B/S/H/

Group Annual Report 2012

Focusing on the Customer. Delivering Benefit.

BSH BOSCH UND SIEMENS HAUSGERÄTE GMBH

BSH Bosch und Siemens Hausgeräte GmbH

BSH Bosch und Siemens Hausgeräte GmbH was founded in 1967 as a joint venture between Robert Bosch GmbH, Stuttgart, and Siemens AG, Berlin/Munich. Today, the company is the third-largest home appliance manufacturer in the world, and number one in Europe, with sales of EUR 9.8 billion in 2012.

The Group's product portfolio spans the entire spectrum of modern household appliances. It extends from stoves, ovens and extractor hoods to dishwashers, washers and dryers, from refrigerators and freezers to small appliances (Consumer Products) such as vacuum cleaners, coffee machines, electric kettles, irons and hairdryers.

As of December 31, 2012, the Munich-based group had 41 factories across Europe, Asia and North America, as well as a global network of sales and customer service outlets in 50 countries. BSH employed over 46,000 people in 2012, more than 70 percent of them in Europe.

In 2013, BSH was ranked by the CRF Institute as Germany's best employer for engineers and, for the seventh year in a row, as one of the country's top employers. The company was also named top employer in Belgium, the Netherlands, Poland, and Spain, earning international recognition as "Top Employers Europe."

Protecting the environment and the climate has been an integral part of the Group's corporate strategy for decades. BSH's energy- and water-saving household appliances make a significant contribution toward conserving resources. We have included our most efficient appliances in a Super Efficiency Portfolio each year since 2009. BSH has also set itself the goal of achieving a 25 percent reduction in specific resource consumption in manufacturing and administration by 2015.

Key figures

in EUR million	2012	2011
Revenue	**9,800**	9,654
Year-to-year change (%)	1.5	6.4
Percentage of international revenue (%)	78.1	78.6
EBITDA	**1,009**	943
EBIT	**683**	647
Profit before tax	**616**	538
Consolidated net profit	**466**	373
Capital expenditure on property, plant and equipment and intangible assets*	**421**	453
As percentage of revenue	4.3	4.7
Depreciation, amortization and impairment on property, plant and equipment and intangible assets*	**326**	296
As percentage of capital investment	77.4	65.3
Total assets	**7,865**	7,435
Equity	**2,579**	2,409
As percentage of total equity and liabilities	32.8	32.4

* Excluding goodwill

Bosch

Bosch stands for reliability, sustainability and well-engineered technologies.

Robert Bosch once said, “I have always acted according to the principle that I would rather lose money than trust. The integrity of my promises, the belief in the value of my products and of my word of honour have always had a higher priority to me than transitory profits.”

That principle is still the foundation on which we run our business and develop and build our robust, high-quality appliances.

Siemens

Siemens stands for a pioneering spirit, intelligent innovations, and progress in the service of humanity.

At the age of just 17, Werner von Siemens dreamed of “an enterprise that, through its own inventions and its entrepreneurial vision contributes to enhancing the knowledge and well-being of humanity.”

Today, more than 170 years later, that vision has become a reality. We work actively to shape our future. Our innovations improve the quality of life for many. Siemens brings the future home.

Neff

Neff stands for inspiration, enjoyment, and a sensuous joy in cooking.

When Carl Andreas Neff founded his company in 1877, he revolutionized the way people thought about kitchens. The focal point for him wasn’t the stove, but the cook: “My cooker should be designed to serve people, and not the other way round.”

With that approach, Neff introduced one of the most important ingredients into the world of cooking – enthusiasm, which makes preparing food a pleasure.

Gaggenau

Gaggenau stands for a cultivated lifestyle, extraordinary performance, and an exclusive understanding of cooking culture.

Founded as a hammer and nail smithy in the small town of Gaggenau on the edge of the Black Forest in 1683, Gaggenau's exclusive built-in appliances have been meeting the professional expectations of real connoisseurs since 1879.

The best materials, custom-tailored crafting and a love of detail yield unmistakable originals that set the standards for ambitious home kitchens.

Special brands

BSH's portfolio of special brands includes not just Gaggenau and Neff, but Thermador, Constructa, Viva, Ufesa and Junker, meeting the individual needs of a wide variety of customers.

Regional brands

Regional brands are leading, respected brands in their countries of origin. Our brands – Balay in Spain, Pitsos in Greece, Profilo in Turkey and Coldex in Peru – stand out for their especially close relationship with consumers. They thus strengthen BSH's position in these countries.

Main brands	Special brands	Regional brands
BOSCH	GAGGENAU	Balay
SIEMENS	NEFF	PITSOS
	Thermador	PROFILO
	Constructa	Coldex
	viva	
	ufesa	
	JUNKER	

In a year marked by low propensity to buy in many markets, BSH again increased its revenue and earned a profit that exceeded expectations. Our strategy of focusing on customer benefit proved its worth yet again – showing that home appliances that offer maximum convenience and top-notch design, combined with low consumption, continue to attract buyers even in a troubled economy. Especially then.

Contents

8

14


20


26

DR. KURT-LUDWIG GUTBERLET

MATTHIAS GINTHUM

JOHANNES NÄRGER

WINFRIED SEITZ

Full Speed ahead

The global economy has been through another year of heavy weather. Burdened by the European debt crisis and the distinct slackening of growth in China and India, the two largest emerging economies, global gross domestic product gained only 2.5 percent in 2012 – the smallest increase since the global economy's historic slump of 2008. Because economies around the world are increasingly intermeshed, hardly any region escaped the downturn. Business sentiment, rendered pessimistic by the debt crisis, caused a slide into recession not only in the Southern European countries in crisis, but in broad areas of Western Europe as well. The German economy, though it had started out in relatively robust condition, likewise came to experience a growing impact as the year went on. The recovery in the USA once again proved to be only moderate, as growth among trading partners in the rest of the world stagnated. The consequence was decreases in commodity prices.

Given this extremely difficult environment, which was also accompanied by a stagnation in the world market for home appliances, BSH is all the more pleased that its earnings were above expectations. Consolidated revenue gained 1.5 percent, to reach 9.8 billion euros. Even though a part of this gain is the result of developments in the foreign exchange markets, we view it as a reconfirmation of our long-term, sustainability-oriented strategy. In a world where an expanding portion of the population is enjoying growing prosperity, even as natural resources become scarcer, there is a steady demand for home appliances that combine maximum convenience with energy efficiency. Innovative strength and the continuous evolution of our products have always been two of our Company's great strengths, and form the foundation for the excellent reputation that our Group's brands enjoy. The fact that revenue remained stable in 2012 despite the challenging economic environment is a reflection of the sum total of purchasing decisions that demonstrate consumers' confidence in us around the globe. And they had good reason for that confidence – as was impressively demonstrated by the 91 wins that appliances produced under the BSH brands chalked up in 169 international product tests.

As they had been in 2011, China and Germany were especially important to BSH again in 2012. Even though the Chinese market was contracting as various state subsidy programs for home appliances expired, we expanded our position there. We bucked the sector trend to boost revenue 6 percent. Our business performance in our German home market was also above the average for the rest of Europe, despite the slackening economy. German revenue grew 4.3 percent, with the support of continuing stability in the job market, which ensured robust demand for home appliances. Our strong Group brands, our growing business in built-in appliances, and increasing interest in energy-efficient appliances gave us a gratifying share of that demand.

Profits outperformed our own expectations by a large margin, gaining a substantial double-digit percentage over 2011. The consolidated net profit, after taxes and minority interests, increased by nearly one-quarter, to 466 million euros. Apart from our good revenue performance, this success was also especially supported by the ongoing optimization of our production and procurement processes. Cost of sales represents by far the largest pool of costs in our business. Thanks to our Group-wide efforts to make production processes more efficient, as well as lower-cost procurement opportunities, cost of sales represented a significantly lower percentage of revenue.

Our extremely good earnings performance was accompanied by further financial consolidation. In 2012, BSH not only retired financial liabilities but generated additional liquidity. The Standard & Poor's rating agency again confirmed our Company's outstanding creditworthiness.

Our sound earnings situation and financial stability open up the necessary room for BSH to consolidate and expand its strong position among the world's leading home appliance manufacturers. They enabled us to make a carefully considered investment in our technology leadership by increasing research and development expenditures 9.4 percent, to 326 million euros. This laid a solid foundation for us to continue attracting consumers with useful future innovations that will make life easier and help conserve natural resources. This strategy, which has proved its value in difficult times, will really come to fruition and help us achieve our goals when economic conditions gradually improve, as they are expected to do. We expect good business performance again in 2013.

Dr. Kurt-Ludwig Gutberlet Matthias Ginthum Johannes Närger Winfried Seitz

| FOCUSING ON THE CUSTOMER. DELIVERING BENEFIT.

Gourmets, design enthusiasts, people on a tight budget, technology fans, environmentalists: no matter how different our customers may be, our brands offer solutions that appeal to them all. With forward-looking technology, excellent design, top standards for quality, low consumption and comprehensive service, we can provide just the benefits that our customers want.

»For us, the networked future begins at home.«

It's Sunday morning in Venlo, Netherlands, not far from the German border. The Breuer family has just had breakfast together. The air is still scented with the aromas of fresh coffee and warm bread. André Breuer, his son Paul and his daughter Marian have settled on the corner sofa near the fireplace. They answer their e-mail, read the paper online, or chat with their friends via smartphone. Meanwhile Jolanda, mother of the family, has immersed herself in a Tolkien novel at the sunny dining table.

