parent company and are described in full below, as are any other accounting standards used in particular items of the consolidated financial statements.
Individual items are stated in accordance with the principle of conservative accounting, on the basis of a going concern and in line with the modifications to art. 2423 bis introduced by the company law reform. Values are calculated taking into account the economic function of the items and on the basis of the principle whereby substance prevails over form.
The evaluation criteria adopted are the same as those used the previous year excepting as provided for in the aforementioned document no. 1 of the OIC. In particular, the transfer to Simest of quotas in the Russian closed joint stock company Indesit CIS and the Polish Indesit Company Polska Sp.z.o.o (former Merloni Indesit Polska Sp.z.o.o.), shareholdings stated in the balance sheet at 31st December 2003 as minority interests in shareholders' equity, are now stated as financial payables to Simest, as required by art. 2424 bis Civil Code.

intangible fixed assets

Intangible fixed assets are stated at purchase or production cost, including accessory charges and amortized on a straight line basis over the residual period of possible utilization; they may be written down if the estimated realization value at the year end is seen as permanently less than the cost.
Detailed below are the various types of intangible fixed assets:

- Installation and expansion costs are amortized over five years.
- New product design costs and advertising costs arising from the name change are amortized over five years.
- Industrial patent rights and utilization of know-how, including the costs of development and integration of data processing systems, are stated at purchase or production cost, including accessory charges. Such costs are amortized each year with regard to their residual useful economic life, which is normally five years.
- Costs for licenses and trademarks are stated at purchase cost including accessory costs and are amortized on the basis of the residual possibility of utilization, which is normally five years.
- Goodwill (or consolidation difference) arising from the difference between the shareholders' equity of subsidiaries and the cost stated in the balance sheet of the Group parent company or other controlling companies in the consolidation area, after any such difference has been stated under the assets and liabilities of the companies in question, is amortized over a period of five or ten years, whichever is deemed more appropriate in relation to the income-generating capacity of the investment from which the goodwill emerged. The value of goodwill is reviewed at the end of every year using internationally accepted methods (*discounted cash flow*).
- Other intangible assets include charges for the acquisition of mortgages and expenses incurred on 3rd party assets and are amortized over the duration of the relative contracts.

tangible fixed assets

Tangible fixed assets, stated net of accumulated depreciation, are booked at purchase or production cost, with the exception of fixed assets revalued in accordance with legislation where such revaluation express the actual value of the assets. Costs include accessory charges and costs directly attributable to the assets. Certain industrial fixed assets acquired in business

acquisition operations are stated at market value or value in use on the basis of expert appraisals. Maintenance costs of a routine nature are fully charged to the income statement, while maintenance costs of an extraordinary or incremental nature are written to the fixed assets to which they refer and depreciated in relation to their residual possibility of utilization. Tangible fixed assets are depreciated on a straight line basis at rates reflecting their residual possibility of utilization, which, with regard to Italian companies, corresponds to the ordinary rates set by fiscal legislation, reduced by 50 percent in the first year of operation of the fixed assets.
The depreciation rates/ranges for the various categories of fixed assets are as follows in **table 1**.
When there is permanent loss in value irrespective of depreciation already accumulated, fixed assets are written down over the residual period of their usefulness. If in subsequent periods the reasons for writedown no longer hold, the original values are written back. Tangible fixed assets under construction and advances to suppliers are stated under assets on the basis of costs incurred and/or advances paid including directly attributable expenses.

financial fixed assets

Shareholdings in associated companies are stated on an equity basis. Other shareholdings and subsidiaries outside the consolidation area are stated at cost or subscription value. Balance sheet values are adjusted in cases of permanent loss in the value of the investments.
Receivables stated under financial fixed assets are stated at net realizable value.
Securities are stated at purchase cost. If the market value of such assets is seen to fall below book value, they are written down to market value. Interest is stated on an accrual basis.
Treasury shares, acquired on shareholder approval in the manner and within the limits required under Italian law, are stated under financial fixed assets in that they are unlikely to be disposed of in the short-term. They are stated at cost and may be written down to reflect permanent loss in value. As required by law, the same amount is written to a reserve for writedowns under consolidated shareholders' equity.

inventories

Inventories are stated at purchase/production cost or net realizable value, whichever is lower. In particular, purchase costs are calculated on the basis of prices paid to suppliers and any directly attributable accessory expenses. Production costs include costs incurred to bring goods to the state they are in at the balance sheet date (raw materials and components costs and production costs). Net realizable value includes cost of sale. Obsolete and slow moving stock is written down on the basis of possible use or sale and stated in a obsolescence reserve. The Group parent company states closing inventories on an annual LIFO basis.
Information is provided in the Inventories section of the Notes on the effect produced by the LIFO as opposed to the weighted average cost method.

Table 1. The depreciation rates for the various categories of fixed assets

Description		Rates
Buildings and lightweight constructions		3%-10%
Plant and machinery		10%-20%
Industrial and commercial equipment		10%-33%
Other assets	Motor vehicles and internal means of transport	15%-30%
	Furniture, office machines and EDP	12%-30%
	Aircraft	4%-7%

receivables

Receivables are stated at net realizable value by way of provision to the bad debt reserve and direct reduction of value under assets. Calculation of such values takes into account the risk of loss arising from analysis of individual positions, historical trends in losses on receivables and country risk factors.

financial assets not held as fixed assets

Securities are stated at acquisition cost or market value, whichever is lower.

cash

Cash balances at the year end are stated at nominal value.
The supplementary notes indicate restrictions on the use of cash balances.

accruals and deferrals

Accruals and deferrals are dealt with according to the principles of accrual concept accounting, with cost and revenues being correlated over specific periods.

grants to capital accounts and operating accounts

Grants to capital accounts under laws passed after 1st January 1998 are posted to the income statement as "Other revenues and income" for the portion pertaining to the current period; portions pertaining to future periods are posted to the balance sheet as "Deferred income". These funds are only written to the income statement when the recipient company is certain of their collection. Grants to capital accounts under laws passed prior to 1993 are recorded as "Other reserves" under shareholders' equity in the balance sheet, gross of the relevant taxes. Grants received under laws passed between 1993 and 1997 are also recorded as "Other reserves" but net of relevant deferred taxes, which are written to the tax reserves due to the change in taxation procedure.
Since 1997, non-repayable grants that may be classified as "Grants to plant accounts" are recorded when the relevant admission decree is issued and deferred to future exercises in amounts equal to the residual values of the financed assets. Amounts paid into the operating account are posted in the relevant items of the income statement.

reserves for risks and charges

Provisions for risks and charges are set aside to cover losses or payables of a precise nature and either certain or likely occurrence but which at the year end cannot be known in terms of amount and date of occurrence.
Provisions reflect the best estimate of liability on the basis of available information.
Risks involving what is considered only a potential liability are indicated in the supplementary notes but no provision is made for them in these reserves.

staff leaving indemnity

For Italian companies, the staff leaving indemnity, stated in accordance with the requirements of the relevant national labour contracts and in compliance with current legislation, reflects the actual commitment regarding individual employees at the balance sheet date, less advances paid and withholding tax. For foreign companies, a severance fund is set aside in accordance with local laws. The Notes provide information on fixed rate pension funds, including the financial entity of such funds on the basis of reliable actuarial opinion.

payables

Payables stated under liabilities in the balance sheet are nominal values deemed representative of their discharge value.

revenues and costs

Revenues from the sale of products are recognized at the time of transfer of ownership, which generally corresponds with shipment, net of commercial discounts, allowances, bonuses and any taxes relating to sale of products. Revenues from the provision of services are stated at the time the services are provided, net of relative taxes.
Costs are stated on the principles of conservative, accrual based accounting.

dividends

Dividends and relative tax credit are booked in the period in which they are collected.

income taxes for the year

Taxes for the year are determined on the basis of a realistic forecast of tax charges for the year, taking into account possible exemptions and tax credits and applying existing fiscal legislation. They are stated net of advances paid and withholding taxes in the item "Taxes payable". Deferred taxes are also set aside in accordance with the provisions of CNDC accounting standard 25, taking into account balance sheet and income statement items with deferred taxability / deductibility and differences arising from consolidation adjustments. Deferred tax credit is stated to the extent there is reasonable certainty that future income capacity will allow enjoyment of the fiscal benefits for which such statement of deferred tax credit was made.

leased assets

Assets purchased, sold and subsequently bought back under sale and leaseback contracts were reflected in the consolidated financial statements in accordance with the criteria required by IAS 17 as better reflecting the economic and operating nature of such transactions. Operating leases are stated by writing instalments to the income statement on an accrual basis.

sales with buyback clauses

Assets covered by contracts of sale with a buyback clause must be stated in the seller's balance sheet. Similarly, income and charges on such operations must be stated on an accrual basis.

transactions in foreign currencies

Short-term trade receivables and payables, the current portion of medium-long term payables and receivables and liquid reserves in foreign currencies existing at the end of the year expressed originally in currencies of countries not belonging to the euro zone and recorded at the exchange rate on the day of the operation are posted in the balance sheet at the year-end exchange rate. Profits and losses arising from the currency conversion of the aforementioned receivables and payables at the exchange rate on the balance sheet date are credited/debited to the income statement as financial items. Any net profits are written to a special reserve which is not distributable until realization

Medium/long-term receivables and payables in foreign currencies are also posted in the financial statements by converting foreign currency amounts at the exchange rates on the balance sheet date. If conversion of individual medium/long term receivables and payables in foreign currencies (excluding the current portion) produces gains, they are deferred and attributed to the fiscal year in which they become current.
Fixed assets in foreign currencies are stated at the exchange rate current on their acquisition or at the year-end rate if this is both lower and considered likely to remain so.

interest and exchange rate hedging contracts

Floating rate loans hedged by IRS operations are stated at the interest rate fixed by the IRS and booked on an accrual basis. The nominal value of said IRSs is stated in the memorandum accounts.
In the case of forward contracts sealing commitments to future sale in foreign currency, any differences arising between rates when sales are booked and rates at the time of eventual hedging operations (*forward rates*) are stated under financial income and charges on an accrual basis. The nominal value of such hedging contracts is written to the memorandum accounts.

debenture notes

The long-term notes (USPP) commented on in the Board of Directors' report entailed statement of the debt under the "debenture notes" item in the balance sheet. The value stated is the nominal US$ amount converted to euro at the rate fixed for the relative hedging operation (*cross currency swap*). The effects of such operations are determined on the basis of the criteria described above with reference to the hedging of exchange rate and interest rate risks.
Issue of the notes is on a par basis. The relative accessory and financial charges states under accruals and deferrals.

commitments, guarantees and risks

Commitments and guarantees are indicated in the memorandum accounts at contractual value.
Risks for which the occurrence of a liability is either

certain or likely are described in the notes and provision is made to the relevant reserves.
Risks involving what is considered only a potential liability are indicated in the supplementary notes but no provision is made for them in the reserves.

securitization (transfer of trade receivables)

In the course of 2004 Indesit Company S.p.A. carried forward its 5-year revolving asset backed financing program (Securitization), with maturity 2007. This involves monthly without-recourse transfer of a portfolio of commercial paper, the receivables being written off the balance sheet when the relative amounts are collected.
Against this transfer of receivables, Indesit Company subscribes subordinated securities issued by the Hexagon vehicle, with which the Group does not have any contractual relationships that would require it to be included amongst affiliated parties. The securities are stated under “other financial assets not held as fixed assets”, at subscription cost or market value, whichever is lower.
Indesit Company S.p.A. role is that of collecting the debt under transfer. It also acts as servicer for Crédit Agricole Indosuez, in that it is charged with the operation’s accounting and operating arrangements. In 2004 the securitization programme involved an average value of €116m.
The balance sheet items affected by this securitization operation and the effects produced by it are indicated in the notes hereunder.

consolidation and currency conversion principles

Consolidated companies’ assets and liabilities are stated on a global, line by line basis. The book value of consolidated investments is eliminated against their shareholders’ equity on the basis of the relevant accounting values as of their first inclusion in the consolidation area.
The difference between the cost of acquisition and the shareholders’ equity (at current values) of shareholdings at their acquisition date is written to the assets and liabilities of such investments, where possible. Any positive differences are stated in “consolidation differences” under intangible fixed assets and amortized within five or ten years depending on how long the value is expected produce income. If, on the other hand, shareholders’ equity is greater than acquisition cost after eventual reduction of the value of fixed assets and provision to the “consolidation reserves for future risks and charges”, such surplus is written to the “consolidation reserve” under consolidated shareholders’ equity.
The portion of shareholders’ equity relating to minority shareholders of consolidated subsidiaries is stated in “capital and reserves, minority interests”, under shareholders’ equity, whereas minority interests in the net incomes of such companies are stated separately in the consolidated income statement under “profits/losses for year, minority interests”.
Profits not yet realized on operations between Group companies are eliminated, as are all receivables and payables, costs and revenues and all other transactions between companies in the consolidation area.
Similar exclusions are made when stating associated companies on an equity basis, so that their values will not include any profit or loss such companies have in respect of the Group.

