Registered No. 2413675

KENWOOD INTERNATIONAL LIMITED

Report and Financial Statements

31 December 2014

DIRECTORS AND ADVISORS

DIRECTORS
F De'Longhi
S De'Longhi

COMPANY SECRETARY
A Cummings

INDEPENDENT AUDITORS
Ernst & Young LLP
19 Threefield Lane
Southampton
Hampshire
SO14 3QB

REGISTERED OFFICE
Unit 1 Kenwood Business Park
New Lane
Havant
Hampshire
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The Directors present their strategic report for the year ended 31 December 2014.

REVIEW OF THE BUSINESS
The company's principal activity is to be the holding company for Kenwood subsidiary undertakings operating overseas, largely in the distribution of domestic appliances.

The company's key financial and other performance indicators during the year were as follows:

	2014 £000	2013 £000
Operating (loss)/profit	(4)	61
Profit after tax	204	2,608
Equity shareholder funds	20,204	20,300

The Company's operating result for the year was a loss, compared to a profit for the previous year, because there were no foreign currency exchange gains in the year ended 31 December 2014.

The profit after tax for the year was lower than the previous year because there was no exceptional gain on disposal of investments in the year ended 31 December 2014. This reduction in profit was partly offset by an increase in bank interest receivable compared to the previous year.

STRUCTURE
The Directors of the company have been requested by the company's parent company Kenwood Appliances Limited to dispose of 100% shareholdings in De'Longhi Kenwood MEIA F.Z E. and Kenwood Appliances (Singapore) Limited to Kenwood Limited as part of the project to simplify the UK corporate structure of the De'Longhi Group.

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS
The company's assets and liabilities include the following financial instruments: cash and short-term debtors and creditors that arise directly from the company's activities.

The company does not enter into forward exchange contracts as a means of limiting its exposure to foreign currencies, due to the low level of foreign currency balances held unless there is a significant transaction taking place. At the year-end there were no forward exchange contracts in place.

PRINCIPAL RISKS AND UNCERTAINTIES
The potential areas of risk arising from the company's financial instruments are foreign currency risk, and interest rate risk.

Foreign currency risk
The company's profits and net assets are not significantly affected by currency movements as only a very low level of the company's assets and liabilities are denominated in currencies other than sterling. Dividends receivable from overseas subsidiaries may however give rise to exchange gains or losses.

Interest rate risk
The company's finances are assisted by short-term borrowing facilities. Changes in interest rates affect the company's bottom line profit or loss.

Liquidity risk
Any additional funding requirements may be met by short term borrowing, potentially supported by the ultimate parent company, De'Longhi S.p.A.

Investment risk
In addition, the company carries investment risk, but mitigates this by investing only in other De'Longhi group companies, of which it has a good working knowledge.

The strategic report is approved.
By order of the Board

A Cumming

Alan Cummings
Company Secretary
Date 29 APRIL 2015

The directors present their report and the audited financial statements of the company for the financial year ended 31 December 2014.

DIRECTORS
The directors who held office during the year were:

F De'Longhi

S De'Longhi

RESULTS AND DIVIDENDS
The profit for the year, after taxation, amounted to £204,000 (year ended 31 December 2013: profit £2,608,000).

The company paid an interim dividend of £300,000 (1.5p per allotted share of £1 each) to its immediate parent undertaking, Kenwood Appliances Limited, on 23 December 2014 (2013: interim dividend of £2,500,000 (12.5p per allotted share of £1 each) paid to Kenwood Appliances Limited on 19 December 2013).

The directors do not recommend the payment of a final dividend (2013: £Nil final dividend).

FUTURE DEVELOPMENTS
There are no significant developments anticipated in the forthcoming year.

EVENTS SINCE THE BALANCE SHEET DATE
There are no known events after the date of the balance sheet that require disclosure.

GOING CONCERN
After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board

A Cummings
Company Secretary

Date: 29 APRIL 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENWOOD INTERNATIONAL LIMITED

We have audited the financial statements of Kenwood International Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Geraint Davies (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton
Date 1 May 2015

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2014

	Notes	*Year ended 31 December 2014 £000*	*Year ended 31 December 2013 £000*
Administrative expenses		(4)	(14)
Foreign currency exchange gains	2	-	75
OPERATING (LOSS)/PROFIT	2	(4)	61
Exceptional item – disposal of investments	3	-	2,422
Bank interest receivable		252	182
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		248	2,665
Tax on profit on ordinary activities	5	(44)	(57)
PROFIT FOR THE FINANCIAL YEAR	11	204	2,608

There are no gains or losses for the year other than the profit of £204,000 in the year ended 31 December 2014 (year ended 31 December 2013: profit £2,608,000), therefore no separate statement of total recognised gains and losses has been presented.

The results for both periods are derived from continuing operations and there are no material differences between the profit on ordinary activities before taxation and the profit for the years stated above and their historical cost equivalents.