As news flashes back and forth to the outside world every minute in the living room, the sun shines steadily down on the bungalow's flat roof. It heats the solar heating system that provides hot water for bathing, cooking and laundry. And another online activity may soon join the others – doing housework from the sofa. Because it may soon be possible to operate home appliances online, or to video chat with customer service if something isn't working right.

André Breuer cleans the solar heating system on the roof of his bungalow in Venlo, Netherlands, to draw plenty of energy from the year's first sunbeams. This is how he heats water for bathing, cooking and laundry.

»Digital newspapers, chatting, bidding in online auctions – the Internet is an integral part of our daily life.«

André and Jolanda Breuer, both 47, feel close ties with their home town of Venlo. They love the local dialect, the Carnival customs in their area, and the little canals that go back to the days when clay was still dug here for pottery. André collects earthenware plates and crucifixes that were once made at the pottery factory in the town where he was born, not far from Venlo. He finds a good many pieces on online auction platforms. The Internet is an integral part of his daily life, and his family's.

When the time came to buy a new washing machine in April 2012, they looked on the Web first. "We compared a lot of different ones," Jolanda recalls. The machine had to have a hot water connection, rather than heating its own water – so it could make good use of the solar water heating system. "We found that Bosch had the best price-performance ratio. On top of that, the washer is especially energy-saving. And we've had a Bosch dryer for 13 years now that has never let us down yet. So the decision was easy," Jolanda remembers.

Super-efficient washing machines from BSH use less than seven liters of water per wash cycle, and over 60 percent less electricity than models from 15 years ago. During the same period, heat pump technology has helped BSH cut its dryers' energy consumption more than 70 percent. Using resources thoughtfully is important to the Breuers. "We want to raise our children as good citizens who appreciate others and treat the environment with respect," André says.

Top: Daughter Marian, 16, plays hockey. Even when she's not out on the hockey field, she's in constant contact with her teammates via smartphone and social networks.

Right: André collects earthenware plates and crucifixes made at the pottery factory in his hometown, not far from Venlo. He often makes finds on the Web.

André and Jolanda met taking a guitar course when they were 20. Their 18-year-old son Paul shares their love of music and their curiosity about new technologies: "Dad once showed me a few chords on the guitar. Then I taught myself the rest online from YouTube," he says, glancing at his laptop. "Now I'm learning singing from the Internet." Paul is forming his own band, a trio named "Kwante Hippe!," which means "Fancy Shoes" in the local dialect. Their repertoire includes rock, pop, and folk songs in Venlo dialect. Now they want to ask a café whether it would be all right to perform there once in a while. They usually rehearse in the cellar of the Breuer home. "Sometimes, when we don't have enough time to get together in one place, we'll also rehearse via a video chat," he explains.

Daughter Marian, 16, plays the flute, but she'd much rather don her shin guards and blue uniform, tie back her long blond hair in a ponytail, and dash out to hockey practice. "I like the fact that it's a team sport. I used to do gymnastics, but that was too lonely.

Washing intelligently and efficiently with i-DOS and a stain removal system

Washing machines with the integrated i-DOS automatic dosing system think with you and make housework easier. They calculate exactly how much detergent the laundry needs, depending on the type of fabric, load size, dirt level and water hardness. Their precision pumps dispense efficiently, with milliliter accuracy. Which means that the washer uses only as much detergent, water and energy as is really needed. Compared to manual measurement, i-DOS can save more than 7,000 liters of water a year.* At the same time, it protects the machine from lime scale, which can build up if the water is hard and too little detergent is used. Many of our washing machines have a stain removal system that can get out the 16 most stubborn types of dirt, like grass, blood and coffee, by setting the best water temperature and drum movement.

* Source: wfk, Institute for Applied Research, Study Report WL 5132/10. Based on 220 loads of laundry per year using the wash and wear program.

Top: Son Paul, 18, learned to play guitar and sing from the Internet. He and his band play songs in the local Venlo dialect. If they can't all get together in one place, they rehearse in a video chat.

Right: Mother Jolanda is in charge of laundry for the family. Everybody helps with drying and ironing. The washing machine uses hot water from the solar heating system on the roof of the house.

»At school we ›invented‹ a washing machine you can operate over the Internet.«

Even when we're not practicing, I'm still linked with my teammates at all times via cell phone. We're never out of things to talk about – girl stuff." And just then a new message arrives. In the winter, the girls practice in the gym. In the summer they're out on the field. And a uniform can get pretty dirty.

The washing machine down in the cellar runs daily – another reason for an energy-saving model. Four people can add up to a lot of laundry. Jolanda's in charge of the family's wash. She usually does the laundry in the evening, because electricity rates in the Netherlands go down after 9 p.m. "I program the washer to start washing automatically at night."

Like all the other members of the family, Paul takes care of drying or ironing now and then. He can easily imagine operating a washing machine via smartphone someday: "At school just lately we had to think up something unusual for a homework assignment in English. We 'invented' a washing machine you can operate over the Internet."

When Paul finishes school, moves out on his own and wants to buy a new washing machine, he'll be able to choose a machine from the BSH brands. Future models may have the option of a connectivity function, with which Paul can operate his washer while he's away, call up hints about maintaining the machine or for fabric care, set the water hardness from a smartphone or tablet computer, or chat with customer service. The invention Paul came up with for his English homework would be right there for him to use.

»Internet and apps can revolutionize the world of home appliances. Customer benefit is what our research focuses on.«

DR. CLAUDIA HÄPP
PROJECT LEADER HOME CONNECT

The Internet is changing more than just how we communicate globally. Tablet PCs and smartphones, with the countless apps they use, open up hitherto unimaginable ways to make our lives easier and more convenient – including in home appliances. Dr. Claudia Häpp heads the Home Connect Project at BSH, helping make visions of the home appliance world of tomorrow a reality.

Dr. Häpp, by now the Internet has become an important part of many people's daily life. How does that affect our customers?
The Internet is one of the most important sources of information, both when it comes to buying a home appliance and when there's a problem for which a customer needs help. The right accessories for an appliance, like cleaning agents or vacuum cleaner bags, are also easy to buy online. On top of that, the Internet is also changing how we communicate with our customers after they buy an appliance. Online registration, for example, opens up additional advantages like special tips on how to use the appliance, or extended warranties.

More and more people are using apps – small software applications – on their mobile devices. What value can apps add in connection with home appliances?
With specially developed apps we'll be able to conveniently process the data about home appliances and thus offer our customers even more convenience and pleasure in using their purchases. Interactive, multimedia user manuals with self-help videos can support people in using the appliances almost from the first minute. Users will be able to talk to customer service directly via video chat. Other features include convenient initial installation of the equipment, and finding out where the nearest dealer or servicing shop is.

"Connectivity" – the networking of home appliances – is another future trend. What's the potential of home appliances version 2.0?
In the future, we'll be able to communicate with our home appliances from anywhere, via mobile devices. The refrigerator, for example, might send photos of the food inside to a smartphone. An app would then help me find suggestions for a recipe that fits those groceries, and give me a list of any extra ingredients I need to buy. In the future, customer service will be readily able to analyze possible equipment defects remotely, and thus improve efficiency and save time. And appliances will be able to send maintenance hints and automatic reminders to a smartphone when they need to be de-limed or cleaned. That could be done as a function of how much use the appliance actually gets, thanks to the built-in data interface.

How can you make sure that innovations are not just gimmicks?
Our developments focus not on what's technically feasible, but what's useful and worthwhile. We use extensive market research and in-home trials to find the functions that have the greatest customer benefits. We don't start series production until we and our customers are sure a new function offers real benefits.

»Health is the most important thing in life to me.«

Saturday afternoon. A Zen garden on the roof of a 15-story high-rise in Nanjing, China. Ma Yue intently practices yoga: the Sun Salutation, the Dancer, the Tree, and more. Doing yoga lets Ma Yue forget the noisy metropolis of five million all around her. She finds harmony between body and spirit. For her, quality of life means “health, love, learning and prosperity.”

Quality is important to Ma Yue when she chooses her kitchen appliances, too. She looks for energy-saving, forward-looking technology and appealing design. That’s why, when she and her husband, Xia Minjian, got married in September 2012, they decided on innovative, resource-conserving Siemens appliances for their new home.

»We have a lot more options than our parents and grandparents did: a good education, healthy food, stylish clothes and high-quality appliances.«

Ma Yue (27) and Xia Minjian (30) live on the 13th floor of a modern 25-story building complex in the heart of Nanjing, the historic capital city for six Chinese dynasties. As tradition requires, Xia Minjian bought their four-room apartment in the inner city, on one of the central traffic arteries, before they wed. Ma Yue loves furnishing the place: "I like a Mediterranean country style, because it reminds me of the wonderful cities in Italy that I saw on our honeymoon in Europe," she says. The apartment is a peaceful oasis in the pulsating metropolis.

A red paper cutout decorates the Siemens refrigerator. "It symbolizes the twinned good fortune of two people who have found one another," she explains – it's a custom among Chinese newlyweds. The three-door refrigerator has a newly developed freshener system: a vacuum drawer that extracts the air from the storage area at the touch of a button, and at the same time keeps the temperature at a constant zero degrees centigrade. That keeps food fresh up to five times longer. Xia Minjian also keeps his uncle's homemade New Year's sausage only in the vacuum drawer: "That's the best place to keep it from bacteria, and it stays fresh a long time," he says.