Foreign company statements were converted into euro as follows:

- assets and liabilities at the exchange rates in force at the year end;
- income and charges at the average exchange rates over the period;
- shareholders’ equity items at the rates in force at the time such amounts were originated.

Foreign exchange differences arising between conversion of year-end shareholders’ equity values at historical rates and those in force at the balance sheet date are written directly to shareholders’ equity, together with differences between the economic result expressed at average exchange rates and the euro value at year-end rates, in the “currency conversion reserve” item under “other reserves”.

The table **table 2** details the rates applied in converting currencies outside the euro area.

Average monthly exchange rates are weighted in relation to the turnover of individual companies.
In the case of subsidiaries operating in foreign countries with high inflation rates, values of investments reflect adjustments made in application of international accounting principles regarding inflation. Since 1997 Indesit Company has been using the international accounting standard F.A.S. 52, instead of the previously used I.A.S. 29, to improve representation of the Group's income performance and shareholders' equity. The main effects of I.A.S. 29 concerned the statement of inventories, the over-statement of production purchasing and the over-statement of costs and fixed assets and thence of depreciation. Such effects are generated by the inflation-devaluation differential, which is considerable in the high-inflation countries where Indesit Company operates, and amplified by the fact that most purchases and investments by subsidiaries are in euro.
The impact of FAS 52 on shareholders' equity and profit for the year is detailed in the notes to the relevant items of Group shareholders' equity.

Table 2. Currency exchange rates

Currency	Initial exchange rate 01/01/2004	Average exchange rate 2004	Final exchange rate 31/12/2004	Average exchange rate previous year
US dollar	0.79177	0.80429	0.73416	0.88427
Argentinean peso	0.26702	0.27340	0.24764	0.30156
UK sterling	1.41884	1.47214	1.41834	1.44527
Polish zloty	0.21268	0.22104	0.24483	0.22506
Hungarian florin	-	0.00403	0.00407	-
Russian rouble	0.02716	0.02789	0.02645	0.02885

comments on the main balance sheet items

assets

fixed assets

intangible fixed assets

The **table 3** details the composition and movements of intangible fixed assets.
Installation and expansion costs (historical) break down as follows in **table 4**.

The "Installation and expansion costs" item consists mainly of costs incurred in setting up companies and starting up new production plant or new businesses. The increases over the period, amounting to €6,899,000, relate mainly to the start up of production in the new plants in Lipetzk (Russia) and Lodz (Poland).

The "Research & development and advertising costs" item refers mainly new product development. Increases, amounting to €28,231,000, refer to both new product development (€17,836,000), an activity which has intensified over the last two years and especially in 2004, and capitalization of advertising expenses as contemplated in accounting standard 24.

Development costs related to:

1. projects renewing the hob (built-in), cooker and oven lines;
2. projects renewing various combined fridge-freezer lines implementing a platform that will bring complete standardization of production across all the Group's facilities;
3. projects developing new washing machine lines to i) deliver standardized production of new generation three-phase models, and ii) develop new "big size"

Table 3. Intangible fixed assets (€ thousands)

Movements	Installation and expansion costs	R&D and advertising costs	Industrial patent rights and utilization of know-how	Concessions, licenses, trademarks and similar rights	Goodwill consolidation diference	Others	Total
Opening values	4,728	14,592	34,717	63,720	39,632	4,388	161,777
Acquisitions	6,899	28,231	10,181	4,660	0	2,715	52,686
Revaluations	-	-	-	-	-	-	-
Disposals	-	(2,170)	(5,262)	(86)	-	(1,063)	(8,581)
Amortization for year	(1,782)	(8,472)	(13,351)	(5,820)	(9,308)	(483)	(39,216)
Utilization of amortization fund	-	2,170	5,252	86	-	1,063	8,571
Writedowns	-	-	-	(5)	-	-	(5)
Acquisition of interest in shareholdings	2	-	-	7,992	45,765	(2)	53,757
Conversion difference	(33)	4	-	-	(0)	578	549
Other changes	-	(15)	(11)	1	(58)	695	612
Closing values	9,813	34,341	31,526	70,548	76,031	7,890	230,149

Table 4. Historical cost (€ thousands)	**31/12/2004**	31/12/2003
Installation expenses	**1,732**	1,732
Capital increase expenses	**305**	304
Merger expenses	**44**	23
Start-up expenses	**14,180**	7,334
Total historical cost	**16,261**	9,393
Accumulated amortization	**6,448**	4,666
Balance sheet value	**9,813**	4,728

products for certain niche markets the Group has identified;

4. projects renewing dishwasher lines.

Advertising expenses relate to extraordinary advertising for the Indesit brand, amounting to €10,395,000 in relation to the name change. The future usefulness of such costs was stated in consideration of the economic benefits expected to arise from association of the company name with that of the Group's most widely sold brand.

The increase in "Industrial patent rights and utilization of know-how" item is largely due to expenses incurred on IT projects. The €10,181,000 increase relates mainly to implementation of information system projects in the UK (€3,517,000) and projects regarding computerization of the supply chain (€6,485,000).

The "Concessions, licenses, trademarks and similar rights" item refers mainly to the brands Hotpoint, Creda and Cannon and the increase of €7,992,000 is relating to the increasing of the value of brands, consequently to the portion of consolidation surplus not attributed to other fixed assets and goodwill was attributed of a further 8% of the UK based General Domestic Appliances Holdings Ltd.

The "Consolidation difference" item relates mainly to the acquisition of General Domestic Appliance Holdings Ltd, which controls Indesit Company UK Ltd (the operating company formerly known as Merloni Elettrodomestici UK Ltd). Amortization of this item is on a straight-line basis over 10 years, which corresponds to the reference period adopted during appraisal of the UK company for acquisition purposes. The operation was conducted, in fact, on the basis of an appraisal that discounted cash flows back over ten years, the period that the directors reckon that Indesit Company UK Ltd can contribute to producing income. Further, specific assessments were also made of the recoverability of the goodwill (impairment test) in relation to the UK company's current income and financial prospects. The impairment test endorsed the value indicated by the acquisition appraisal.
The increase for the period was due to the aforementioned acquisition of 8% of the UK company.

The "Other intangible fixed assets" item includes residual values not classifiable under the previous items. The €2,715,000 increase is due mainly to statement of perpetual usufruct of land (€1,455,000) and the cost of restoring a right to use a property (€1,099,000) in Poland.

The "other changes" item includes reclassifications between intangible and tangible fixed assets.

No writedowns of the values of intangible fixed assets were made in 2004 or in prior years (disclosure pursuant to art. 2427, clause 3-bis, Civil Code).

tangible fixed assets

The table 5 details the composition and movements of tangible fixed assets.
The €142,663,000 increase in tangible fixed assets reflects both routine replacement of plant, machinery and equipment and the opening of new production facilities. In particular, the portion relating to investments in new production plants in Russia and Poland was €30,838,000 and €40,334,000 respectively.
The "disposals" item includes divestments arising from routine renewal of industrial fixed assets (mainly plant and machinery and equipment).

The €27,217,000 increase in tangible fixed assets arising from changes in the consolidation area relates mainly to the line-by-line consolidation of Aermarche S.p.A. (€24,651,000). This company owns two aircrafts and a helicopter classified under "other tangible fixed assets", with a net book value of €24,191m. Further, the €2,550,000 stated in the consolidation difference column relates to the acquisition of another 8% of the UK based General Domestic Appliances Holding Ltd.

The €2,674,000 increase in the "currency conversion differences" item was mainly the result of exchange rate variations affecting the Polish zloty (+€5,287,000), UK sterling (+€1,077,000) and the rouble (-€3,634,000).

The "other changes" are mainly assets passing from fixed assets under construction and advances to the relevant fixed asset categories on entering service. It also includes reclassification between tangible and intangible fixed assets as commented on in the section on intangible fixed assets.

The “land and buildings” item includes assets under financial leasing totalling €3,584,000.

No significant writedowns of the values of tangible fixed assets were made in 2004 or in prior years (disclosure pursuant to art. 2427, clause 3-bis, Civil Code).

No tangible fixed assets are pledged as real security.

financial fixed assets

Shareholdings

The **table 6** details the main shareholdings not included in the consolidation area because they are either insignificant or carry on business different from that of the Group. In 2004 the sports company S.S. Fabriano Basket S.p.A. was acquired for €36,000. Indesit Company subsequently made capital contributions of €2,000,000 to it.

The difference between book value and shareholders’ equity did not give rise to a writedown partly because the acquisition is recent.

The **table 7** details shareholdings in associated companies.
The change in the interest held in Distretto dell’Elettrodomestico Scarl, stated under “Shareholdings in other companies”, followed a resolution approving a capital increase for which Indesit Company S.p.A. did not exercise its pre-emptive rights.

The interest in Faber Factor S.p.A. was reduced from 50% to 10% as a result of the transfer to Fineldo S.p.A. commented on in the annual report. The transfer price, which is reflected in a €4,600,000 capital loss, was based

Table 5. Tangible fixed assets (€ thousands)

	Movements	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Fixed assets under constr. and advances	Total
Opening values	Historical cost	318,776	700,270	339,811	145,696	33,474	1,538,028
	Revaluations	41,034	6,258	2,289	1,184	-	50,765
	Accum. depreciation	(120,501)	(412,321)	(264,478)	(93,233)	-	(890,533)
	Writedowns	(90)	3	-	318	-	231
Total		239,219	294,211	77,622	53,965	33,474	698,491
Changes	Acquisitions	3,760	22,826	35,501	8,534	72,042	142,663
	Revaluations	-	-	-	-	-	-
	Disposals	(1,960)	(14,680)	(5,637)	(3,305)	213	(25,370)
	Depreciation for year	(14,207)	(52,409)	(34,045)	(16,788)	-	(117,449)
	Use of depreciation funds	655	10,779	4,619	2,924	-	18,977
	Writedowns	-	-	-	-	-	-
	Acquisition of interest in shareholdings	1,674	907	31	24,606	-	27,217
	Conversion difference	1,015	904	255	469	30	2,674
	Other changes	14,605	29,261	4,410	1,222	(50,431)	(932)
Total		5,542	(2,412)	5,135	17,663	21,853	47,781
Closing values	Historical cost	338,158	738,717	374,011	183,641	55,328	1,689,855
	Revaluations	41,034	6,241	2,289	1,184	-	50,748
	Accum. depreciation	(134,342)	(453,163)	(293,544)	(113,525)	-	(994,573)
	Writedowns	(89)	4	-	327	-	242
Total		244,761	291,799	82,757	71,628	55,328	746,273

on an external, independent appraisal.
The remaining interest in Faber Factor S.p.A., no longer an associated company, is now classified under "Shareholdings in other companies".

Two consortiums, ECODOM - Consorzio Italiano per il recupero e riciclaggio elettrodomestici - and Elektro Cord (Hungary), were set up in accordance with the provisions of EC Directive 2002/96 on waste disposal

Table 6. Shareholdings in subsidiaries (€ thousands)	31/12/2004			31/12/2003		
	%	**Value**	**Shareholders' equity**	%	Value	Shareholders' equity
Indesit Co. Bulgaria Ltd	**100.00**	**21**	**79**	100.00	21	65
Consorzio Consumer Care	**98.12**	**5**	**5**	98.12	5	5
Indesit Co. Singapore Pte. Ltd	**100.00**	**74**	**274**	100.00	74	248
Indesit Co. Ceska Sro	**100.00**	**26**	**155**	100.00	26	109
Indesit Co. Norge Ltd	**100.00**	**12**	**88**	100.00	12	51
S.S. Fabriano Basket S.p.A.	**100.00**	**2,036**	**1,690**	-	-	-
Total		**2,173**			138	

Table 7. Shareholdings in associated companies (€ thousands)	31/12/2004		31/12/2003	
	%	**Value**	%	Value
M&B Marchi e Brevetti S.r.l.	**50.00**	**10**	50.00	10
Merloni Progetti S.p.A.	**33.00**	**7,881**	33.00	7,820
Faber Factor S.p.A.	**-**	**-**	50.00	11,013
Merloni Progetti Energia S.p.A.	**33.00**	**7,738**	33.00	6,791
Adria Lab S.r.l.	**40.00**	**290**	40.00	290
Haier Indesit (QuingDao) Washing Machine Co. Ltd	**30.00**	**6,374**	30.00	6,732
Haier Indesit (QuingDao) Electrical Appl. Co. Ltd	**30.00**	**3,633**	30.00	2,965
Tradeplace B.V.	**20.00**	**500**	20.00	500
Distretto dell'Elettrodomestico S.c.a.r.l.	**-**	**-**	22.00	10
Aermarche S.p.A.	**-**	**-**	41.00	10,388
ECODOM	**43.00**	**30**	-	-
Sofarem S.à r.l.	**20.00**	**74**	20.00	74
Other		**17**		17
Total		**26,547**		46,610

Table 8. Shareholdings in other companies (€ thousands)	31/12/2004		31/12/2003	
	%	**Value**	%	Value
Meurice Ets.	**10.00**	**862**	10.00	862
Sanpaolo IMI S.p.A.	**-**	**-**	0.01	561
Co. Pro. S.p.A.	**6.42**	**130**	6.42	130
Distretto dell'Elettrodomestico S.c.a.r.l.	**6.45**	**35**	-	-
Faber Factor S.p.A.	**10.00**	**1,082**	-	-
Emittente Titoli S.p.A.	**1.09**	**55**	-	-
Elektro Cord	**10.00**	**30**	-	-
Egyptian Cookers Man.	**15.01**	**88**	15.01	88
Other	**-**	**12**		71
Total		**2,294**		1,712

(the so-called WEEE), information on which is provided in the annual report.