BALANCE SHEET
As at 31 December 2014

	Notes	*31 December 2014 £000*	*31 December 2013 £000*
FIXED ASSETS			
Investments	7	-	1,358
CURRENT ASSETS			
Debtors	8	23	17
Cash at bank and in hand		20,250	19,053
		20,273	19,070
CREDITORS: amounts falling due within one year	9	(69)	(128)
NET CURRENT ASSETS		20,204	18,942
NET ASSETS		20,204	20,300
CAPITAL AND RESERVES			
Called up share capital	10	20,000	20,000
Profit and loss account	11	204	300
TOTAL SHAREHOLDER'S FUNDS	11	20,204	20,300

The financial statements on pages 7 - 14 were approved by the board of directors on 29 APRIL 2015 and were signed on its behalf by:

F De'Longhi
Director

Company registered number: 02413675

1. ACCOUNTING POLICIES

Basis of Preparation

These financial statements are prepared on the going concern basis (see page 4 in the Directors' Report), under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

These financial statements present information about the company as an individual undertaking and not about its group. Kenwood International Limited is a wholly owned subsidiary undertaking of an EU parent undertaking and, as such, avails itself of the exemption from preparing consolidated financial statements under section 400 of the Companies Act 2006.

Cash flow statement

The company has utilised the exemptions provided under Financial Reporting Standard No.1 (Revised 1996) and has not presented a cash flow statement. A cash flow statement has been presented in the group financial statements of the ultimate parent undertaking (see note 12).

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled into replacement assets and charged to tax only when the replacement assets are sold.

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated to sterling at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

2. OPERATING (LOSS)/PROFIT

This is stated after charging/(crediting):

	Year ended 31 December 2014 £000	*Year ended 31 December 2013 £000*
Auditor's remuneration – audit of these financial statements	3	3
Foreign currency exchange gains	-	(75)

3. EXCEPTIONAL ITEMS

	Year ended 31 December 2014 £000	*Year ended 31 December 2013 £000*
Gains on disposal of investments in subsidiary undertakings	-	2,422

The disposals are not chargeable to UK corporation tax due to the application of UK substantial shareholdings legislation, therefore no tax charge arises in respect of the disposals.

4. DIRECTORS' REMUNERATION

No director received remuneration in respect of qualifying services from the company during the year (year ended 31 December 2013: £Nil), their duties being considered incidental to those carried out on behalf of other group companies.

The company has no employees.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of tax charge in the year:

Current tax	*Year ended 31 December 2014 £000*	*Year ended 31 December 2013 £000*
UK corporation tax:		
Based on profit for the year	54	57
Adjustment in respect of previous periods	(10)	-
Total Current Tax	44	57

b) Factors affecting the current tax charge for the year:

The tax charge for the year is lower than (2013 – lower than) the average standard rate of UK corporation tax in the year of 21.5% (2013: 23.25%) as explained below:

	Year Ended 31 December 2014 £000	*Year Ended 31 December 2013 £000*
Profit on ordinary activities before tax	248	2,665
Profit on ordinary activities multiplied by average standard rate of UK corporation tax in the year of 21.5% (2013: 23.25%)	54	620
Effects of:		
Exceptional gain not taxable	-	(563)
Adjustment to UK corporation tax of previous periods	(10)	-
Current tax charge for period (note 5a)	44	57

c) Factors affecting current and future tax charges:

The Finance Act 2013, which was enacted on 17 July 2013, includes legislation reducing the main UK corporation tax rate from 23% to 21%, effective from 1 April 2014. A further reduction to 20% was also enacted on this date and will be effective from 1 April 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2014

6. DIVIDENDS

	Year Ended 31 December 2014 £000	*Year Ended 31 December 2013 £000*
Interim paid 1.5p (2013: 12.5p) per £1 Ordinary share	300	2,500

The directors do not propose the payment of a final dividend for the year (2013: £Nil).

7. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Historical cost £000	*Impairment provision £000*	*Net book value £000*
At 1 January 2014	1,406	(48)	1,358
Disposals in the year	(1,358)	-	(1,358)
At 31 December 2014	48	(48)	-

Name of company	*Country of registration (or incorporation) and operation*
De'Longhi Kenwood Hellas S.A.	Greece
Kenwood Appliances Inc. (dormant)	USA

All the subsidiary undertakings are wholly owned, with the exception of De'Longhi Kenwood Hellas S.A. (where the holding is 9%).

On 23 December 2014 the company disposed of 100% of the issued share capital of De'Longhi Kenwood MEIA F.Z.E and Kenwood Appliances (Singapore) Limited to Kenwood Limited.

Kenwood International Limited is a wholly owned subsidiary undertaking of an EU parent undertaking and, as such, avails itself of the exemption from preparing consolidated financial statements under section 400 of the Companies Act 2006.

8. DEBTORS

	2014	2013
	£000	£000
Other debtors	23	17

9. CREDITORS: amounts falling due within one year

	2014	2013
	£000	£000
UK corporation tax	66	22
Amounts owed to group undertakings	-	106
Accruals	3	-
	69	128

Amounts due to group undertakings are unsecured and payable on demand. Interest is charged at 1% above LIBOR.

10. SHARE CAPITAL

	Authorised, allotted, called up and fully paid	
	2014	2013
	£000	£000
20,000,000 Ordinary shares of £1 each	20,000	20,000

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital	Profit and loss account	Total
	£000	£000	£000
At 1 January 2014	20,000	300	20,300
Profit for the year	-	204	204
Dividends paid (note 6)	-	(300)	(300)
At 31 December 2014	20,000	204	20,204

12. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Kenwood Appliances Limited. The Company's ultimate parent undertaking and controlling party is De'Longhi S.p.A., which is the parent undertaking of the smallest and largest group to consolidate these financial statements and is incorporated in Italy. Copies of its Group financial statements are available from Via L.Seitz 47, 31100 Treviso, Italy.

13. RELATED PARTY TRANSACTIONS

The company has utilised exemptions under Financial Reporting Standard No.8 as a wholly owned subsidiary not to disclose transactions with other group entities.