In China, eating in large, sociable groups around the table is an important part of social life. There must be no shortage of fresh, high-quality ingredients. Ma Yue's parents and in-laws live only a few minutes away on foot, and they all eat together often.

Top: The three-door refrigerator with a vacuum drawer has an entirely new freshener system: a vacuum drawer that extracts the air from the storage area at the touch of a button, and at the same time keeps the temperature at a constant zero degrees centigrade. That means the groceries that Ma Yue buys at the nearby supermarket (right) can stay fresh up to five times longer.

Left: Xia Minjian likes to cook. He keeps his uncle's homemade sausages in the vacuum drawer, where they're protected better from bacteria.

A cool test winner for energy-savers

The lowest energy consumption in the whole test, the best cooling performance and the best price-performance ratio – that was how the German Product Testing Foundation (Stiftung Warentest) praised the Siemens KG39EAI40, a test winner* that earned an overall score of 1.4 (where 1 is the highest possibility) in a comparison of 17 bottom freezer models. A technically identical model is also available from Bosch. With a net capacity of 336 liters, the super-efficient A+++ model uses only 156 kWh a year, and offers a number of other conveniences as well: separate temperature control for fridge and freezer section – thanks to the two-cooling-circuit with precise temperature setting in each compartment. Pull-out shelves inside and easy-lift door bins can be adjusted individually even when loaded. A variety of freshness compartments make sure that all foods stay crisp, juicy and flavorful for a long time. The LED interior lights provide excellent illumination while consuming especially low amounts of energy. Low-frost technology ensures less ice creation in the freezer and 50 percent quicker defrost.

* Source: German product testing foundation, Germany (Stiftung Warentest), test magazine 07/2012

"The older generations grew up completely differently from us," Ma Yue explains. "Family cohesion was much more important than with today's only-child families." But she says people are more prosperous now than they used to be when she was a girl. "My mother used to go to the market for fresh groceries almost every day." Ma Yue prefers to shop at the big supermarket nearby. It offers organic products, fresh fruit and vegetables, and a wide variety of meats. "Thanks to our freshener drawer, I only need to shop once a week. That leaves me enough time for friends and hobbies."

Besides top convenience, the refrigerator's low energy consumption was also a key factor in the couple's decision to buy. That puts them squarely in the trend.

»Groceries must be stored differently if they're to stay fresh for a long time. We offer our customers a variety of freshener systems.«

DR. ASTRID KLINGSHIRN
NUTRITION SCIENTIST

Crisp fruit and vegetables, fresh fish and juicy meat are a basic part of the good life in many countries. The better a refrigerator's freshness system works, the more nutritious and appetizing the dishes that reach the table. There's less need for shopping trips, and less spoiled food – saving time and money, and helping on the way toward managing food sustainably. Dr. Astrid Klingshirn, a nutrition scientist, researches how to keep groceries fresh longest at the BSH Refrigerator Development Center in Giengen.

Dr. Klingshirn, what are the most important things if you want to store groceries and keep them fresh and crisp as long as possible?
Temperature is the key factor. Humidity also plays an important role, especially with fresh vegetables and fruit. But another thing that's often underestimated is air composition. The lower the ambient oxygen content, the slower many spoilage processes – such as oxidation processes or microbial decay – will take place.

How can a single refrigerator meet so many different requirements?
We've developed a variety of freshness systems that are specially tailored to the needs of different kinds of groceries, and that can keep them fresh two to three times longer. For example, the "coolBox" has especially low storage temperatures and low humidity – ideal conditions for meat and fish. In the "hydroFresh" compartment, humidity is kept very high, which is ideal for storing fruit and vegetables. The convenient "vitaFresh" system is ideal for all kinds of food, because of its temperature control close to zero degrees centigrade and its subdivision into one zone with high humidity and one with low humidity.

We also use an activated charcoal filter in many of our refrigerators, to reduce odor transfer. Which means you can store a whipped-cream dessert and a ripe cheese right next to each other, and each will retain its original flavor.

In China, BSH has marketed the world's first refrigerator with combined vacuum and zero-degree technology. What do customers especially like about it?
The unique combination of low oxygen content and especially low temperature not only keeps food flavorful and juicy up to five times longer, it also preserves more vitamins. Microorganisms proliferate more slowly, so storage is especially hygienic and safe. The vacuum system was so well received in China that we're bringing out appliances with the same technology in Germany and the Netherlands in the fall of 2013.

Vacuum technology, vitaFresh, coolBox, hydroFresh – how can a customer keep a clear picture of how to put groceries in the right places?
We offer four clearly distinguishable freshness systems so customers can choose the best one for a particular food item. Skilled advice from our specialized dealers and the accompanying product information provide orientation. We know from workshops and discussions with our customers that many of them want things organized in a way that they can clearly understand. That's why we mark all compartments with symbols for the groceries that will keep especially well in them.

The young couple love to recharge their emotional batteries in the great outdoors – for instance, in the Purple Mountains, or at Xuanwu Lake, a vast recreational area right in the midst of town.

»The environment used to be cleaner. Technical progress, material prosperity, and protecting the environment all have to go hand in hand.«

Today BSH's most energy-saving refrigerator-freezer combination uses about 75 percent less electricity than similar products did just 15 years ago. To spare the environment, the couple has furnished their apartment not just with resource-efficient kitchen appliances, but also with energy-saving lamps. And they keep the fan heater shut off even in the winter – they'd rather wear a jacket indoors on a cold day.

Both love to recharge their emotional batteries in the great outdoors – for instance, at nearby Xuanwu Lake, a vast recreational area right in the midst of Nanjing. Park visitors fly kites, take their canaries out for a walk in their cage, or practice tai chi. Today, Ma Yue and Xia Minjian have rented an electric motorboat. Out on the water they absorb the calm, leave hectic routine behind and reflect on life: "Our friends and we have a lot more options than our parents and grandparents did," says Xia Minjian. "We have a good education and can afford to buy healthy food, stylish clothes and high-quality appliances whenever we want."

"But the upswing has a price," his bride adds, looking out at the massive high-rises that reach beyond the horizon, mounting into the smoggy air beyond the shore. "The environment used to be cleaner. We can't let it keep deteriorating from technical progress and material prosperity." Ma Yue and Xia Minjian were able to have both at once when they picked their kitchen appliances: top quality for users while taking it easy on natural resources. Ma Yue already has fresh, hygienically stored groceries. And she hopes that someday in the not too distant future, she'll be able to practice her yoga in clear, clean air above the roofs of Nanjing.

ENJOYING CONVENIENCE

»We care about enjoyment. Especially when it comes to coffee.«

Juicy salmon, crispy rolls with jam, freshly squeezed orange juice, and a good cup of coffee made with specially purified water. That's how Heidi and Jürgen Täuber enjoy a weekend breakfast after an exhausting week, while the kids are still asleep.

The couple is very active in their scant leisure time. They especially like golfing with friends, hiking together in the nearby Bavarian Forest, or holding a barbecue with neighbors. That's why both of them feel it's important for everything in their home to run as conveniently and easily as possible. At the push of a button, the Siemens EQ.7 Plus fully automatic coffee machine can conjure up a cupful of almost any imaginable espresso beverage. The Bosch MUM4 food processor grates, kneads, chops – or juices an orange – almost on its own.


BOSCH
fresh-center economic

Top: When Jürgen makes coffee he uses only water that he purifies in an osmosis system. He keeps the purified water in a glass bottle on the kitchen counter.

Right: Daughter Eva, 16, likes drawing and sewing – for example, a princess costume for Carnival. She comes up with ideas when she can quietly enjoy a hot foamed-milk cocoa in her room.

»It's so practical when you can make a cappuccino in the morning by just pressing a button as you walk by.«

Jürgen Täuber is a gourmet – especially where coffee is concerned. "I make coffee only with water that I've purified of magnesium and other substances in an osmosis system." Using a one-way permeable membrane at a pressure of four bars, he produces about 300 milliliters of pure water from a liter of tap water. He keeps his purified water in a bulbous, blueish five-liter bottle on the countertop. "It just makes the coffee taste better, and it also doesn't clog the machine with lime scale."

The father of three works almost every day, even on weekends. He's a gynecologist, and has his own practice with inpatient facilities. He rarely has a whole day free. So he finds it especially important to fit lots of brief moments of pleasure and enjoyment into his packed days. For instance, reading the paper in the living room, with a glass of latte macchiato in his hand and Jacomo the cat purring beside him.

The couple had received recommendations for the EQ.7 Plus fully automatic coffee machine from two different places. "My cousin is a real coffee nut," Heidi says. "He has a massive filter-basket espresso machine at home. We don't have that kind of space. So he advised us to get an EQ.7." Her husband adds, "A friend of ours at the golf club has an EQ.7 himself. We looked at a number of models at the store, and tried coffee from some of them, too." The coffee from the EQ.7 Plus tasted best to both of them. Jürgen adds, "Besides, it's so practical when you can make a cappuccino in the morning by just pressing a button as you walk by."

»Whether before they buy or after, our customers can always count on our skilled, fast service.«

MICHAEL GERBER
HEAD, PRODUCT DIVISION CUSTOMER SERVICE

BSH's high expectations for quality go far beyond production and the moment when a customer buys an appliance. BSH expects to meet customers' needs in the best possible way when it comes to care and maintenance too. It surveys customer satisfaction once a year in some 25 countries – always with very good results. Michael Gerber, head of the Customer Service Product Division, believes it's especially important for customers to be helped quickly and capably with any questions they have. That attitude has won Customer Service a number of prices, including the prestigious 2012 KVD Service Management Prize for "Service24Plus" – the convenient repair and maintenance service for coffee machines.