The table 8 details shareholdings in other companies. The remaining interest in Faber Factor S.p.A. was written down by €1,200,000, stated under financial charges to reflect the transfer price of the 40% stake, which was less than the relative shareholders' equity value.

Receivables

Receivables from others

The "Receivables from others" item, standing at €71,100,000 (€71,738,000) includes:

- bank deposits made by Indesit Company International Business S.A. (former Merloni International Business S.A.) with international credit institutions to secure loans provided by such banks to Group companies, amounting to €28,404,000;
- Indesit Company UK Holding Ltd (former Merloni Elettrodomestici UK Holdings Ltd) tied deposits in international credit institutions as a guarantee for the completion of the acquisition of General Domestic Appliances Holdings Ltd, amounting to €41,935,000;
- caution money (€287,000) provided by the Group parent company;
- long-term loans granted by the Group parent company to employees who suffered financial loss as a result of the earthquakes in 1997, amounting to €474,000.

Other securities

This item, standing at €12,000 (€10,000) refers to tied securities of the subsidiary in Argentina.

Treasury shares

The value of this item did not change in 2004.
At the year-end the Group parent company held a total of 11,039,750 of its own ordinary shares, representing 9,8% of the total share capital and stated at a value of €32,974,000.
The average acquisition price was €2.99 per share.
To balance these assets the Group parent company set up a treasury share reserve with the same amount.

900,000 treasury shares, with a balance sheet value of €2,691,000, are used to fund a stock option plan in favour of the CEO are classified under financial fixed assets in that they may not be disposed of or used for any other purposes.

working capital

inventories

This item shows a balance of €330,857,000 (€284,588,000). The change reflects not only normal increases in sales but also policies aimed at improving service levels and supporting development plans and re-organization across the Group's production units.

The table 9 details movements in the obsolete stock reserve.
The Group parent company states inventories on a LIFO basis. Had Indesit Company S.p.A. used the weighted average cost method (current costs), shareholders' equity would be down by €2,200,000 (net of tax effects).

receivables

This item shows a balance of €603,970,000 (€578,059,000), as detailed below.

Trade receivables

This item amounts to €497,372,000 (€462,474,000) net of writedowns totalling €38,266,000 (€41,834,000) and relates to commercial transactions and provision of services.
Detailed below are movements in the bad debt reserve (table 10).
For a breakdown of receivables by business segment, see the table in the *Segment Reporting*.

Table 9. Movements in the obsolete stock reserve (€ thousands)	**31/12/2004**	31/12/2003
Opening balance	**8,014**	6,694
Provisions in period	**2,204**	1,321
Closing balance	**10,218**	8,014

There are no foreign currency receivables that need to be written down on the basis of exchange rates after the balance sheet date.
The item is stated net of amounts relating to the securitization operations commented on in the directors' report, totalling €114,316,000 (€120,740,000).
Accounting details of the securitization operations, as required by Consob notice DAC/RM/97003369 dated 9th April 1997, are given below.

Detailed in the table 11 are the nominal total amount of receivables transferred, consideration collected, consideration deferred and the effect on the net financial position.

The deferred amount is €33,879,000 (€29,378,000).
Collected receivables on behalf of the vehicle still not reimbursed amount to €45,912,000 (€45,037,000).
Difference between collection and deferred amount (included bank loans) is €12,033,000 (€15,659,000).
The total amount of €114,316,000 at 31st December 2004 (€120,740,000) represents the consideration already collected by the Group on receivables that the vehicle has not yet collected from clients. Without the securitization operation, the value for trade receivables and short-term financial position posted at 31st December 2004 would have been higher by €114,316,000 (€120,740,000).

As the securitization operation is of the without recourse type, the nominal value of the receivables transferred is written off the item "Trade receivables" at the time of the transfer, while amounts collected are reflected in the monetary items of the financial position and amounts deferred under receivables from the vehicle.
Receivables from the vehicle company at 31st December are classified under trade receivables as they are of a commercial nature.
The receivables transferred, recorded in the appropriate customer ledgers on behalf of the vehicle, are settled upon collection from clients and balanced by payables to the vehicle.
Costs accessory to the securitization operation (commission and interest charges) amounted to €2,259,000 (€1,757,000) and were written to the income statement.

Receivables from subsidiaries and associated companies

Balances for these items are as follows tables 12.1 and 12.2. Receivables from Faber Factor S.p.A. at 31st December 2004 were reclassified from "receivables from associated companies" to "receivables from 3rd parties" following transfer of the 40% stake in that company, as already commented on. Such receivables are detailed in the section on "operations with associated and affiliated parties".

Receivables from parent companies

This item includes receivables arising from business with Fineldo S.p.A. and shows a balance of €129,000 (€60,000).

Tax receivables

Tax receivables at 31st December 2003 were classified under "receivables from others" and in particular in the balance of receivables from financial administrations. In these financial statements, tax receivables are classified separately like advance taxes (commented on below) as provided for in OIC document no. 1. For the sake of comparison, these items have also been reclassified in the balance sheet figures at 31st December 2003.
The receivables in question refer to VAT credit amounting to €28,232,000 (€25,128,000) and withholding tax amounting to €11,887,000 (€15,218,000) and all fall due within the subsequent period.

Advance income tax

Advance income tax amounted to €24,571,000 (€16,035,000 at 31st December 2003) and relates to balance sheet and income statement items which are deductible/taxable on a deferred basis.
Detailed further on are the assets and liabilities to which such amounts refer (table 13).
Following application of OIC 1, balances at 31st December 2003 were reclassified to advance taxes and other asset items in order to present a clearer picture.
For the sake of prudence, advance tax on €60,089,000 of prior year losses was not stated as it is not certain it will be recovered. The losses are detailed in the following table 14.

Table 10. Movements in the bad debt reserve (€ thousands)	**31/12/2004**	31/12/2003
Opening balance	**41,834**	32,968
Provisions in period	**7,813**	12,682
Use of funds	**11,381**	3,816
Closing balance	**38,266**	41,834

Table 11. Total amount of receivables transferred (€ thousands)	**31/12/2004**	31/12/2003
Nominal value of receivables transferred to the vehicle (Turnover)	**529,253**	504,800
Payments received from the vehicle	**493,115**	473,664
Interest charges and expenses	**(2,259)**	(1,757)
Deferred consideration	**33,879**	29,378
Effect on net financial position		
Receivables transferred, not yet collected by vehicle and not yet due	**93,824**	103,758
Receivables transferred, not yet collected by vehicle and due	**20,492**	16,982
Total receivables to be collected by vehicle	**114,316**	120,740

Table 12.1. Receivables from subsidiaries (€ thousands)	**31/12/2004**	31/12/2003
Merloni Indesit Bulgaria Srlu	**88**	122
Merloni El. Ceska Republika Sro	**1,409**	403
M.D.A. Hellas Mepe (Grecia)	**101**	17
Merloni Electroménager Suisse S.A.	**-**	76
Scholtès Austria GmbH	**19**	19
Merloni Domestic Appliances Norway AS	**295**	1,144
Total	**1,912**	1,781

Table 12.2. Receivables from associated companies (€ thousands)	**31/12/2004**	31/12/2003
Faber Factor S.p.A.	**-**	16,827
Merloni Progetti S.p.A.	**19**	17
Protecno S.A.	**12**	59
Sofarem S.à r.l.	**1,855**	-
MPE S.p.A.	**300**	310
M&B Marchi e Brevetti S.r.l.	**207**	89
Adria Lab S.r.l.	**159**	162
Total	**2,552**	17,464

Table 13. Advance income tax (€ thousands)	Deferred tax credit at 31/12/2003	Amounts (+/-) charged to income statement	Reclassifications	Exchange effects	**Deferred tax credit at 31/12/2004**	Actual average rate
Tangible fixed assets	2,278	3,653	-	-	**5,931**	29.2%
Intangible fixed assets	5,187	(915)	-	-	**4,272**	35.3%
Other investments	277	(92)	-	-	**185**	33.0%
Inventories	2,417	448	-	3	**2,868**	26.4%
Employee remuneration	691	538	-	5	**1,234**	11.1%
Risk reserves	6,049	2,383	656	61	**9,150**	21.5%
Other	4,398	1,373	456	198	**6,425**	23.3%
Fiscal losses carried forward	9,048	2,877	131	47	**12,103**	10.3%
Total	30,346	10,265	1,243	314	**42,168**	
Compensation	(14,311)	3,375	(6,665)	4	**(17,597)**	-
Net Total	16,035	13,640	(5,421)	318	**24,571**	

Assessment of the recoverability of losses takes into account the future profitability of the company for which the losses are stated. In the case of the UK company, the possibility of recovery is tied to the profitability of the commercial division of Merloni Domestic Appliances Ltd. sold in 2003 to Indesit Company UK Ltd.
Similarly, no deferred tax credit was stated for a sum of €2,766,000 consisting mainly of provisions to reserves.

Other receivables

This item breaks down as follows (table 15).
Accounts receivable falling due after the subsequent period amount to €74,000.

Financial assets not held as fixed assets

Other securities

This item includes securities underwritten by Indesit Company International Business S.A. (former Merloni International Business S.A.) amounting to €26,877,000 (€29,732,000) for the purposes of a securitization operation.
The securities were issued by a French “Fonds Commun de Créances” and are renewable monthly over the entire operation (5 years). New securities are subscribed every month and the ones subscribed the previous month are repaid at the same time at the current value, which may differ from the subscription value depending on the performance of the securitization operation and especially on debt collection success rates.

Non capitalized financial receivables

This item shows a balance of €6,357,000 (€2,897,000).
The amounts include: a €5,021,000 short-term loan to Faber Factor International S.àr.l., account receivables of €1,111,000 (invoice discounting business) due to the Group parent company from Faber Factor S.p.A. and a €225,000 deposit in favour of “Distretto dell’elettrodomestico S.c.ar.l.”.

cash balances

Cash balances stand at €212,160,000 (€373,632,000) and consist of short-term bank deposits and bank and post office current account balances.
All the values stated under this item are unencumbered.

accrued income and prepayments

This item breaks down as follows **(table 16)**.
The "suspended currency fluctuation" item, amounting to €16,571,000 (€13,291,000), refers to adjustments to tied bank deposits of Indesit Company UK Holdings Ltd with various international banks securing completion of the acquisition of General Domestic Appliances Holdings Ltd.
The change in the "commissions on debenture loan issue" item is due mainly to the *private placement* operation commented on in the directors' report and described in detail in the "Payables" section of these Notes.

Table 14. Company (€ thousands)	Tax losses for which no deferred tax credit was stated	Duration of losses	Rate (%)	Deferred tax credit not stated
Indesit Company Luxembourg S.A.	40,520	unlimited	22.0%	8,914
Indesit Company UK Ltd	7,393	unlimited	30.0%	2,218
Indesit Company Portugal Electrodomésticos S.A.	2,574	6 years	27.5%	708
Fabrica Portugal S.A.	9,411	6 years	27.5%	2,588
Indesit Company Financial Services Luxembourg S.A.	191	unlimited	22.0%	42
Total	60,089			14,470

Table 15. Other receivables (€ thousands)	**31/12/2004**	31/12/2003
Social security organizations	**571**	740
Advances to employees	**4,132**	3,089
Steel export rebates	**7,303**	6,446
Subsidies to plant account	**9,497**	16,609
Suppliers, advances for services account	**6,113**	3,669
Insurance rebates	**650**	835
Deposits	**454**	661
Grants to operating account	**243**	198
Receivables from IRS operations	**2,515**	870
Other	**5,837**	6,782
Total	**37,315**	39,899

Table 16. Accrued income and prepayments (€ thousands)	**31/12/2004**	31/12/2003
Accrual of interest receivable	**1,787**	6,142
Prepayment of interest payable	**910**	1,535
Rents and leases	**758**	154
Premium on debenture loan issue	**1,389**	88
Other operating costs	**1,112**	1,110
Suspended currency fluctuation	**16,571**	13,291
Other prepayments	**3,819**	1,192
Total	**26,346**	23,512

liabilities

shareholders' equity

share capital

The share capital is fully subscribed and paid in as detailed below **(table 17)**.
Share capital rose by €1,159,000 as a result of the exercising of stock options in 2004 **(table 18)**.

share premium reserve

This reserve, standing at €26,077,000, shows an increase of €5,375,000 following exercise of stock options by managers. To obtain subsidies for industrial investments requiring investment of own capital (25% of investment value) under the programme contract "Distretto dell'elettrodomestico società consortile arl", as per CIPE (inter-ministerial committee for economic programming) resolution dated 15th November 2001, the share premium reserve is tied at €16,401,000 till 31st December 2005.

revaluation reserve

No movements were recorded in this reserve.

legal reserve

The legal reserve contains Indesit Company S.p.A. profits set aside at the rate of 5% of each year's net profits and rose by €1,974,000 as a result of profits made in 2003.

Table 17. Share capital (fully subscribed and paid)	Shares at year end	
	Number	Euro
Ordinary shares	109,752,372	98,777,134.80
Savings shares	2,502,844	2,252,559,60
Total	112,255,216	101,029,694.40

Table 18. Share capital rose	Voted share capital (*)	Share capital subscribed and paid in (*) (**)
Share capital after savings to ordinary share conversion	98,832,569.40	98,832,569.40
1st stock option plan, employees, initiated September 19, 1998	2,700,000.00	1,927,125.00
2nd stock option plan, employees, initiated October 23, 2001	2,700,000.00	
1st stock option plan, directors, initiated October 23, 2001	1,260,000.00	270,000.00
2nd stock option plan, directors, initiated May 6, 2002	180,000.00	–
1st stock option plan, chairman of the Board, initiated 5th May 2004	900,000.00	
Total	106,572,569.40	101,029,694.40 (**)

(*) Ordinary and savings shares
(**) As per the Companies Register at December 31, 2004

Table 19. Other reserves (€ thousands)	**31/12/2004**	31/12/2003
Capital account grants reserve	**20,589**	20,586
Currency conversion reserve	**(50,716)**	(54,920)
Extraordinary reserve	**83,974**	70,344
Consolidation reserve	**720**	797
Restricted profits reserve	**23**	23
Total	**54,590**	36,830

treasury share reserve

There was no change in this reserve, which was set up in 1996 by the Group parent company following a number of buy-back operations (pursuant to art. 2357 ter, Civil Code).

other reserves

Other reserves break down as follows **(table 19)**.
The “Grants to capital account” item shows an increase of €3,000 reflecting new grants received by the Group parent company (under law 488/92).

The currency conversion reserve contains exchange differences arising from conversion of foreign currency financial statements and adjustments to year-end exchange rates of infra-Group financial balances between Indesit Company International Business S.A. and the closed joint stock company Indesit CIS. Financial business between these companies relates to a temporary liquidity deposit of the Russian associate with Indesit Company International Business S.A. (former Merloni International Business S.A.), the Group’s central treasury. As Russia is no longer a high-inflation area (as mentioned above), the Russian company’s accounts were converted according to Italian accounting standard 17, under which the infra-Group loan is classed as an instrument for reducing the net investment in the Russia associate. The relative exchange differences are therefore written to the currency conversion reserve. The negative change reflecting such differences in 2004 amounted to €2,832,000.
The extraordinary reserve shows an increase of €1,352,000 following allocation of Group parent company profits in 2003 and of €12,278,000 following reclassification by the Group parent company.
Indesit Company S.p.A. made two applications for credit facilities for its investment programmes at the Albacina and Melano plants. To obtain these facilities the Group parent company tied €18,954,000 to the relative investment programmes funded by government grants.
There were no changes in the consolidation reserve, which contains amounts arising from first time consolidation of certain subsidiaries and associates.
The restricted profits reserve was set up by the Group parent company in compliance with art. 13, decree law 124, 1993 and subsequent amendments, in order to enjoy certain tax benefits.

profits (losses) carried forward

At the year-end this item amounted to €229,163,000.
The item includes €3,530,000 (€12,507,000) relating to associated companies stated on an equity basis

shareholders’ equity, minority interests

Minority interests in shareholders’ equity show a net decrease of €4,978,000, mainly as a result of a €6,820,000 increase arising from the consolidation of Aermarche S.p.A and a €11,311,000 decrease following reclassification of a portion of the investments in Indesit Company Polska Sp.zo.o. and the Closed Joint Stock Company Indesit International following a buy-back agreement with Simest.

reconciliation with the Group parent company statements

The **table 20** is a reconciliation of shareholders' equity data, including profit for the year, as per the balance sheet of the Group parent company Indesit Company S.p.A. and consolidated shareholders' equity at the same dates.

The "Differences between values of consolidated investments and relative book values" item at 31st December 2003.
The "Elimination of adjustments made for tax purposes" item refers entirely to the write-off of the effect produced by "fiscal de-pollution" by the Group parent company pursuant to Decree Law 6, 17th January 2003. Write-off of the contingent liability, amounting to €2,135,000, arising from the Group parent company's statement of deferred taxes caused by said "fiscal de-pollution" was stated under the "fiscal effects" item.

As already explained in the section on consolidation and conversion principles, companies based in Turkey adopted international accounting standard F.A.S. 52 to neutralize the effects of hyper-inflation. Had these companies applied I.A.S. 29 instead of F.S.A. 52, the result for the year would have been down by €742,000 and shareholders' equity up by €5,543,000.

use of reserves

The **table 21** details reserves as required by art. 2427, clause 7, Civil Code, as amended by the Vietti Reform.

Table 20. (€ thousands)	31/12/2004		31/12/2003	
	Result	**Shareholders' equity**	Result	Shareholders' equity
Indesit Company S.p.A. balance sheet	**74,838**	**349,792**	39,486	304,577
Differences between values of consolidated investments and relative book values	**163,412**	**214,140**	118,637	174,130
Consolidation of companies on an equity basis	**(4,713)**	**(2,564)**	(2,313)	2,691
Elimination of adjustments made for tax purposes	**(5,680)**	**(1)**	508	5,680
Effect of aligning consolid. accounts with Group accounting standards	**(1,434)**	**5,223**	2,180	6,642
Elimination of intercompany profits	**(563)**	**(3,088)**	1,460	(2,511)
Write off of gains on Wrap S.p.A. spin-off	**4,270**	**(5,626)**	2,159	(9,896)
Fiscal effects	**9,764**	**5,374**	(590)	(4,395)
Dividends received from subsidiaries	**(123,853)**	**12,390**	(41,229)	4,513
Consolidated Group balance sheet	**116,041**	**575,641**	120,298	481,431

Table 21. Reserves as required (€ thousands)	Amount	Possible uses	Portion available	of which, portion distributable	Appropriations over last three years	
					to cover losses	for other reasons
Share capital of Parent Company	101,030	B	-	-	-	-
Capital reserves						
Share premium reserve [1]	26,077	A, B	26,077	-	-	-
Revaluation reserve	-	A, B	-	-	-	-
Treasury share reserve	32,974	-	-	-	-	-
Reserve for grants to capital [2]	18,139	A, B, C	18,139	6,962	-	-
Reserve for merger difference	282	A, B	282	-	-	-
Profit reserves of Parent Company						
Legal reserve	11,601	B	11,601	-	-	-
Statutory reserves	-	-	-	-	-	-
Reserves for profits carried forward [3]	84,851	A, B, C	84,851	60,634	-	14,331
Total capital and profits reserves of parent Company	274,953		140,950	67,596	-	14,331
Profit for the year of Parent Company	74,838					
Total net equity and profit reserves of Parent Company	349,791					
Consolidation reserves and profit	225,850					
Total net equity and profit reserves for the Group	575,641					
Restricted as per art. 2426 c. 5 [4]			(32,969)	(32,969)		
Restriction on non-realized exchange gains						
Total for the Parent Company			107,981	34,627		
Of which under suspended taxation [5]			6,571	6,571		

Key:
A: for capital increases
B: to cover losses
C: for distribution to shareholders

Notes:
(1) Under art. 2431, Civil Code, this reserve can only be distributed if the legal reserve has reached the limit indicated in art. 2430, Civil Code. The reserve is in any case tied, in the amount of €16,401,000, in connection with public subsidies requested.
(2) Part of the reserve is non-distributable because the investment the subsidy applies to are not yet in depreciation.
(3) Part of the reserve is non-distributable because tied to applications for public funding.
(4) Represents the non-distributable portion set aside to cover long-term costs not yet amortized.
(5) Total off-balance sheet fiscal deductions taxable to the extent the sum exceeds available reserves excluding the legal reserve (art. 109, c.4 b T.U.I.R.).

changes in shareholders' equity

The table 22 summarizes the changes in shareholders' equity. Further information can be found in the "changes in consolidated shareholders' equity Table".

Further information on "other movements" can be found in the section on the extraordinary reserve. In particular, the €12,278,000 increase in that reserve was written to retained profits. The rest of "other movements" is mainly the increase in the shareholding in the closed joint stock company Indesit CIS and Indesit Company Polska Sp.z.o.o following classification of the transfers of said shareholdings to Simest under payables.

Table 22. Changes in shareholders' equity (€ thousands)	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Statutory reserves	Treasury share reserve	Extraordinary reserves	Reserve for grants to capital account	Reserves for conversion differences	Consolidation reserves	Other reserves	Profit (loss) carried forward	Profit (loss) for year	Total Group shareholders' equity	Shareholders' equity, minority interests	Total
Start of previous year	99,451	18,936	4,105	12,551	0	32,974	354	19,762	(25,067)	987	23	151,180	106,925	422,181	99,244	521,425
Appropriation of profit for the year																
- dividend payout (€0.325 per share)												(32,130)		(32,130)		(32,130)
- other appropriations				5,375			69,990					31,560	(106,925)	0	(1,093)	(1,093)
Other changes																
Exercise of stock options	420	1,765												2,185		2,185
Disbursement of non-repayable loans								820						820		820
Other movements			60	(8,299)				4	(29,853)	(189)		6,354		(31,923)	(67,555)	(99,478)
Results of current year													120,298	120,298	5,263	125,561
End of previous year	99,871	20,702	4,165	9,627	0	32,974	70,344	20,586	(54,920)	797	23	156,964	120,298	481,431	35,859	517,290
Appropriation of profit for the year																
- dividend payout (€0.325 per share)												(36,160)		(36,160)		(36,160)
- other appropriations				1,974			1,352					116,972	(120,298)	(0)	(5,263)	(5,263)
Other changes																
Exercise of stock options	1,159	5,375												6,533		6,533
Disbursement of non-repayable loans								3						3		3
Other movements							12,278		4,204	(77)		(8,613)		7,792	(1,286)	6,507
Results of current year													116,041	116,041	1,571	117,612
End of current year	101,030	26,077	4,165	11,601	0	32,974	83,974	20,589	(50,716)	720	23	229,163	116,041	575,641	30,881	606.522

reserves for risks and charges

This item shows a balance of €86,783,000 (€78,218,000), as detailed below.

pensions and similar obligations

This stands at €1,789,000 (€1,748,000) and includes the estimated pension costs of certain foreign subsidiaries. Changes in this reserve were as follows **(table 23)**
UK employees of Indesit Company UK Ltd (68% owned) subscribe to a fixed income pension fund whose assets are separate from the company's. According to actuarial estimates of the fund as of 31st December 2004 (UK FRS17 standard), the overall deficit of the fund amounted to £25,288,000 net of fiscal effects (£25,913,000) or €35,863,000 at the year end exchange rate (€36,766,000).

tax reserves

The tax reserve, standing at €16,954,000 (€10,627,000) includes deferred tax charges in relation to balance sheet and income statement items deductible/taxable in subsequent years in accordance with C.N.D.C. accounting standard 25. No deferred tax charges were stated for the non-distributed profits of subsidiaries, in that it may reasonably be assumed that such reserves will not be used in ways that will affect their non-taxability. If dividend pay-outs were made using the reserves of the closed joint-stock company Indesit CIS, the resulting deferred tax charge would amount to €6,034,000

Detailed below are deferred tax amounts and the assets and liabilities from which they arise **(table 24)**.
Certain amounts were reclassified between the deferred tax reserves and tax accounts payable at 31st December 2003 as recommended in OIC document no. 1.

Table 23. Pensions and similar obligations (€ thousands)	**31/12/2004**	31/12/2003
Opening balance	**1,748**	2,464
Provisions during period	**101**	269
Appropriations	**(81)**	(434)
Other movements	**21**	(551)
Closing balance	**1,789**	1,748

Table 24. Deferred tax (€ thousands)	Deferred tax reserve at 31/12/2003	Amount written to income statement	Reclassifications	Currency exchange effect	**Deferred tax reserve at 31/12/2004**	Average rate
Tangible fixed assets	20,324	(1,023)	8,041	(66)	**27,276**	24,6%
Intangible fixed assets	2,399	442	(6)	12	**2,847**	22,3%
Other investments	-	2,825	-	-	**2,825**	33,0%
Stocks	28	(89)	449	3	**391**	24,0%
Public subsidies	1,246	(399)	-	-	**847**	21,1%
Risk reserves	158	74	-	4	**237**	23,2%
Other	192	(1,215)	934	104	**15**	24,8%
Total	24,347	616	9,418	58	**34,438**	
Offsets	(14,311)	3,375	(6,665)	4	**(17,597)**	
Net total	10,036	3,990	2,573	62	**16,841**	

other reserves

The balances of "other reserves", standing at €68,040,000 (€65,180,000), are detailed below.