Mr. Gerber, what benefits can customers and dealers expect from Service24Plus?
We aspire to make sure that every coffee machine that comes in gets fixed within 24 hours and shipped back out of our special BSH central workshop for small appliances in Nuremberg. That's ensured by specialized technicians and clear procedures for maximum speed, efficiency and quality. Before the coffee machine leaves the workshop, we run a safety check, and clean and de-lime the machine. That means our Service24Plus dealer partners can serve as capable service providers for their customers without having to bear the expense themselves. BSH handles all the work, from packaging and pickup to redelivery of the repaired machine. The machines are picked up from the customer's home in special boxes, and are brought back, repaired, a short time later.

How do you make sure that Customer Service can be reached easily worldwide?
We're wherever customers look for us. In most of the 50 countries where BSH sells appliances, we're available around the clock, 365 days a year, by phone or via the Internet. If desired, in many regions our technicians can be on location within 24 hours. We set a priority on making sure they have the right spare parts along with them, so that only one dispatch is needed. Spare parts and accessories that are important to operation are kept available for all models for at least ten years after the last unit is sold.

Customer Service has contact with a great many customers every day. What gets done with their feedback about the machines?
Repair information and customer feedback are incorporated into the process of developing and optimizing our products. We also get lots of helpful hints from places like social networks, and apply them for quality assurance and optimization in our products.

What service does BSH offer for customers who have questions about any aspect of using and caring for their product?
In many countries, BSH maintains what's called a CareLine, on which BSH employees provide advice to customers by phone, quickly and capably, before and after purchases. For example, if somebody has unintentionally switched on the childproofing feature and can't turn it back off again, or wonders whether a stovetop they'd like to buy will go together with an existing oven, this is where we can help them out. We've also made short videos that provide instructions on how customers can remedy minor malfunctions themselves. Those are available at no charge on the websites of the BSH brands.

»Whether it's grating potatoes, slicing cucumbers or kneading dough, a food processor does everything quickly and easily and leaves me enough time for my hobbies.«

For daughters Eva and Rebecca, 16 and 13, cocoa is a special treat – they make it not with liquid milk, but with fluffy milk foam. Eva likes best to take her foamed-milk cocoa back to her room and shut the door. This is her creative realm. "I come up with good ideas when I can quietly enjoy a glass of cocoa at my sewing table." She loves drawing and doing crafts. Most recently she designed a princess costume for Carnival. She made pencil sketches of the pink tulle dress and white wings, and then sewed the whole costume on her sewing machine.

Heidi cooks for the two girls and her husband every day. "I can't do anything anymore without my MUM4," she says. "Whether it's grating potatoes, slicing cucumbers or kneading dough, a food processor does everything quickly and easily." Which leaves her enough time for hobbies like golfing with her friends. "After 18 holes I'm a little worn out, but it completely clears my head," she enthuses.

The former nurse likes best making the dough for cheese noodle dumplings. "All the hungry gourmets in my family like those a lot," she says. The Bosch MUM4 food processor can be used for multiple functions with a wide variety of accessories, including as a meat mincer, ice-cream maker or grinding mill. In the German product testing foundation's (Stiftung Warentest) most recent food processors test in October 2010, the MUM 4655, a variant of the Täubers' MUM4, came out the winner (test magazine, 10/2010).

Heidi and Jürgen are very active in their free time. They especially enjoy snowshoeing, golfing, sailing, or holding a barbecue with neighbors. And to relax, they enjoy a fresh cup of coffee.

Indulgence is also a question of technology

The Siemens EQ.7 Plus aromaSense fully automatic coffee machine guarantees exceptional aroma and custom-tailored flavor. It produces perfect espresso as easily as beverages with extra-creamy milk froth. Thanks to the unique sensoFlow System, the water is heated to exactly the ideal brewing temperature throughout the entire brewing process. A precise pressure system and a convex tamping system extract even more aroma out of the coffee beans. The intelligent ceramic grinder adjusts to your type of beans, and always grinds the ideal amount for the strength you want. Up to six different coffee drinkers can save their preferred settings on the machine and select from eight different coffee strengths.

A picture hangs on the kitchen wall, under the girls' schedules. It says "for Heidi," in a little kid's block lettering. The little girl next door has drawn Asterix and Obelix with thick crayons. "The neighbors are so nice that we haven't gone through with our original plan to build our own house," Heidi explains. "In terms of the social environment, we're living in Paradise here." In the summer, the Täubers and their neighbors plant fruit and vegetables in the field behind their houses, or they barbecue together in the evening.

When Heidi and Jürgen and their children moved from Franconia to Lower Bavaria more than ten years ago, they hardly dared to hope they'd have it so good. But now everything has come together – an interesting job, golf, sewing, crafts, skiing, snowshoeing, and the nicest neighbors anybody could imagine. When the Täubers take a few minutes for a coffee or cocoa on the living room sofa, you can tell – they're enjoying the moment. And their lives.

ELEGANT DESIGN

»Design must be timeless, pure, and elegant.«

Genius is rooted in simplicity. Alla Krasnikova lives her life by this principle. It guides her in the healthy potato, seafood and vegetable dishes that she enjoys preparing for her husband Dmitry and daughters Katya and Dasha.

This principle also defines the design ideals she carries with her from her background in art history: black and pure – that is the perfect design in the eyes of Alla Krasnikova. And it's also the style she has used in decorating and furnishing their home on the outskirts of Moscow. For her kitchen appliances, Alla chose the classic sensuality of the Gaggenau brand.

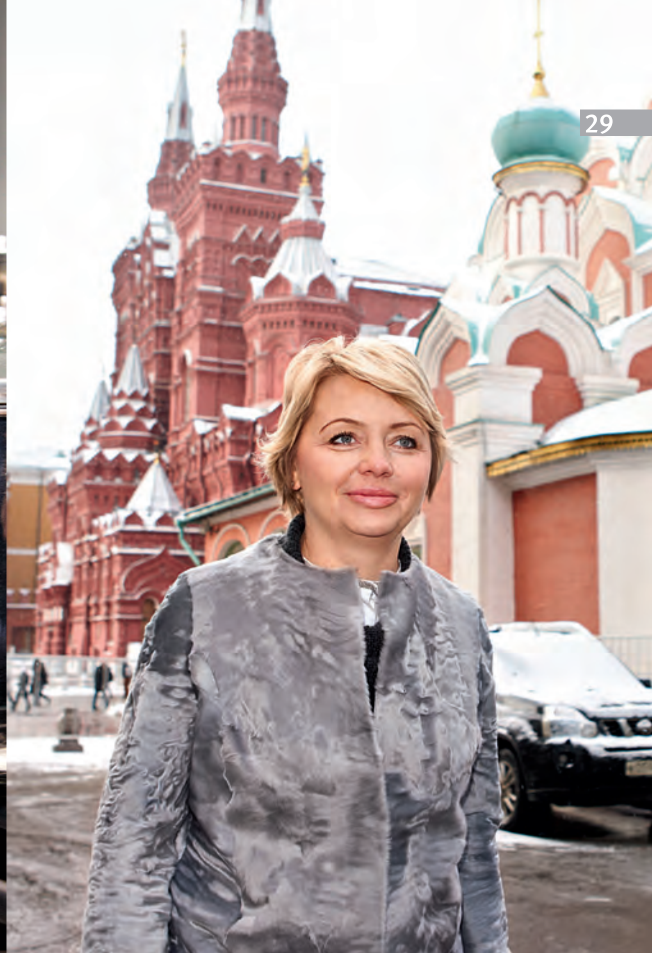
Art historian Alla Krasnikova decorated her new home outside Moscow in the style of Italian architecture and the French Renaissance. It quickly became clear to her in her planning that the kitchen appliances had to be Gaggenau.

It happened in Amsterdam. "It was love at first sight," recalls Alla Krasnikova. She's not referring to her husband Dmitry, whom she has known for 28 years, but to the designs of Gaggenau. The Krasnikova family was renting an apartment whose kitchen came equipped with high-end Gaggenau appliances – Alla's first encounter with the BSH luxury brand. Gaggenau's design philosophy is centered around a reduction to the essentials – to that which has lasting value beyond the trends of fashion.

When the Krasnikovas hired an Italian architect to design their own home after their return from Amsterdam, Alla knew right away that Gaggenau appliances were a must for the kitchen. A year and a half ago, the family moved into the new home on the outskirts of Moscow. Like the Gaggenau kitchen, the home's exterior is black and cubist with nothing superfluous. The interior is playfully decorated, however, with dark floral elements on white marble floors. Angels and flowers adorn the wall ornaments and charcoal-gray velvet drapes.

Reinventing cooking

Place pots and pans of any shape and size anywhere on the cooking surface, enjoy the ultimate in user comfort, and revel in a compelling design aesthetic – all this and more in the full-surface FreeInduction hob from Neff. The dark, restrained grid design of the FreeInduction ceramic glass surface radiates simple elegance. But cutting-edge technology is tucked away inside: 48 individual inductors provide a single continuous cooking zone. Whenever a pot or pan is placed on the hob, the appliance automatically recognizes the pattern of inductors it covers – and displays this on the touch-TFT display. Simply use your finger to rotate the digital wheel and select the desired temperature for each cooking zone. This opens up entirely new possibilities in the kitchen: turning induction into inspiration.