Consolidation reserve for future risks and charges

The reserve set up in previous years for consolidation differences arising from acquisitions was fully utilized in 2004 (€663,000), as detailed below **(table 25)**.

Product guarantee reserve

This reflects estimated service costs on products covered by 1-year or long-term guarantees. It stands at €47,257,000 (€43,829,000) after provisions in 2004 amounting to €7,630,000 **(table 26)**.
The reserve is calculated on the basis of the *call rate* (% of work on products under guarantee), time between *sell in* and *sell out* (time to start of guarantee) and average unit cost of intervention (cost of replacements plus cost of labour). The increase in the reserve was due mainly to conservative accounting for new production in the new plants in Russia and Poland.
The "other movements" item reflects applications for guarantee extensions made in 2004 but referring to future periods.

Restructuring reserve

This reserve stands at €10,773,000 (€7,619,000) and refers to a restructuring and re-organization plan of Indesit Company France S.A. (former Merloni Electromenager S.A.) and Indesit Company Portugal Electrodomesticos S.A. (former Merloni Elettrodomesticos S.A.).

The **table 27** details movements in this reserve.

In 2004 Indesit Company Portugal Electrodomesticos S.A. took a prudential charge of €2,464,000 against loss of value of tangible assets deemed likely in 2005.

Supplementary customer indemnity reserve

Standing at €1,041,000 (€907,000) this reserve refers exclusively to the Group parent company.

Movements in this reserve were as follows **(tabella 28)**.

Future risks reserve

Standing at €8,969,000 (€12,825,000) this reserve contains provisions against specific events falling outside the scope of the categories outlined above.
The main risks involved are as follows:

- €1,014,000 for action by Indesit Company UK Ltd to improve a washing machine model (part of the funds were used in 2004 for this purpose);
- €1,500,000 for future charges relating to re-organization of a commercial area;
- €379,000 in respect of litigation with employees;
- €1,675,000 for insurance risks attaching to Indesit Company Ireland Reinsurance Ltd. (former Merloni Reinsurance Company Ltd);
- €934,000 relating to the risk of a product recall;
- €500,000 against claims by INPS for repayment of contributions facilities granted for trainee contracts in the period 1999-2003. The reserve is deemed sufficient to cover the Company's potential risks on the basis of the documented exceptions that can be raised against INPS's claims.

In the **table 29** the provision movements.
With regard to the WEEE directive dealt within the directors' report, no provisions to risk reserves were necessary in the financial statements for 2004.

employee severance indemnity

Changes over the year were as follows **(table 30)**.
The **table 31** is a breakdown of total employees by category.
Out of a total of 18,138 employees, 1,692 are on fixed-term contracts (1,395 workers and 297 office personnel).

Table 25. Reserve set up in previous years for consolidation differences arising from acquisitions (€ thousands)	**31/12/2004**	31/12/2003
Opening balance	**663**	8,347
Provisions in period	**-**	-
Appropriations from reserve	**(663)**	(7,684)
Closing balance	**-**	663

Table 26. Product guarantee reserve (€ thousands)	**31/12/2004**	31/12/2003
Opening balance	**43,829**	50,926
Provisions in period	**7,630**	-
Appropriations from reserve	**(8,946)**	(7,097)
Other movements	**4,744**	-
Closing balance	**47,257**	43,829

Table 27. Restructuring reserve (€ thousands)	**31/12/2004**	31/12/2003
Opening balance	**7,619**	7,849
Provisions in period	**7,664**	6,889
Appropriations from reserve	**(4,510)**	(7,119)
Closing balance	**10,773**	7,619

Table 28. Supplementary customer indemnity reserve (€ thousands)	**31/12/2004**	31/12/2003
Opening balance	**908**	829
Provisions in period	**176**	220
Appropriations from reserve	**(43)**	(142)
Closing balance	**1,041**	907

Table 29. Future risks reserve (€ thousands)	**31/12/2004**	31/12/2003
Opening balance	**12,825**	22,034
Provisions in period	**2,424**	-
Appropriations from reserve	**6,280**	9,209
Closing balance	**8,969**	12,825

Table 30. Employee severance indemnity (€ thousands)	
Balance at 31/12/ 2003	62,044
Portion accrued and written to the income statement	11,007
Indemnity paid in period	(7,256)
Closing balance at 31/12/2004	65,795

Table 31. Total employees by category	**Employees at 31/12/2004**	Employees at 31/12/2003	Average 2004
Managers	**146**	156	151
Office personnel	**5,478**	5,448	5,523
Workers	**12,514**	13,396	13,382
Total	**18,138**	19,000	19,056

payables

debentures

This item refers to a private placement operation involving five bond issues, of which four in US$ ($308,000,000) worth a total of €255,602,000 at a Euro/US$ exchange rate of 1.2050 and one in Euro of €18,300,000, as detailed below **(table 32)**.

The issuer of the bonds is Indesit Company Luxembourg S.A. (former Merloni Ariston International S.A.). Interest and exchange rate risks are covered by a *cross currency swap* operation. The debenture loan is assisted by financial security fully in place at 31st December 2004. The €150,000,000 debenture loan issued in 1999 by subsidiary Indesit Company Luxembourg S.A. (former Merloni Ariston International S.A.) was fully repaid in 2004.

bank loans payable

Breakdown and changes are as follows **(table 33)**. Payables to banks amounted to €239,389,000 (€513,542,000), of which €117,000,000 short-term and €122,389,000 from long term. Of the latter, the portion due within the next period is €15,494,000. There are no bank loans with maturities beyond the fifth year after the balance sheet date.

For the sake of greater clarity regarding medium/long-term relationships with banks, bank loans were reclassified from "other financing payables" to "payables to banks" and the relevant balances were also reclassified in the balance sheet at 31st December 2003 (€77,469,000) to assist comparison.
Credit lines are not usually secured by collateral or bank guarantees and around half of the available credit is actually used

other financing payables

Other financing payables are loans from government agencies in the countries where the Group operates.

Table 32. Debentures (€ thousands)	Maturity	Years duration	Currency	Nominal value	Coupon
Series A	17/09/2009	5	USD	65.0	5.17%
Series B	17/09/2011	7	USD	70.0	5.62%
Series C	17/09/2014	10	USD	148.0	6.08%
Series D	17/09/2017	12	USD	25.0	6.23%
Series E	17/09/2014	10	EUR	18.3	5.35%

Table 33. Bank loans payable (€ thousands)	**31/12/2004**	31/12/2003
Short-term bank loans	**117,000**	372,012
Long-term bank loans	**122,389**	141,530
Total	**239,389**	513,542

Table 34. Payables to subsidiaries (€ thousands)	**31/12/2004**	31/12/2003
Indesit Co. Bulgaria Ltd	**284**	204
Indesit Co. Singapore Pte Ltd	**286**	327
Indesit Co. Ceskà Sro	**1,099**	540
Indesit Co. Domestic Appliances Hellas Mepe	**165**	154
Scholtès Austria GmbH	**426**	353
Indesit Co. Norge Ltd	**506**	1,369
Total	**2,765**	2,947

The balance of "other financing payables" includes €11,311,000 to Simest, as explained in the section of the notes on shareholders' equity.
"Other financing payables" falling due beyond five years amount to €4,552,000.

trade payables

The balance of trade payables amounted to €829,439,000 (€567,681,000). The €261,758,000 change was largely due to the elimination of Faber Factor S.p.A. from the list of associated companies, entailing the reclassification of €189,988,000 of payables to that company from "payables to associated companies" to "trade payables". All such amounts fall due within the subsequent period. Further information on trade payables can be found in the *Segment Reporting* section.

payables to subsidiaries and associated companies

Detailed below are payables to subsidiaries not included in the consolidation area because not deemed influential **(table 34)**.
Detailed below are payables to associated companies **(table 35)**.
Further details and comments on payables to associated companies can be found in the section on business with subsidiaries and associated companies.

taxes payable

Taxes payable, standing at €65,644,000 (€69,454,000), are mainly current year income tax amounting to €9,201,000, withholding tax relating to employees, professionals and self-employed workers amounting to €18,381,000, VAT amounting to €36,447,000, wealth tax of €1,106,000 and environmental taxes of €305,000. The amount for withholding tax includes certain sums (€8,812,000) payment of which was temporarily suspended by virtue of the Group parent company's location in a disaster zone (earthquake in 1997).

social security payables

The balance of €36,209,000 (€36,332,000) refers to employees.

other payables

The balance is as follows **(table 36)**.
Payables to personnel are amounts accrued towards employees for pay and outstanding holidays. The main amounts under "sundry" refer to the Cometa pension fund (€718,000), local tax payments temporarily suspended after the earthquake mentioned above (€287,000), insurance payables (€518,000), dividend payments (€327,000) and various amounts for services used by Group companies (€4,433,000).

Table 35. Payables to associated companies (€ thousands)	**31/12/2004**	31/12/2003
Faber Factor S.p.A.	**0**	212,178
M.P.E. S.p,A.	**2,180**	-
Merloni Progetti S.p.A.	**12,191**	566
Aermarche S.p.A.	**0**	184
M&B Marchi e Brevetti S.r.l.	**225**	160
Adria Lab S.r.l.	**475**	424
Total	**15,071**	213,512

Table 36. Other payables (€ thousands)	**31/12/2004**	31/12/2003
Payables to personnel	**35,948**	40,650
Sundry	**8,635**	6,647
Total	**44,585**	47,297

accrued liabilities and deferred charges

This item breaks down as follows **(table 37)**.
"Accrual of interest payable" refers mainly to the Group parent company's bank loans.
"Deferral of interest on debenture loan" refers to the period's charge for the *private placement* operation commented on in the directors' report.
"Other operating expenses" include amounts paid in advance or deferred, as explained in the relevant section of the notes to the income statement.
"Deferral of grants to capital account" refers to amounts from public agencies. Of these, €6,181,000 was written to the income statement under "Other income and revenues", while the remaining amounts (€18,430,000) will be written to future year income statements.

memorandum accounts

The memorandum accounts record the Group's commitments in respect of third parties. The memorandum accounts at the foot of the balance sheet include guarantees provided excluding those between Group companies and those which are already stated in the balance sheet under payables. To give the full picture, guarantees provided and received are described in detail below.

bank guarantees in favour of 3rd parties

These amount to €8,253,000 as follows:

- €3,733,000 in favour of the Polish authorities for customs clearance procedures
- €4,200,000 in favour of Fineldo S.p.A. for the acquisition of 40% of the investment in Faber Factor S.p.A. securing receivables existing at the time of the transfer. The amount corresponds to the transfer value;
- other guarantees totalling €320,000.

acquisition and sale commitments

Acquisition and sale commitments as follows:

- put options acquired for a total of US$228,480,000 (equal to €167,741,000) and call options sold for a total of US$246,758,000 (equal to €181,160,000) on 1st April 2005, 30th June 2006, 1st October 2007 by Indesit Company UK Holdings Ltd to complete the acquisition of General Domestic Appliances Holdings Ltd. For the purpose of this acquisition Barclays Bank issued a standby letter of credit in favour of General Electric and on behalf of Indesit Company UK Holding Limited securing the latter's obligation in the amount of US$228,480,000. The Group parent company provided a bank guarantee for the same amount in favour of Barclays Bank to secure the standby letter of credit.
- other commitments totalling €8,423,000 relating to purchase of assets worth €6,297,000 and leasing payments of €2,386,000.

3rd party assets held by the Company

These are suppliers' stocks held in Group company warehouses as *consignment stock* totalling €6,216,000 (€3,712,000).

Table 37. Accrued liabilities and deferred charges (€ thousands)	**31/12/2004**	31/12/2003
Accrual of interest payable	**1,841**	4,393
Deferral of interest on debenture loan	**2,333**	1,275
Other operating expenses	**3,202**	4,870
Deferral of grants to capital account	**18,430**	22,089
Deferral of interest receivable	**149**	417
Other accruals and deferrals	**1,655**	768
Total	**27,610**	33,811

The subsidiary Indesit Company International Business S.A. (former Merloni International Business S.A.) acts as the Group's central treasury and provides exchange and interest rate and commodities risk hedging operations on behalf of Indesit Company.

Hedging operations not indicated at the foot of the balance sheet are as follows.