"The style is a mix of Italian architecture and French Renaissance with something of the atmosphere of the great royal residences," Alla explains. Much of her input went into this. "The decorators prepared four sketches of each ceiling ornamentation. I picked one and signed the building permits." The 43-year-old knows what she wants, and with a degree in art history, she knows what she's talking about.

»I love exploring my creative side: arranging flowers, taking photographs, decorating our new home, and above all: cooking.«

She has honed her art and design skills through her hobbies as well. She loves to take photographs and puts together her own albums for each of the many family vacations. She also dabbles in floral arranging. Each week, she prepares artistic bouquets of freshly cut flowers, ties them together with decorative ribbons, and brings a splash of color to many of the new home's 33 rooms. These include a Chinese tearoom, a cigar lounge, a swimming pool with sauna and hammam, a massage room, a fitness room with workout equipment and free weights, and a spacious living room with velvet-upholstered chairs and a large marble dining table. This leads directly to the kitchen.

The kitchen is equipped with nearly all the appliances in the Gaggenau portfolio: teppanyaki, lava stone grill, steam cooker, oven, fully automatic espresso machine, glass ceramic hob, and gas hob. Alla has domestic help to take care of the housework. But she usually handles the cooking herself. After all, she did study with a master chef from Italy.

Alla enjoys buying fresh groceries and preparing healthy meals. She prefers cooking with gas for its emotional appeal and because her family likes the taste of food cooked over gas.

»In the past, when the stores didn't have much merchandise, I knitted my own caps, scarves, and socks for the family. Today, I am happy I can buy premium brands like Gaggenau.«

Professional standards are also what inspires Gaggenau in developing appliances for high-end home kitchens – another reason for Alla's decision. "Cooking is my passion. It lets me give free rein to my creative side," she says, and adds: "My family and I prefer the taste of food cooked over gas. The flame also emanates a very special warmth that inspires me emotionally when I cook."

The whole family enjoys good food, but the two daughters don't share their mother's love of cooking. Their interests lie elsewhere: Katya is 23 and attends Moscow University, and 11-year-old Dasha is still in school. Her husband Dmitry works in real estate. Dmitry and Alla met as teenagers, Alla recalls with a smile. "We hadn't known each other very long before he was called to serve in the navy for two and a half years. I waited for him." Next year, the two will celebrate their silver wedding anniversary.

In their many years together, Alla and Dmitry have also lived through social upheaval: "Earlier, when the stores didn't have much merchandise, I knitted my own caps, scarves, and socks for the family." Alla likes to shop in the iconic GUM department store, one of the largest in Europe. She appreciates the selection of fine foods and high-end fashion. Alla's desire for elegance does not end with her kitchen appliances – it is also evident in her clothing. But Alla knows that the important things in life are not subject to the whims of fashion. That's why her love will live on for many years to come – her love for Dmitry and her love for Gaggenau.

»Design is more than an aesthetic plus. It gives the user freedom and quality of life.«

SÖREN STRAYLE
DESIGNER AT GAGGENAU

Design plays an important role in all the BSH brands. And so it comes as no surprise that in 2012, our products were once again recognized with numerous distinctions, including the prestigious iF design award and the red dot: best of the best design award. Gaggenau designers place their products at the intersection of tradition and avant garde, lending their pure, timeless, elegant appliances a distinct personality with carefully selected materials such as stainless steel, aluminum, and glass coupled with an innovative user experience. Cooking is elevated to an aesthetic indulgence. New features can generate new design solutions. The Gaggenau designers call this evolutionary design – a design that evolves organically, yielding technical and aesthetic perfection. Designer Sören Strayle has seen how hobs and their controls have evolved.

Mr. Strayle, design is absolutely central to Gaggenau's image. Do technical considerations have to take a backseat to design?
Not at all. We see design, technology, and user-friendliness as a unified whole. Our designers, engineers, and software developers work hand in hand in developing and refining our products. A key factor in our success is that each team knows precisely what the others want and need. We work together to find the best solution with the ultimate goal of delivering a perfect product to our customers.

Can you name an example of evolutionary design at Gaggenau?
The full-surface induction hob CX 480 is the product of a long period of development that began with a glass ceramic hob with four fixed cooking zones and culminated in the full-surface induction hob consisting of one large cooking zone that can accommodate six pots or pans simultaneously. Knobs have given way to touch controls that automatically display the pots and pans in the right size, shape, and position on the cooking surface. The team of designers, engineers, and software developers and the fully integrated touch display they produced is what made the innovative full-surface induction technology possible in the first place.

What were your design priorities in developing the full-surface induction hob?
Not everything that is technically possible makes sense from a user's perspective. The aim was to make the new technology as user-friendly as possible. It would have been technically possible to position more than ten pots and pans, but this just makes things too complicated and confusing for the user. Gaggenau designs are always developed with an eye to reducing things to their essence. For example, the entire full-surface induction hob is just a dark, flat plane when it is shut off, with the touch display invisible. We took the same approach in designing the user display. The full-surface induction hob that Gaggenau introduced to the market in 2011 has since been added to the Siemens and Neff product lines as part of our multi-brand strategy.

Essay

BY DR. KURT-LUDWIG GUTBERLET

The Internet has irrevocably transformed our world. The growing convenience of universal availability means that today's consumers are better informed than ever before. Businesses, meanwhile, have access to entirely new opportunities for a direct dialog with their customers. We at BSH will seize this opportunity and work with the retail industry to serve our customers' needs even better.

| Dialoguing with Our Customers

The Internet has irrevocably transformed our world – with far-reaching consequences for each and every one of us. The growing convenience and universal availability of information mean that people today, including consumers, are better informed than ever before. The relationship between businesses and their customers has changed forever, because the Internet opens up entirely new forms of dialog. Our response has been to reinvent our partnership with retail businesses. We're seizing this opportunity to meet the needs of our customers even better than before.

In recent years, the Internet has proven to be an engine for far-reaching processes of change. Large businesses riding on decades of success declined rapidly because they failed to adapt their business model to the changes ushered in by the Internet, smartphones, and tablets. On the other end of the spectrum, new enterprises whose sole business model is to intelligently harness the benefits of modern technology and make them accessible to a broad public have arisen almost out of thin air. Without this type of upheaval – which the economist Joseph Schumpeter, speaking at the dawn of the 20th century, appropriately described as creative destruction – our market economy could not function.

The Internet has had a profound change on communications between businesses and customers and among customers themselves: Today's consumers are more empowered and better informed than ever before, because consumer reviews and product information can be shared and accessed by anyone, anytime, anywhere in the world. Prices are largely transparent. With very little effort, almost everyone can research where the lowest price is available. The Internet also gives businesses the opportunity to engage in a real dialog with their customers. Those who know how to make efficient use of this opportunity can achieve a tangible competitive edge.

That's why we attach great strategic importance to the Internet and the opportunities and transformations that accompany it. We are carefully studying how we can defend and extend our position among the leading home appliance makers in a world dominated more and more by the Internet. The results of the comprehensive process of reflection about the digitization and interconnectedness of economic processes with everyday life – known as digital transformation – factor into our strategic decisions.

»The various BSH corporate brands, with their consistent promise of quality, offer consumers a rare commodity: orientation.«

Strategy pays off in times of upheaval

The multi-brand strategy that we adopted back when BSH was founded pays off, especially in a marketplace undergoing structural change. The various company brands, with their consistent promise of quality, offer consumers a rare commodity amid the information overload: orientation. That's why strong brands carry a premium, especially on the Internet. Trust is an important factor in deciding what to buy.

»The Internet offers us the opportunity to have consumer input flow directly into our development process.«

BSH is very well aware of the tremendous economic value of the solid reputation its brands enjoy around the world, so it will continue to invest in cultivating these brands. We're expanding the online presence of our brands in order to give customers more comprehensive information – both online and in stores – because consumers now look to manufacturers directly as a key source of information in the search for the right appliance. This gives us the ideal framework to succeed in these new channels.

Our focus on technological innovations and our tireless efforts to continue developing our products has also paid off in the electronic age. The fact that consumers today are better informed than any prior generation of buyers means that knowledge of the advantages our products offer can penetrate the market even better. Our customers can count on us to continue our strategic path of technological innovation.

The Web 2.0 provides diverse opportunities for us to channel customer feedback into the ongoing evolution of our products and customer service. This means paying close attention to online reviews and pursuing a comprehensive social media strategy to engage directly with our customers. We take this path because we truly care what our customers think. The Internet offers us the opportunity to have consumer input flow directly into our development process, giving our customers even more of what they want. We are convinced that innovation for its own sake does not bode well for long-term success. The market will only reward innovation that carries a genuine, identifiable benefit to the consumer.

Changes and opportunities in retail

Another cornerstone of our success is our close partnership with retailers, who are our link to customers. We are aware that the Internet presents challenges to retailers. At the same time, however, it offers opportunities that many retailers are already seizing – from a solid website to a sophisticated e-commerce strategy. Whether retailers restrict themselves to online sales or take a multi-channel approach is their own business decision. We support either strategy in equal measure.

Qualified consultation adapted to the unique needs of each customer is and remains an important competitive edge. Retail sales personnel have been and remain a key multiplier to bring knowledge of the benefits of our product innovations into the market. That's why retail still has an important role to play in the digital transformation.