Exchange rate hedging operations

Exchange rate hedging operations as of 31st December 2004 were as follows:

- Sale operations, Call Eur/Put Usd options (totalling US$171,360,000, €149,081,000), and purchase operations, Call Usd/Put Eur options (totalling US$171,360,000, €155,781,000), subscribed under the Put & Call Agreement between Indesit Company UK Holding Ltd (former Merloni Elettrodomestici UK Holdings Ltd) and General Electric to cover exchange rate risk, falling due 1st April 2005, 30th June 2006 and 1st October 2007. The *mark to market* on such options at 31st December 2004 was a negative €24,188,000;
- Forward sale of Gdp$45,000,000, maturity March 2005 and worth €65,273,000; the *mark to market* of this forward sale at 31st December 2004 was €1,820,000;
- Forward sale of Gdp10,000,000, maturity January 2005 and worth €14,184,000; the *mark to market* of this forward sale at 31st December 2004 was €13,000;

Commodities hedging operations

Operations hedging fluctuations in raw materials prices include options on nickel for an underlying quantity of 1,078 tons and a *strike price* of US$14,000 a ton. All the options fall due by 31st December 2005. The *mark to market* of such options at 31st December 2004 was a positive €1,501,000. The cost of the options acquired and the differential with the *mark to market* were deferred to the next period.

Interest rate hedging operations

- *IRS* on a residual notional €30,987,000 to hedge loan contracts for the same amount and maturity, running from June 2001 to December 2008, with sale at a fixed half-year 4.99% and purchase at a 6-month Euribor plus 55 bps; the *mark to market* of the IRS at 31st December 2004 was a negative €1,161,000.
- *IRS* on a residual notional €34,860,000 to hedge loan contracts for the same amount and maturity, running from October 2001 to April 2009), with sale at a fixed half-year 5.145% and purchase at a 6-month Euribor plus 55 bps; the *mark to market* of the IRS at 31st December 2004 was a negative €1,587,000.
- *FX Currency Swap* to ensure adequate interest rate hedging of a deposit of US$57,120,000 made by Indesit Company UK Ltd on the basis of a *stand by letter of credit* issued by Barclays Plc in favour of General Electric for the "Put & Call" option agreement. Under this agreement Indesit Company International Business S.A. receives from bank a 3-month Euribor less 25 bps paid on the euro amount and pays a 3-month US$ Libor on the US$ amount. The *mark to market* of the FXCS at 31st December 2004 was a negative €1,102,000.
- *Cross Currency Swap* to hedge interest and exchange rate risks arising from commitments to the *Private placement* operation for a nominal US$308,000,000 corresponding to total notes existing in US$. Given the various maturities of the loan, Indesit Company transformed the exposure from a fixed US$ rate relative to the bonds' coupons into a variable euro rate with a average spread of 72 bps. The *mark to market* of this CCS at 31st December 2004 was a negative €18,905,000.
- *IRS* on a notional €18,300,000 corresponding to the value of notes issued in euro. This coupon was swapped with a variable rate euro coupon with a *spread* of 71.5 bps with respect to the 6-month Euribor rate previously fixed. The *mark to market* of the IRS at 31st December 2004 was a positive €1,504,000.

All the hedging operations are carried out by primary banks where standard risk sharing policies are applied. No counterpart risk is involved.

comments on the main income statement items

value of production

This item shows a closing balance of €3,275,333,000, up 5.33% (€3,109,591,000).

The **table 38** details revenues from sales of goods and services.

Revenues from sale of goods refers to finished products of first and second choice, while revenues from provision of services refers to occasional services for clients (transport) and end users (after sales technical service).
Revenues from sales of goods and services breaks down by region as follows **(table 39)**.

Further details and figures on trends in revenues can be found in the directors' report.

For comments on the change in the products under process, semi-finished and finished product inventories and the increases in fixed assets due to in-house construction see the relevant sections on inventories and intangible fixed assets (in particular, R&D costs).

The "Other revenues and income" item includes revenues and income not in the aforementioned categories or relating to routine operations. The balance totalled €52,509,000, as detailed as follows.

All the items above are in line with the percentage change in sales **(table 40)**.

cost of production

Cost of production amounted to €3,027,438,000, up by €163,369,000. The 5.7% increase is in line with the increase in sales.

Production costs were as follows.

costs of raw and auxiliary materials, spare parts and goods

"Costs of raw and auxiliary materials, spare parts and goods", including variations in raw materials inventories, at €1,737,938,000, was up €98,933,000 on the previous period (€1,639,005,000). The effects of rising procurement costs, which grew only slightly more than sales and in line with the increase in volumes sold (up 6.2%), were cushioned because most purchases were covered by long-term contracts (1 year) stipulated by Indesit Company at the end of 2003. 2004 was characterized by significant increases in the cost of the main raw materials (especially in the second half) but only in the last quarter did the rise in raw materials prices cause an increase in procurement costs in the income statement, in the case of procurement contracts in Russia that weren't hedged.

costs of services

The **table 41** details the costs of services.
The cost of services as a whole did not significantly change in terms of a percentage of sales.

costs for using 3rd party assets

Costs for using 3rd party assets refer to operating rents and leasing payments. The balance amounted to €49,345,000 (€45,454,000), the increase being due mainly to the renting of new warehouses to improve the Group's distribution structure.

personnel costs

Personnel costs amounted to €524,239,000 (€508,399,000). The change reflects the growth in turnover.

amortization, depreciation and writedowns

Amortization, depreciation and writedowns refer to intangible and tangible fixed assets and receivables, as detailed in the following **tables 42 e 43**.
Amortization and depreciation amounted to €156,665,000 (€141,781,000). The increase was due to

Table 38. Revenues from sales of goods and services (€ thousands)	**2004**	2003
Revenues from sales of finished products and raw materials	**3,047,790**	2,876,049
Revenues from provision of services	**129,179**	131,692
Total	**3,176,969**	3,007,741

Table 39. Region (€ thousands)	**2004**	2003
Western Europe	**2,102,545**	2,042,569
Eastern Europe	**853,506**	761,993
Rest of world	**220,918**	203,179
Total	**3,176,969**	3,007,741

Table 40. Other revenues and income (€ thousands)	**2004**	2003
Appropriation of funds	**2,770**	13,747
Insurance rebates	**543**	555
Capital gains on assets	**994**	293
Grants to the operating account	**157**	294
Recovery of expenses	**15,903**	16,763
Current portion of grants to the operating account	**6,181**	3,837
Rents	**1,428**	1,695
Export subsidies	**2,649**	2,112
Services not included under typical business	**6,460**	3,931
Sundry charges to raw materials and services suppliers	**4,045**	3,856
Other income	**11,379**	3,888
Total	**52,509**	50,971

Table 41. Costs of services (€ thousands)	**2004**	2003
Advertising, promotion and marketing	**109,447**	110,581
Distribution expenses	**144,061**	135,157
Commissions	**7,502**	5,336
3rd party processing	**17,498**	15,374
Maintenance	**20,232**	17,866
Consulting	**26,616**	27,840
Energy and motive force	**28,987**	28,400
Advertising, promotion and marketing	**45,267**	41,161
Distribution expenses	**32,511**	25,014
Commissions	**87,321**	85,273
Total	**519,442**	492,002

higher spending on research and development and extraordinary capitalization of long-term advertising costs linked to the name change, as commented on in detail in the directors' report. Writedown of receivables amounted to €7,813,000 (€12,682,000).

provisions for risks and other provisions

Provisions for risks refers mainly to the product guarantee reserve, which represents estimated costs of service intervention on products under guarantee. Provisions made during the year amounted to €7,933,000 (€4,549,000), the increase being due to the policy of prudence already commented on in the section on the guarantee reserves.

sundry operating charges

Sundry operating charges amounted to €24,049,000 (€20,195,000), as follows **(table 44)**.

financial income and charges

income from shareholdings

The balance includes profits paid to the Group parent company by Istituto Bancario Sanpaolo - IMI S.p.A. (€41,000) and by Beni Stabili S.p.A. (€2,000).

other financial income

The balance of €6,384,000 (€8,941,000) breaks down as follows **(table 45)**.
For the sake of comparison with the figures for 2004 and in view of the separate stating of profits on currency exchange introduced by decree law 6, 17th January 2003, financial income amounts for 2003 were reclassified.
More detailed information on interest from associated companies can be found in the section on operations with associated and affiliated parties.

interest and other financial charges

The balance stands at €32,019,000 (€34,484,000), as detailed below **(table 46)**. Financial charges were also reclassified in line with financial income.

profits and losses on currency exchange

Exchange rate fluctuations refer to profits or losses arising from statement of balance sheet items in currencies other than the euro at year end exchange rates instead of the rates in force when the items arose and to losses made on exchange rate hedging operations. Also included are the effects of applying inflation accounting standards (FAS 52) to the financial statements of the subsidiaries in Turkey.

Gains on currency exchange amounted to €45,169,000 (€40,592,000) losses amounted to €45,143,000 (€43,090,000).

adjustments to the value of financial assets

revaluation of shareholdings

The balance of €1,078,000 (€2,159,000) is due to the portion of Group profits for the year arising from statement of shareholdings on an equity basis and relates mainly to Haier Indesit (Quing Dao) Electrical Appliance Co. Ltd. (€884,000).

writedown of shareholdings

This item shows a balance of €1,850,000 (€3,790,000) and refers mainly to the associated company Faber Factor, as commented on in the section on financial fixed assets.

extraordinary income and charges

Extraordinary income
This item includes all income not arising from routine business, as detailed below **(table 47)**.
Gains on disposals of shareholdings refer to disposal of the investments in Sanpaolo IMI and Beni Stabili.
In respect of sundry contingents gains, see comments on extraordinary charges.

Table 42. Amortization of intangible fixed assets (€ thousands)	**2004**	2003
Installation and expansion costs	**1,782**	1,114
Research, development and advertising costs	**8,472**	5,023
Industrial patents and intellectual property rights	**13,351**	12,422
Concessions, licenses, trademarks and similar rights	**5,820**	4,988
Goodwill	**9,308**	4,745
Others	**483**	341
Total	**39,216**	28,634

Table 43. Depreciation of tangible fixed assets (€ thousands)	**2004**	2003
Land and buildings	**14,207**	12,792
Plant and machinery	**52,409**	53,806
Industrial and commercial equipment	**34,045**	30,203
Other assets	**16,788**	16,346
Total	**117,449**	113,147

Table 44. Other operating costs (€ thousands)	**2004**	2003
Losses on receivables	**585**	1,729
Taxes and dues not on income	**8,937**	6,689
Membership fees	**1,610**	2,196
Entertainment expenses	**1,753**	1,340
Stationery and printed matter	**708**	701
Study and test materials	**928**	905
Capital losses on disposals of technical assets	**2,757**	1,342
Other charges	**6,771**	5,293
Total	**24,049**	20,195

Table 45. Other financial income (€ thousands)	**2004**	2003
Interest from associated companies	**5**	770
Interest on bank deposits	**5,599**	7,935
Other interest and sundry income	**780**	236
Total	**6,384**	8,941

Table 46. Interest and other financial charges (€ thousands)	**2004**	2003
Interest paid to bond holders	**9,847**	9,000
Interest paid to banks	**14,979**	20,646
Interest paid to other lenders	**1,242**	535
Other interest and sundry charges	**5,951**	4,303
Total	**32,019**	34,484

Extraordinary charges

This item includes all charges not arising from routine business.

The balance amounts to €43,106,000 and includes the following main items (table 48).

Company re-structuring costs refer mainly to estimated industrial restructuring in Portugal and France. Capital losses on assets include estimated losses arising from the closing of the production facility in Portugal.

Extraordinary charges includes a loss arising from disposal of 40% of Faber Factor S.p.A. in that such loss does not relate to routine business, while the writedown of the remaining 10% was stated under adjustments to the value of financial assets, amounting to €1,200,000. Provisions for commercial re-organization and against potential liabilities are commented on in the section on the risk reserves.

Contingent losses stand at €16,585,000. They include, in addition to similar types of losses stated in previous years and amounting in 2004 to €7,171,000, certain adjustments to assets items (inventory items affected by accounting differences, other doubtful accounts referring to prior years, etc.) made after a thorough review of the balance sheet and amounting to €9,414,000. The latter amount was partially offset by adjustments to liabilities items under contingent gains (other payables not due and reserves for risks and charges set up against risks that ceased to apply in prior years) and amounting to €4,971,000.

Taxes

The balance of this item, €66,926,000 (€71,916,000 at 31st December 2003), includes both the positive effect of current year tax charges of individual consolidated companies, amounting to €71,228,000, and the negative effect of the deferred tax credit/charges of said companies and of the consolidated balance sheet, amounting to €4,302,000.

Table 47. Extraordinary income (€ thousands)	**2004**	2003
Appropriations from consolidation reserve CJSC Indesit CIS	**–**	8,347
Gains on disposals of shareholdings	**1,078**	–
Sundry contingent gains	**4,971**	3,719
Capital gains on disposals	**38**	1,382
Total	**6,087**	13,448

Table 48. Extraordinary charges (€ thousands)	**2004**	2003
Restructuring plans	**15,858**	18,440
Capital losses on assets	**4,063**	703
Tax amnesty	**–**	4,526
Loss on disposal of shareholding in Faber Factor S.p.A.	**4,600**	–
Contingent losses	**16,585**	8,191
Provisions for commercial re-organization	**1,500**	–
Provisions against potential liabilities	**500**	
Total	**43,106**	31,860

operations with associated and affiliated companies

Detailed below are all the parties with which operations, whether commercial or financial, were transacted.

• **Associated and affiliated companies**

Adria Lab S.r.l.

Aermarche S.pA.[(1)]

M.&B. Marchi e Brevetti S.r.l.

Merloni Progetti Energia S.p.A.

Merloni Progetti S.p.A.

Sofarem S.à r.l.

Protecno S.A.

• **Affliated companies:**

Antonio Merloni S.p.A.[(2)]
(affiliated with Group directors)

Faber Factor S.p.A.
(controlled by the Group holding company)

Faber Factor International S.à r.l.
(controlled by the Group holding company)

Fineldo S.p.A.
(parent of Indesit Company)

MCP Eventi S.r.l.
(affiliated to Group directors)

Merloni Shareholdings and Servizi S.r.l.
(controllata da un amministratore del Gruppo)

Merloni Termosanitari S.p.A.
(controlled by a Group director)

Barclays Bank Plc
(affiliated to a Group director)

Motonline S.p.A.
(controlled by a Group director)

Nautica Due S.p.A.
(affiliated to Group directors)

Netscalibur Italia S.p.A.
(one of its directors is a Group director as well)

Thermowatt S.p.A.
(affiliated to Group directors)

Centro Energia Teverola
(controlled by a company associated with the Group)

(1) This section includes operations with Aermarche S.r.l. from January to November, ie. prior to its consolidation line by line.

(2) operates in the white goods industry and is thus a direct competitor of the Group.

business with the main associated and affiliated companies

Faber Factor Group

The Faber Factor Group provides various direct and indirect financial services (mainly invoice discounting) through Faber Factor S.p.A. and Faber Factor International S.àr.l. The indirect financial services are invoice discounting (Faber Factor was set up in 1994 for this very purpose) for suppliers of Indesit Company or other Group companies. In this case Indesit Company is debtor in respect of Faber Factor Group. The direct financial services consist of collection of receivables for raw materials supplied by Indesit Company to 3rd party companies, which subsequently sell on the components they make and bill Indesit Company for the cost of the materials plus processing costs. In this respect Faber Factor also provides a compensation service. Financial cash flows arising from the direct and indirect business described above are disciplined by a current account contract, stated under non-capitalized financial receivables. In December 2004, at the time of the transfer of 40% of the associated company, the Group parent company had a credit line with Faber Factor S.p.A. (usable as an overdraft and/or short term financing) of up to €25,000,000. To allow Faber Factor to adequately refinance the debt toward Indesit Company S.p.A. it was agreed with the buyer to extend the credit line till 22 June 2005.
At 31st December 2004 use of the credit line amounted to €6,132,000, whereas the average balance over the year was €19,282,000.

Merloni Progetti Group

The Merloni Progetti Group (and in particular Merloni Progetti S.p.A. and Protecno S.A.) are contractors for turn-key industrial plant projects and also rent property to Indesit Company. Merloni Progetti S.p.A. was awarded a contract by Indesit Company to build a new washing machine plant and warehouse in the Lipetzk industrial district.

Thermowatt and Colombo S.p.A.

These companies sell electrical appliance components to Indesit Company.

MCP Eventi S.r.l.

MCP Eventi S.r.l. provides management of meetings and conventions for the Group.

Detailed below are the balance sheet and income statement values reflecting business with the above mentioned associated and affiliated companies. All balances of less than €50,000 were aggregated under "Others".

Table 49. Fixed assets (€ thousands)

Associated companies	31/12/2004	Type of transaction	Counterpart
Merloni Progetti S.p.A.	11,393	Advances for plant construction	CJSC "Indesit CIS" (già Zao Refrigerator Plant Stinol)
M.&B. Marchi e Brevetti S.r.l.	155	Acquisition of intangible fixed assets	Indesit Company S.p.A.
Adria Lab S.r.l.	516	Acquisition of intangible fixed assets	Indesit Company S.p.A.
Total	**12,064**		

Affiliated companies	31/12/2004	Type of transaction	Counterpart
Faber Factor S.p.A.	54	Redemption of industrial buildings/penn.aut	Indesit Company S.p.A.
Merloni Progetti S.p.A.	300	Fixed assets	Indesit Company S.p.A.
Total	**354**		

Table 50. Receivables from parent companies (€ thousands)

Parent company	31/12/2004	Type of transaction	Counterpart
Fineldo S.p.A.	129	Commercial	Indesit Company S.p.A.
Total	**129**		

Table 51. Receivables from associated companies (€ thousands)

Associated companies	31/12/2004	Type of transaction	Counterpart
M&B Marchi e Brevetti S.r.l.	207	Commercial	Indesit Company S.p.A.
M.P.E. S.p.A.	300	Commercial	Indesit Company S.p.A.
Sofarem S.à r.l.	1,855	Commercial	Indesit Company International Business S.A.
Adria Lab S.r.l.	159	Commercial	Indesit Company S.p.A.
Others	31		
Total	**2,552**		

Table 52. Receivables from affiliated companies (€ thousands)

Affiliated companies	31/12/2004	Type of transaction	Counterpart
Faber Factor S.p.A.	16,794	Commercial	Indesit Company S.p.A.
Centro Energia Teverola S.p.A.	66	Provision of services	Indesit Company S.p.A.
Others	2		
Total	**16,862**		

Table 53. Non-capitalized financial receivables (€ thousands)

Associated companies	31/12/2004	Type of transaction	Counterpart
Faber Factor S.p.A.	1,111	Financial	Indesit Company S.p.A.
Faber Factor International S.à r.l.	5,021	Financial	Indesit Company International Business S.A.
Total	**6,132**		

Table 54. Payables to banks (€ thousands)			
Associated companies	**31/12/2004**	Type of transaction	Counterpart
Barclays Bank	**52,772**	Financial	General Domestic Appliances Holdings Ltd
Total	**52,772**		

Table 55. Payables to associated companies (€ thousands)			
Associated companies	**31/12/2004**	Type of transaction	Counterpart
M.&B. Marchi e Brevetti S.r.l.	**225**	Commercial	Indesit Company S.p.A.
M.P.E. S.p.A.	**2,180**	Commercial	Indesit Company S.p.A.
Adria Lab S.r.l.	**475**	Commercial	Indesit Company S.p.A.
Merloni Progetti S.p.A.	**652**	Commercial	Indesit Company S.p.A.
Merloni Progetti S.p.A.	**146**	Commercial	Indesit Company France S.A.
Merloni Progetti S.p.A.	**11,393**	Commercial	CJSC “Indesit International” (former Zao Refrigerator Plant Stinol)
Total	**15,071**		

Table 56. Payables to affiliated companies (€ thousands)			
Affiliated companies	**31/12/2004**	Type of transaction	Counterpart
Faber Factor S.p.A.	**175,483**	Commercial	Indesit Company S.p.A.
Faber Factor S.p.A.	**7,541**	Commercial	Indesit Company Polska Sp.zo.o.
Faber Factor S.p.A.	**4,415**	Commercial	Indesit Company France S.A.
Thermowatt S.p.A.	**2,651**	Commercial	Indesit Company S.p.A.
Faber Factor S.p.A.	**1,951**	Commercial	Indesit Company Portugal Electrodomésticos S.A.
MCP Eventi S.r.l.	**727**	Commercial	Indesit Company S.p.A.
Faber Factor S.p.A.	**440**	Commercial	Indesit Company Beyaz Esya Pazarlama A.S.
Centro Energia Teverola S.p.A.	**136**	Commercial	Indesit Company S.p.A.
Thermowatt S.p.A.	**135**	Commercial	CJSC “Indesit International” (former Zao Refrigerator Plant Stinol)
Faber Factor S.p.A.	**110**	Commercial	Indesit Company Deutschland GmbH
Merloni Termosanitari S.p.A.	**51**	Commercial	Indesit Company S.p.A.
Others	**127**	Acquisition of services	Indesit Company S.p.A.
Total	**193,767**		

Table 57. Payables to parent companies (€ thousands)			
Parent company	**31/12/2004**	Type of transaction	Counterpart
Fineldo S.p.A.	**447**	Commercial	Indesit Company S.p.A.
Total	**447**		

Table 58. Memorandum accounts (€ thousands)			
Associated companies	**31/12/2004**	Type of transaction	Counterpart
Barclays Bank	**167,741**	Financial	General Domestic Appliances Holdings Ltd
Total	**167,741**		

"Value of production" includes amounts relating to business with associated companies:

Table 59. Value of production (€ thousands)

Associated companies	2004	Type of transaction	Counterpart
Sofarem S.à r.l.	**5,895**	Revenues from finished product sales	Indesit Company International Business S.A.
Centro Energia Teverola S.p.A.	**55**	Revenues from prov. services	Indesit Company S.p.A.
Others	**31**		
Total	**5,981**		
Affiliated companies	**2004**	Type of transaction	Counterpart
Faber Factor S.p.A.	**455**	Other revenues and income	Indesit Company S.p.A.
Faber Factor S.p.A.	**644**	Interest income	Indesit Company S.p.A.
MCP Eventi S.r.l.	**155**	Other revenues and income	Indesit Company S.p.A.
Others	**52**		
Total	**1,306**		
Parent company	**2004**	Type of transaction	Counterpart
Fineldo S.p.A.	**250**	Revenues, loans, services	Indesit Company S.p.A.
Total	**250**		

Table 60. Cost of production (€ thousands)

Associated companies	2004	Type of transaction	Counterpart
M.&B. Marchi e Brevetti S.r.l.	**70**	Costs for services	Indesit Company S.p.A.
M.P.E. S.p.A.	**9,248**	Costs for services	Indesit Company S.p.A.
Merloni Progetti S.p.A.	**1,484**	Costs for services	Indesit Company S.p.A.
Merloni Progetti S.p.A.	**858**	Costs for services	Indesit Company France S.A.
Merloni Termosanitari S.p.A.	**206**	Costs for services	Indesit Company S.p.A.
Aermarche S.p.A.	**4,245**	Costs for services	Indesit Company S.p.A.
Sofarem S.à r.l.	**91**	Costs for services	Indesit Company International Business S.A.
Total	**16,202**		
Affiliated companies	**2004**	Type of transaction	Counterpart
Thermowatt S.p.A.	**5,992**	Purchase of components	Indesit Company S.p.A.
MCP Eventi S.r.l.	**2,175**	Purchase of services	Indesit Company S.p.A.
Faber Factor S.p.A.	**1,152**	Leasing payments	Indesit Company S.p.A.
Adria Lab S.r.l.	**885**	Costs for services	Indesit Company S.p.A.
Colombo S.p.A.	**628**	Purchase of components	Indesit Company S.p.A.
Nautica Due S.p.A.	**556**	Costs for services	Indesit Company S.p.A.
Centro Energia Teverola S.p.A.	**516**	Purchase of services	Indesit Company S.p.A.
Thermowatt S.p.A.	**230**	Purchase of services	CJSC "Indesit International"
Netscalibur Italia S.p.A.	**128**	Purchase of services	Indesit Company S.p.A.
Merloni Partecipazioni & Servizi S.r.l.	**95**	Costs for services	Indesit Company S.p.A.
Antonio Merloni S.p.A.	**62**	Purchase of spare parts	Indesit Company S.p.A.
Others	**69**		
Total	**12,488**		

Table 61. Financial income and charges (€ thousands)

Holding company	2004	Type of transaction	Counterpart
Fineldo S.p.A.	**449**	Financial charges	Indesit Company S.p.A.
Total	**449**		

Affiliated companies	2004	Type of transaction	Counterpart
Barclays Bank	**3,614**	Financial charges	General Domestic Appliances Holdings Ltd
Faber Factor S.p.A.	**90**	Financial charges	Indesit Company S.p.A.
Total	**3,704**		

These financial statements provide a true and correct view of the consolidated financial position and consolidated results of operations for the period.