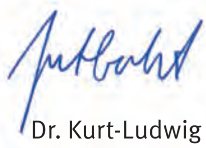
One example of how qualified retailers benefit from our Internet strategy is the dealer locator feature on our websites, which customers use heavily. Another example is our intense focus on a communication strategy that works across all channels. At the heart of this strategy is the development of "digital assets" – easy-to-understand texts, video clips, images, and graphics with which we tout the benefits of our high-quality brand products. Digital assets are used to present products and brands online, which benefits both online and brick-and-mortar sales, but they also support our partners in their consultations with consumers. We strive for a cohesive message, one that remains consistent whether customers get their information from online or offline sources. That’s why our brands remain an important link to retailers.

Naturally, we’ll hang on to what has worked in the past, such as the broad spectrum of workshops we offer our retail partners. We train product consultants with both the facts and selling points about our technological innovations, new design elements, and the added benefits they offer consumers. We support them in providing quality consultation that goes far beyond the flood of information available through online review sites or social media. Understanding the guaranteed quality and performance of our brands gives retailers the assurance of selling their customers products that combine technological perfection and user-friendliness with excellent design and maximum energy efficiency.

The Internet also plays a role in many newer markets that are becoming increasingly significant for global enterprises such as BSH. The economic surge in most of the emerging markets was accompanied by increased access to the Internet or more powerful mobile devices. That’s why many customers from the emerging middle class, for whom our products and brands are appealing, are typically very Internet-savvy and accustomed to relying heavily on smartphones.

The transformation to the digital age and the new customer empowerment that has resulted offer a historic opportunity. The Internet allows manufacturers and retailers to engage in a direct dialog with consumers. That helps us shore up and extend our position as a leading global manufacturer of household appliances. The dialog with our customers helps us more accurately meet their needs and customize the message of what our brands offer. This will help us to perfect one of the core strengths of BSH: the focus on our customers.

»The dialog with our customers helps us more accurately meet their needs and customize the message of what our brands offer.«



Dr. Kurt-Ludwig Gutberlet
Chairman and Chief Executive Officer

Supervisory Board Report

| Supervisory Board Report

Joe Kaeser,
Chairman of the
Supervisory Board

During the year under review, the Board of Management reported regularly to the Supervisory Board, both orally and in writing, on the company's performance and major decisions.

At two regular meetings of the Supervisory Board and one special meeting during the reporting year, the Board of Management explained the development of business and employment in the preceding 2011 financial year, as well as the 2011 financial statements and management report. During 2012, the Board of Management reported to the Supervisory Board on the development of business in the company's various sales regions, particularly in Germany, Spain, Greece, Turkey, the rest of Western and Eastern Europe, China, Russia, India, Central and Southeast Asia, and North America. The Board of Management also presented the key data for the 2013 Business Plan to the Supervisory Board. The Supervisory Board discussed these topics.

Other deliberations by the Supervisory Board concerned the development of competition in the home appliance markets both within and outside Europe, as well as the company's response to changing market conditions and the evolving retail environment.

The Supervisory Board also deliberated on the development of the Product Areas and on projects aimed at tapping further markets. In this connection, it particularly examined the company's ongoing focus on innovative, super-energy-efficient appliances, on site development and expanding the sales network in India, on planning for capital investments and site development at the Saint Petersburg plant, and planning for capital investments in China.

The topics addressed by the Supervisory Board also included temporary difficulties in the development of the Chinese market following the expiration of government subsidy programs, and projects to cut product costs in China and to ensure a more competitive cost position in Turkey. The Supervisory Board also discussed the growing Internet retail sales channel, which is steadily rising in importance for the home appliance business as for other sectors, together with projects the company has planned in this regard.

The Supervisory Board received reports from the Board of Management about the planned acquisition of the Polish company Zelmer S.A., which has now been completed in 2013. The discussion included such matters as possibilities for integration into the Group, potential areas of synergy in products and purchasing, and the transaction's impact on current production. The Board of Management also kept the Supervisory Board continuously informed about the company's compliance management and a compliance risk assessment that was conducted during the year, about current issues in compliance, and about training programs and the 2012 Compliance Report. The Supervisory Board also obtained reports about plans to expand the compliance organization to meet needs in light of the risk profile determined during the reporting year, and plans to introduce a Chief Compliance Officer in lieu of the Corporate Compliance Committee. The Supervisory Board discussed these matters in depth.

In addition to the official meetings, regular discussions were also held during the course of the year between the Board of Management and the Chairman of the Supervisory Board and his deputies.

The financial statements of BSH Bosch und Siemens Hausgeräte GmbH and the consolidated financial statements as of December 31, 2012, together with the management report for BSH Bosch und Siemens Hausgeräte GmbH and the consolidated management report, have been audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, and have each received an unqualified audit opinion. The reports prepared by the auditors were made available to all members of the Supervisory Board. The Supervisory Board thoroughly examined the documents concerned, together with the Board of Management's proposal for the allocation of net income. The reports were discussed in full at the Supervisory Board's meeting to review the financial statements; the auditors were in attendance and discussed the principal results of their audit.

The Supervisory Board concurs in the findings of the audit, and has found no objections on completion of its own audit. It approves the financial statements and management report of BSH Bosch und Siemens Hausgeräte GmbH and the consolidated financial statements and Group management report; it recommends that the shareholders adopt the annual financial statements, approve the consolidated financial statements and Group management report, and consent to the proposal of the Board of Management for the allocation of the net profit.

Dr. Siegfried Dais left the Supervisory Board as of December 31, 2012. Mr. Uwe Raschke was elected to succeed him, effective January 1, 2013. Dr. Rudolf Colm submitted a written resignation of his position as an additional Deputy Chairman of the Supervisory Board as of December 31, 2012, but still retains his seat on the Supervisory Board. Mr. Uwe Raschke was elected as additional Deputy Chairman of the Supervisory Board until the expiration of the Board's current term of office.

Mr. Jean Dufour left the Board of Management of BSH Bosch und Siemens Hausgeräte GmbH as of October 8, 2012. We thanked Mr. Dufour for his many years of work and his achievements. As his successor, the Supervisory Board appointed Mr. Matthias Ginthum to the Board of Management of BSH Bosch und Siemens Hausgeräte GmbH as of October 9, 2012, with responsibility for Sales, Marketing and Logistics. The Supervisory Board would like to thank the Board of Management and the company's employees for their successful endeavors over the past year.

Munich, June 10, 2013

For the Supervisory Board

Joe Kaeser
Chairman

| Board of Management

Dr. sc. pol. Kurt-Ludwig Gutberlet
Chairman, Chief Executive Officer
Corporate Internal Audit,
Corporate Communications,
Corporate Responsibility,
Sustainability,
Corporate Strategy, Processes,
Organization Development,
Product Division Consumer Products,
Product Division Customer Service,
Information Security within BSH

Matthias Ginthum
Chief Sales and Marketing Officer
Corporate Logistics,
Corporate Marketing,
Corporate Sales,
Regional Sales & Marketing

Johannes Närger
Chief Financial Officer
Corporate Accounting,
Corporate Compliance,
Corporate Controlling,
Corporate Finances, Insurance,
Corporate Human Resources,
Corporate Legal, Industrial Policy,
Corporate Purchasing,
Corporate Taxes, Customs,
Regional Business Administration,
Data Protection within BSH,
Labor Director

Winfried Seitz
Chief Technology Officer
Corporate Information Technology,
Corporate Technology,
Product Division Cooking,
Product Division Dish Care,
Product Division Electronic Systems, Drives,
Product Division Laundry Care,
Product Division Refrigeration,
Environmental Protection,
Occupational Safety within BSH

| Supervisory Board

Joe Kaeser, Munich
Chairman of the Supervisory Board
Member of the Managing Board of Siemens AG

Elmar Freund, Bad Neustadt
Deputy Chairman of the Supervisory Board
Chairman of the Group Works Committee

Dr. rer. oec. pol. Rudolf Colm, Milan
Deputy Chairman of the Supervisory Board (until 12/31/2012)
Member of the Supervisory Board (since 01/01/2013),
previously Member of the Board of Management of Robert Bosch GmbH

Uwe Raschke, Stuttgart
Deputy Chairman of the Supervisory Board (since 01/01/2013)
Managing Director
of Robert Bosch GmbH

Dr. rer. pol. Stefan Asenkerschbaumer, Stuttgart
Managing Director
of Robert Bosch GmbH

Ellen Bonna-Knöpp, Giengen
Chairwoman of the Works Committee of the Giengen plant

Dr. rer. nat. Siegfried Dais, Stuttgart
(until 12/31/2012),
previously Deputy Chairman of the Board of Management of Robert Bosch GmbH

Axel Fischer, Berlin
Director Purchasing
Product Division Laundry Care
BSH Bosch und Siemens Hausgeräte GmbH

Klaus Helmrich, Munich
Member of the Managing Board of Siemens AG

Mehmet Gürcan Karakaş, Stuttgart
Director of Corporate Marketing and Sales of Robert Bosch GmbH

Peter Kern, Frankfurt
Union secretary to the executive committee of the IG Metall trade union

Stefan Rauschhuber, Munich
Union secretary of the IG Metall trade union, Munich administrative office

Wolfgang Rückert, Traunreut
Deputy Chairman of the Works Committee, Traunreut plant

Prof. Dr.-Ing. Dipl.-Ing. Siegfried Russwurm, Erlangen
Member of the Managing Board
of Siemens AG

Karl-Heinz Seibert, Munich
Corporate Vice President,
Head of Mergers, Acquisitions and Post Closing Management
of Siemens AG

Siegfried Stegmann, Nuremberg
Chairman of the Nuremberg Works Committee

Franz Veh, Dillingen
Chairman of the Works Committee,
Dillingen plant

Group Management Report

BSH exceeded its planned earnings substantially in financial year 2012. One major contribution came from the ongoing optimization of our production and procurement processes, thanks to which we considerably reduced cost of sales as a percentage of revenue. The solid performance of consolidated revenue amid a difficult global economic environment reconfirmed our belief that innovative home appliances that combine appealing design and maximum resource efficiency will remain in demand even in a weak economy.