Table 62. Companies consolidated line by line					
Name until 31st December 2004	Name as from 1st January 2005	Based in	Share Capital direct	Group interest	
				direct	dndirect
Merloni Ariston International S.A.	Indesit Company Luxembourg S.A.	Luxembourg	EUR 100,289,985	100	-
Merloni Electrodomésticos S.A.	Indesit Electrodomésticos S.A.	Spain	EUR 11,500,000.01	78.95	21.05
Argentron S.A.		Argentina	ARS 22,000,000	71.18	-
Merloni Domestic Appliances Ltd		UK	GBP 90,175,500	19.60	80.40
Merloni Electrodomésticos S.A.	Indesit Company Portugal Electrodomésticos S.A.	Portugal	EUR 16,825,000	-	99.44
Merloni International Trading BV	Indesit Company International BV	The Netherlands	EUR 272,270	-	100
Merloni International Business S.A.	Indesit Company International Business S.A.	Switzerland	CHF 250,000	-	100
Indesit Pts Ltd		UK	GBP 1,000	-	100
Merloni Electromenager S.A.	Indesit Company France S.A.	France	EUR 17,000,000	-	100
Scholtes Nederland B.V.		The Netherlands	EUR 79,412	-	100
Fabrica Portugal S.A.		Portugal	EUR 11,250,000	-	96.4
Merloni Elettrodomestici Beyaz Esya S.A.nayi Ve Ticaret AS	Indesit Company Beyaz Esya S.A.nayi ve Ticaret AS	Turkey	TRL 6,992,921,114,000	-	100
Merloni Elettrodomestici Beyaz Esya Pazarlama AS	Indesit Company Beyaz Esya Pazarlama AS	Turkey	TRL 17,000,000,000	100	-
Merloni Financial Services S.A.	Indesit Company Financial Services Luxembourg S.A.	Luxembourg	EUR 5,170,000	99.99	0.01
Merloni Hausgerate GmbH	Indesit Company Deutschland GmbH	Germany	EUR 550,000	-	100
Merloni Reinsurance Company Ltd	Indesit Company Ireland Reinsurance Ltd	Germany	USD 750,000	-	100
Wrap S.p.A.		Italy	EUR 27,766,950	89.29	-
Zao Refrigerator Plant Stinol	Closed Joint Stock Company "Indesit International"	CSI	RUR 1,175,145,000	90	-
Merloni Indesit Polska Spzoo	Indesit Company Polska Sp.zo.o.	Poland	PLZ 258,876,500	100	-
Merloni UK Finance Llp	Indesit Company UK Finance Llp	UK	EUR 95,750,000	99	1
Aei Gala Ltd		UK	GBP 1,000	-	68
Airdun Limited		UK	GBP 15,000	-	68
Ariston Group Service Limited		UK	GBP 100	-	68
Cannon Industries Ltd		UK	GBP 1,500,000	-	68
Creda Appliances Ltd		UK	GBP 100	-	68
Creda Domestic Appliances Service Ltd		UK	GBP 1,000	-	68
Creda Limited		UK	GBP 5,850,000	-	68
Fixt Limited		UK	GBP 2	-	68
General Domestic Appliances Holdings Ltd		UK	GBP 26,000,000	-	68
General Domestic Appliances International Ltd		UK	GBP 100,000	-	68
Merloni Elettrodomestici UK Ltd	Indesit Company UK Ltd	UK	GBP 5,010,000	-	68
General Domestic Appliances S.A. Ltd		UK	GBP 100	-	68
Gwyn J. Evans & Co. Ltd		UK	GBP 5,000	-	68
Hotpoint S.A.les Ltd		UK	GBP 775,000	-	68
Hotpoint Uk Ltd		UK	GBP 50	-	68
Industrial Design Unit Limited		UK	GBP 100	-	68
Jackson Appliances Ltd		UK	GBP 750,000	-	68
Merloni Elettrodomestici UK Holding Ltd	Indesit Company Uk Holdings Ltd	UK	EUR 163,000,000	-	100
Oatley Technical Developments Ltd		UK	GBP 100	-	68
Rtc International Ltd		UK	GBP 50,000	-	100
Merloni Indesit Haztartastechnikai Kft	Indesit Company Magyarorsàg Kft	Hungary	HUF 10,000,000	100	-
Xpelair Ltd		UK	GBP 825,000	-	68
Aermarche S.p.A.		Italy	EUR 25,000,000	70.8	-

Table 63. Shareholdings stated on an equity basis

Name until 31st December 2004	Name as from 1st January 2005	Based in	Share Capital direct	Group interest	
				direct	indirect
Merloni Progetti S.p.A.		Italy	EUR 10,000,000	33	-
Haier Merloni Washing Machine Co. Ltd	Haier Indesit (QuingDao) Washing Machines Co., Ltd	China	USD 24,000,000	30	-
MPE S.p.A.		Italy	EUR 10,000,000	33	-
Haier Merloni Electrical Appliance Co. Ltd	Haier Indesit (QuingDao) Electrical Appliance Co., Ltd	China	USD 12,000,000	15	15

Table 64. Other shareholdings in subsidiaries and associated companies

Name until 31st December 2004	Name as from 1st January 2005	Based in	Share Capital Direct	Group interest	
				Direct	Indirect
M&B Marchi e Brevetti S.r.l.		Italy	EUR 20,000	50	-
Sofarem S.à r.l.		La Réunion	EUR 382,500	-	20
Merloni Appl. Asia Pacific Pte Ltd	Indesit Company Singapore Pte. Ltd.	Rep. Singapore	SGD 100,000	-	100
Merloni Domestic Appliances Norway Ltd	Indesit Company Norge Ltd	Norway	NOK 100,000	-	100
Merloni Indesit Bulgaria Srlu	Indesit Company Bulgaria Ltd	Bulgaria	BGN 7,805,000	100	-
Merloni Elettrodomestici Ceska Republika Sro	Indesit Company Ceská s.r.o	Czech Rep.	CZK 1,000,000	100	-
Indesit Hausgerate Vetriebs. GmbH	Indesit Company Österreich Ges. m.b.h.	Austria	EUR 11,250,000	-	100
Tradeplace B.V.		The Netherlands	EUR 30,000	20	-
Scholtès Ireland Ltd		Ireland	IEP 5,000	-	100
Adria Lab S.r.l.		Italy	EUR 150,000	40	-
Merloni Domestic Appliances Hellas Mepe	Indesit Company Domestic Appliances Hellas Mepe	Greece	EUR 18,000	-	100
Consorzio Consumer Care		Italy	EUR 5,538	98.12	-
S.S. Fabriano Basket S.p.A.		Italy	EUR 120,000	-	100
ECODOM		Italy	EUR 69,000	43.48	-
Consorzio Borgo Tufico		Italy	EUR 6,000	50	-

Independent auditors' report

KPMG

KPMG S.p.A.
Revisione e organizzazione contabile
Via 1° Maggio, 150/A
60131 ANCONA AN

Telefono 071 2901140
Telefax 071 2916381
e-mail it-fmauditaly@kpmg.it

(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 156 of legislative decree no. 58 of 24 February 1998

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

1 We have audited the consolidated financial statements of Indesit Company S.p.A. and subsidiary companies (Indesit Company Group) as at and for the year ended 31 December 2004. These consolidated financial statements are the responsibility of the parent company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

Reference should be made to the report of other auditors dated 13 April 2004 for their opinion on the prior year consolidated figures, which are presented for comparative purposes as required by law.

3 In our opinion, the consolidated financial statements of Indesit Company Group as at and for the year ended 31 December 2004 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the group.

Ancona, 8 April 2005

KPMG S.p.A.

(Signed on the original)

Luca Ferranti
Director of Audit

glossary

Call rate
Number of service requests over total products sold.

Net working capital
The difference between short-term assets and short-term liabilities of a trade and financial nature.

Capex ratio
Ratio between tangible and intangible fixed assets (excluding equity investments) and sales.

Class A / AA / A+
European certification given to appliances combining high performance and minimum energy consumption.

Corporate Governance
Rules and codes of conduct disciplining the control of a company, its ownership structure and the efficiency of its management in pursuing business objectives.

Ebitda/Ebit
Earnings before interest, taxes, depreciation and amortization / Earnings before interest and taxes.

Ecodom
An Italian consortium specializing in the disposal of large white goods (cooling, cooking + hoods, washing) and domestic boilers at the end of their life cycle.

Gearing
An indicator of indebtedness, being the ratio of net financial payables to shareholders' equity.

Intangible (assets)
Knowledge and relationships that can give a company competitive edge.

Pay out ratio
Ratio of last dividend paid to consolidated net profits.

Playzone
A fully modular space in Indesit fridges for storage of bottles and containers of all shapes and sizes.

PMS (Performance Management System)
A system for assessing employees' professional performance, so they can improve and develop their careers on the basis of their aptitudes and competencies.

RoHS
Community Directive disciplining the use of hazardous substances in electrical and electronic equipment.

ROE (Return on equity)
A profitability indicator based on the ratio of net result to the average value of shareholders' equity over the period.

ROI (Return on investment)
A profitability indicator based on the ratio of operating result to the average value of net invested capital over the period.

ROS (Return on sale)
A profitability indicator based on the ratio of operating result to net sales.

Stock option
A faculty granted by enterprises to their managers whereby the latter may buy or subscribe a certain number of company shares at a favourable, predetermined price and within a limited period of time.

Supply chain
The organizational and IT structure that manages and co-ordinates business processes, from procurement of materials and components through to delivery of finished products.

Time to market
The time lapsing between conception of a new product idea and its launch onto the market.

Touch control
Keypad type control and regulation system on certain Indesit ovens.

WEEE (Waste Electrical and Electronic Equipment)
EU Directive regulating the end of the life cycle of household appliances.

WRAP (Web Ready Appliances Protocol)
An exclusive technology enabling household appliances to dialogue amongst themselves and with the outside world. Wrap is also the the Group company specializing in electronics research.

contacts

registered office
Indesit Company S.p.A.
Viale Aristide Merloni, 47
60044 Fabriano (AN)
Italy
Tel. +39 0732 6611

statutory data
Share capital € 101,029,694.40
Registered with Ancona Court
companies register
Tax Code/Vat Reg:
No. 00693740425

communication and external relations
Tel. +39 0732 662356
Fax +39 0732 662380

investor relations
Tel. +39 0732 6611
Tel. +39 02 307021

www.indesitcompany.com

Austria
Indesit Company Hausgeraete
Vertriebs. GmbH
Bundesstrasse 66
8740 Zeltweg

Bulgaria
Indesit Company Bulgaria Srlu
World Trade Center
36 Dragan Tsancov Blvd.
Block B, Office 412
1057 Sofia

China
Indesit Company
Representative Office
1901&1910 Shanghai Times
Square - 93 Huai Hai Road
Shanghai 200021

Czech Republic
Indesit Company Ceska Sro
U Nákladového nádrazí,
2/1949 – 130 00 Praha 3

France
Indesit Company France S.A.
3 Bd. G. Bidault,
Croissy Beaubourg
77437 Marne La Vallée
Cedex 2

Germany
Indesit Company
Deutschland GmbH
Hainer Weg, 13-15
60599 Frankfurt am Main

Greece
Indesit Company Domestic
Appliances Hellas Mepe
29 Michalakopoulou Street
11528 Athens

Hungary
Indesit Company
Magyarorzag Kft
Szépvölgyi Business Park
Szépvölgyi ut 35-37. A ép.,
II em., H-1037 Budapest

Italy
Indesit Company S.p.A.
• Viale Aristide Merloni, 47
60044 Fabriano (AN)
• Viale Certosa, 247
20151 Milano

Luxembourg
Indesit Company
Luxembourg S.A.
19-21 Bd. du Prince Henri
1724 Luxembourg

Norway
Indesit Company Norske Ltd
Norway AS
Nils Hansens Vei, 13
0667 Oslo

Poland
Indesit Company Polska Spzoo
Ul. Dàbrowskiego, 216
93-231 Lodz

Portugal
Indesit Company Portugal
Electrodomésticos S.A.
Rua Abranches Ferrão, 10-
14° D - Edificio Atlanta Park II
1600-001 Lisboa

Republic of Ireland
Indesit Company
49 Airways Industries Estate
Santry - Dublin 17

Romania
Indesit Company
Bvd Basarabiei, 28 - Sector 2
Bucharest

Russia
Indesit International
Business Park, WC Pavillion, 46
Prospect Mira - Moscow

Singapore
Indesit Company Singapore
Pte Ltd
138 Cecil Street,
#08-01A Cecil Court
069538 Singapore

Spain
Indesit Electrodomésticos S.A.
Edificio Europa III, C/
San Rafael n. 1
Portal 4 Bajo G
28108 Alcobendas Madrid

Switzerland
Indesit Company
International Business S.A.
Centro Gerre 2000,
Via Pobiette 11
6928 Manno (Lugano)

The Netherlands
Indesit Company Nederland BV
Veldzigt 22
3454 PW De Meern

Turkey
Indesit Company Beyaz Esya
Pazarlama AS
Balmumcu cad. Karahasan
sok.no.15
Balmumcu Besiktas
80700 Istanbul

Ukraine
Indesit Company International B.V.
Muzeyny Lane, 4
01001 Kiev

UK
Indesit Company UK Ltd
Morley Way
Peterborough PE2 9JB

subsidiaries worldwide

Group Headquarters

Commercial operations

Manufacturing plants

- Washing machines & dryers
- Dishwashers
- Cooking
- Cooling

Indesit Company
Communication and External Relations
May 2005

consultancy and coordination
Bonaparte 48
Pierre-Alexandre Maillard

financial information
Financial Statements Department - Indesit Company

graphics
Bloom Comunicazione

photos
Vittorio Merloni: Bob Krieger
Marco Milani: Angelo Martina, Eugenio Gibertini
Managers: Angelo Martina
Photographic archive Indesit Company

printing
Larovere, Milan - Italy

www.indesitcompany.com

ARISTON INDESIT Hotpoint Scholtès