Development of Business

Overall economic development

As expected, the global economy's pace of expansion slowed once again in 2012. Almost every region reported less growth in value added than for 2011. The exacerbation of the debt crisis in Europe during the first half had a particularly severe impact on growth. Factors on the positive side included the easing of commodity prices from midyear onward and significant decisions to stabilize the European Monetary Union. However, in spite of these helpful developments, global gross domestic product grew only 2.5 percent in 2012, the smallest increase since 2008.

Global economy held back by European debt crisis.

Regional distribution of growth shifted little in 2012 from previous years. Emerging markets once again made a larger than average contribution to worldwide economic performance. Nevertheless, economic policies intended to rein in growth and the slack performance of world trade had a restraining effect here too. The impact was especially evident in the two largest emerging markets: growth rates fell to multi-year lows in both China (GDP: +7.8 percent) and India (+4.1 percent). A solid expansion in domestic demand was unable to compensate entirely for less vigorous exports.

In Southeast Asia, by contrast, growth was robust, matching the 2011 figure of 6 percent.

Eastern Europe saw a slump in business conditions in 2012. Economic growth slowed to 2.2 percent, primarily as a consequence of the EU debt crisis.

Less lively growth in the global economy, together with lower commodity prices, also made themselves felt in Latin America, where growth in 2012, at 2.5 percent, was substantially below the 2011 figure of 4.2 percent.

Business conditions in the developed nations were poor, as they had already been in 2011. To be sure, Japan's economy made a considerable recovery after the consequences of the Fukushima catastrophe of 2011, growing 1.9 percent. But in the USA, value added grew only 2.2 percent in 2012, little more than the year before. Western Europe even slipped into recession during the year, as the debt crisis had an increasing impact on business sentiment. At –0.3 percent, Western Europe's economy contracted for the second time in four years. The decline was most obvious in Southern Europe, where ongoing budget consolidation amplified the effects of the recession.

The German economy too was unable to escape the consequences of the EU debt crisis, growing only 0.7 percent (2011: +3.0 percent). The contraction was especially evident in domestic capital expenditure, although consumer spending showed a solid gain, primarily because unemployment remained low.

The recovery of the global economy clearly faltered in 2012. The main impediments came from developed countries, where years of private and public debt inhibited economic developments significantly.

Development of the market for large home appliances

The global market for large home appliances remained on a par in 2012 with the year before, after adjusting for currency effects. As would be expected given their current economic development, the emerging markets again made the largest contribution to growth here as well. In euro terms, however, the entire global market grew substantially.

Thanks to robust consumer spending, Germany – Europe's largest market – again performed well. Though economic growth slowed on the whole, the volume of the German market for large appliances expanded once again.

As in 2011, revenue in the other Western European markets was down overall. On the heels of substantial contractions in 2011, the market for large appliances in Southern Europe slumped even further. Massive declines in revenue were seen once again in Greece, Portugal and Spain. The Italian appliance market also contracted further in 2012. The market situation was likewise problematic in the Scandinavian countries, with the exception of Norway, which showed solid economic growth in 2012. The French market for large home appliances remained at the same level as in 2011. The UK market continued to grow, especially on a euro basis.

Most Eastern European markets again showed gains after their rapid growth rates of 2011, albeit at a substantially slower pace. But performance varied from one market to the next. Although the Russian market grew more slowly than the year before, its growth rate was still the fastest in the region. The Polish market too grew during the year.

The market in Turkey performed well, although value-based market growth there resulted primarily from price increases.

The market for large home appliances in North America grew substantially, but only on a euro basis. Net of currency effects, growth in the USA was slight, and the Canadian market was down somewhat from the year before.

Latin America had the world's fastest growth rates.

The world's highest growth rates for 2012 were seen in Latin America. The rapid growth of the largest market, Brazil, was also supported by tax subsidies. The other two large markets in the region, Argentina and Mexico, again recorded good growth rates. The Peruvian market also grew again substantially, with additional strong encouragement from the upward revaluation of the nuevo sol.

Following many years of growth, the Chinese market contracted on a local currency basis for the first time in 2012, as subsidy programs that had raised market levels high in the previous two years expired. Although some large appliance purchases were still subsidized by the state, the effects were less extensive than in the years before. On a euro basis, however, thanks to the performance of the renminbi, market growth matched 2011 levels.

The Asia and Pacific region (excluding China) again performed above the average. India, the largest market, showed very fast growth, though much of the gain was the result of price increases. The markets in Australia and New Zealand contracted, although the figures grew in euro terms. The markets in Indonesia, Thailand and Taiwan grew as in 2011, in some cases considerably.

Revenue development

In 2012, BSH Bosch und Siemens Hausgeräte GmbH (the "Group" or "BSH," and "BSH-D" when referring to the parent company) generated consolidated revenue of EUR 9.800 billion, outperforming the 2011 figure by 1.5 percent. Net of currency effects, revenue was EUR 9.532 billion, 1.3 percent below the 2011 figure.

Consolidated revenue BSH (IFRS)

in EUR billion

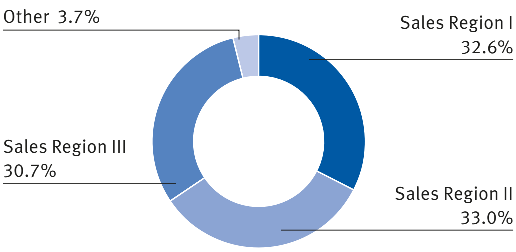
2012	2011
9.800	**9.654**

In the past, the Group has reported its revenue on a market-by-market basis. In 2012, BSH introduced segment reporting for the first time; for that reason, it now reports on the basis of organizational sales responsibility. The details are explained in Note 29 to the Consolidated Financial Statements.

Sales Region I, which essentially comprises Germany, Austria, and Eastern European countries, increased its revenue 5.8 percent from the year before to EUR 3.193 billion. Germany and Russia performed especially well. Large appliance revenue in the German sales area rose by 4.1 percent to EUR 1.787 billion. The Group's revenue was also higher in Ukraine and Poland, but revenue in Austria and Hungary was down.

In Sales Region II, which comprises mainly the Western European countries other than Germany, revenue decreased by EUR 194 million, to EUR 3.234 billion. The Spanish, Greek and Portuguese markets in particular, as well as Italy, the Netherlands and Scandinavia, saw revenue contract as economic conditions remained difficult. By contrast, BSH generated gains – considerable, in some cases – in Israel and France, and especially in the United Kingdom, though the latter figure was assisted by exchange rates.

Revenue by region (as of December 31, 2012)



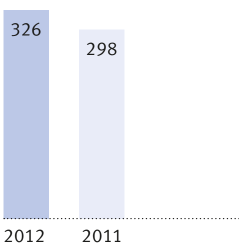
Sales Region III primarily comprises Asia, the Middle East, and North America. Here BSH revenue grew 5.1 percent, to EUR 3.004 billion. In China, although the market contracted as subsidy programs expired, revenue grew by 6 percent in euro terms because of positive exchange rate effects. Revenue in the Middle East, including Turkey, was generally down. But revenue in the Southeast Asian countries and North America performed very well, and was further assisted by the effects of exchange rates.

The Group's other activities, such as the business in merchandise for resale, also performed well, with revenues rising 4.8 percent to EUR 369 million.

Research and development

The Group increased its expenditure on research and development 9.4 percent in 2012 to EUR 326 million, equivalent to 3.3 percent of revenue. As of December 31, BSH employed 2,999 staff in research and development (2011: 2,748), 1,641 of them in Germany (2011: 1,537).

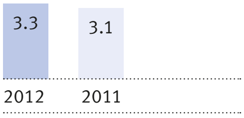
Expenditure on research and development
in EUR million



The Group continued to invest in development sites worldwide during 2012. Several product divisions moved into a new development center in Çerkezköy, Turkey. The Dillingen site in Germany laid the cornerstone for the Group's worldwide center of competence for dishwashers. The building's layout supports up-to-date working procedures in product development, and encourages creativity and cooperation. This concept has already proved its worth in day-to-day operations at the development centers that have already opened in Berlin, Traunreut and Nanjing.

In collaboration with institutions of higher learning and research institutes in both Germany and other countries, the emphasis for 2012 was on developing application-related solutions to safeguard BSH's lead in technology and innovation.

Expenditure on research and development
as percentage of revenue



BSH successfully positioned a variety of new products on the market again in 2012. It expanded its portfolio of super-efficient home appliances once more. It presented its visions of the future under the Bosch and Siemens brands at the IFA International Consumer Electronics Fair in Berlin. The Bosch brand demonstrated its “myBosch” digital product assistant. In its “House of Innovations,” Siemens enjoyed great success presenting a futuristic scenario of connectivity, with networked home appliances and a large number of novel technologies.

In 2012, BSH continued to pursue its principle of consistently, effectively protecting technical innovations and designs with industrial property rights. By comparison with the competition, the Group still maintains a significant worldwide portfolio of intellectual property rights, which has been expanded further in technologically important fields that are significant for BSH’s markets.

BSH again maintained its top ranking in comparative product tests in 2012. The 91 test winners (2011: 65) considerably outperformed the very good showing in 2011, and again outdistanced the competition. BSH brands were represented in 169 comparative tests (2011: 145) in 15 countries all over Europe.

BSH products are known for their striking technical innovations and outstanding quality, combined with exceptionally appealing design. This was again confirmed impressively during 2012 by a large number of prestigious prizes for design, including the “iF product design award” and the “red dot design award.”

BSH brand products scored 91 wins in comparative product tests.

The BSH website has a summary of test results and awards at *http://testwinners.bsh-group.com*.

The Group-wide introduction of the BSH development system continued during the year, as a further safeguard for BSH’s leadership in technology and innovation. Particular areas of focus were sustainably implementing methods that had been defined earlier, and expanding the Group’s expert networks. Shortening development times and processes, ensuring the necessary conservation of resources, controlling and reducing complexity, and enhancing flexibility are tasks that have resulted in specific measures as part of the BSH development system. The aim is to have every BSH development site applying the best practices for its field. Training programs for this purpose were conducted by internally certified trainers in every product division.

The project to optimize BSH project management reached a successful conclusion in 2012. Individual project management was optimized, project management methods were harmonized, and a manual as well as a set of guidelines were prepared. The project management career track, together with the requisite qualification programs, was defined and successfully implemented in the product divisions and in IT.

A high-performance analytical tool to obtain effective feedback about defects in home appliances from end users was developed further. This IT solution is available worldwide, and helps improve quality further. Quality costs relative to production costs were about 15 percent below the 2009 figure. The improvement in product quality and the cost savings per claim have helped make the Group even more competitive.

Procurement
The situation in procurement markets in 2012 was fraught with uncertainty and volatility because of the EU debt crisis, but also because of slower economic growth in China, especially during the first half of the year.

With regard to raw materials prices evolved in very different ways. Prices for steel and stainless steel were on the whole substantially better at midyear than in 2011 because of slower demand in Europe and lower prices for significant primary products such as iron ore, coking coal and nickel. But the price of plastic granules rose. Except for a brief dip in July, prices for styrene and benzene, also used as primary products, increased. Heavier competition and optimized negotiating tactics enabled BSH to improve the prices it paid for raw materials considerably in comparison to the evolution of market prices.

Prices for BSH's most important industrial metals – copper and aluminum – remained especially volatile throughout the year.

The market for manufacturing materials and parts was likewise inconsistent. Electrical supplies and electronic equipment, as well as subassemblies, were sometimes available at advantageous prices. Prices for chemicals and packaging remained stable over the year.

The Group also reaped benefits by further expanding its use of international supplier markets.

Broader use of international supplier markets reaped benefits.

As it did in 2011, BSH not only engaged in physical hedging through suppliers, but selectively applied derivatives to counter fluctuations in markets and prices for the procurement of certain raw materials, and to reduce the risk to the Group.

Payment terms for suppliers were further standardized and applied on a broader base during the year.

Systematization and standardization continued in processes and methods for purchasing indirect materials and services. In particular, strategic purchasing and pooling expanded further for production-related fields such as machines and systems, services and information technology. Purchasing for operations was reinforced by introducing a standardized electronic order handling process, and by the work of the Order Center in Poland, which is responsible for all of Europe. Processing transactions more efficiently makes room for the Group to reinforce its focus on strategy.

In the preventive mitigation of supplier-related risks, established methods remained in place to identify and assess financial risks among our suppliers. Although the number of suppliers categorized as critical rose from 2011, there were no supply bottlenecks worth noting in 2012.

Production
BSH produces its large home appliances and small consumer products at 41 factories at 28 locations in 13 countries around the world.

In keeping with the year's slight decrease in revenue net of currency effects, production volume at the Group's factories was below the 2011 level.

Activities in the Product Division Refrigeration focused on Europe and China during the year. Following extensive investments in ultramodern production equipment, two new product lines went into production on schedule at the site in Giengen, Germany. One of these lines is also being produced at the factory in Esquíroz, Spain, as part of a production network. That plant has also begun production on a new no-frost series. In China, a new platform for multi-door refrigerators was successfully integrated into the existing production concept.

For the Product Division Laundry Care, 2012 was defined by the opening of the plant in St. Petersburg, Russia, which has been producing washing machines for the Russian market since midyear. After an extensive retrofit, the plant in Çerkezköy, Turkey, began producing a new product series in the summer.

The Product Division Cooking made plans for a new, forward-looking production architecture for its European production sites during the year. An increasing modularization and standardization of production facilities will further reinforce its competitiveness. Production capacity also expanded at the Turkish site, and plans advanced for a plant in India.

The Product Division Dish Care strengthened its technology lead still further in 2012. The site in Lodz, Poland, celebrated its tenth anniversary, along with the successful launch of a new line of appliances. With that introduction, all the product division's production sites in Europe are now producing on the same product platforms. In the future, the product division will concentrate on a balanced, efficient utilization of capacity at all production sites, and on strategic technology development.

The Product Division Consumer Products continued its successful track record of growth, with support from extensive product launches in almost every range. Small appliance production enjoyed a successful launch at the new plant in Çerkezköy, Turkey. The expansion of production has made this product division even more capable of meeting the challenges of its various currency areas and the segment's intensifying seasonality.

The Product Division Electronic Systems, Drives completed a successful technology advance during the year by converting its production from neodymium motors to ferrite magnet motors for dishwashers and washing machines. The change has eliminated the use of rare earths and reduced delivery and price risks. The startup of a second production line for small-appliance motors at Michalovce, Slovakia, added substantial new production capacity in this product division.

As part of the Group-wide BSH Production System, an improved audit system for factories with a stronger focus on the value stream was introduced in 2012. Systems landscapes all along the supply chain were networked further.

Supply chain management

Efficient processes, standardized worldwide, kept supply availability high throughout 2012.

The complex job of coordinating BSH's worldwide procurement and production network with the varying needs of its global markets places heavy demands on the supply chain network. For that reason, further improvements were added during the year in process reliability and stability. Efficient processes, standardized worldwide, consistently kept supply availability high throughout the year, while at the same time reducing inventories.

Compliance with laws and regulations also represents a challenge for the supply chain everywhere in the world. For example, planning and cooperation among everyone involved in the relevant processes made it possible to comply early with the new EU Ecodesign Directive, which has tightened requirements for energy efficiency and environmental compatibility in electrical appliances.

Supply chain management expects to build lasting strength in processes throughout the sales regions during the coming year.

Capital expenditure

In 2012, BSH invested EUR 421 million in property, plant and equipment and intangible assets (excluding goodwill) – equivalent to 4.3 percent of consolidated revenue. Of that figure, EUR 141 million, or about 33 percent, was spent in Germany, and EUR 280 million was spent in other countries.

Investments in property, plant and equipment and intangible assets (excluding goodwill)

in EUR million

2012	2011
421	**453**

Investments at sites in Germany included the production of new built-in ovens, vacuum cleaners, and energy-efficient refrigerators, as well as a new development building for dishwashers and updates of production facilities. Funds were also invested in ultramodern training and meeting centers for the sales force, and in strengthening information technology.

The focal points of capital expenditure outside Germany were in China, Turkey, Spain, Poland, Russia and the United States, and also Slovenia and Slovakia. In addition to expansions of capacity and infrastructure, the Group invested in new lines of dishwashers, washing machines and refrigerators, as well as built-in ovens and gas cooktops. The Consumer Products division invested in a new plant in Çerkezköy, Turkey, and in new product lines in China and Slovenia.

35 percent of capital expenditure was for new products, and 21 percent for expansion and rationalization; 31 percent was for land, buildings and other infrastructure; and 13 percent was for value retention and environmental protection.

Finance

The persistent debt crisis in Europe and the USA continued to provoke unease in the global financial markets. Market participants' assessment of the resulting uncertainties manifested itself in pessimistic business expectations from midyear onward. Because of the expansive monetary policy in the EU and the USA, and an almost guaranteed purchase of government bonds in the euro zone, large portions of capital flowed not into the real economy, but into "safe havens," where, in the majority of cases, funds were parked at negative real interest rates. Despite the negative market sentiment, prices of stocks and bonds on the whole performed very well over the year.

Another bond was issued in Hong Kong in 2012.

BSH again took advantage of opportune conditions on the capital market in Hong Kong to convert the financing of its Chinese business from a short-term to a long-term basis. Local bank loans in China were replaced during the second half with intercompany loans, which BSH-D refinanced with another offshore renminbi bond issue in Hong Kong. The new bond, with a nominal value of CNY 1.25 billion (EUR 161 million), was issued in three tranches with maturities of two and a half, five and ten years. The two bond issues in 2011 and 2012 reduced the Chinese subsidiaries' external debt by EUR 324 million from the original 2011 level.

The second tranche of the loan arranged in 2011 with the European Investment Bank (EIB), with a term of seven years, was drawn down on very advantageous terms in March. This EIB loan serves to finance BSH's projects in Germany for the further development of resource-conserving home appliances.

BSH generated additional liquid funds of EUR 83 million.

Besides the reduction in financial liabilities, the Group generated additional liquid funds of EUR 83 million, compared to 2011.

BSH's excellent creditworthiness was also highlighted by Standard & Poor's. In August 2012, the rating agency reconfirmed BSH's long-term "A" rating and short-term "A-1" rating. On the basis of the Company's high, stable operating profits and cash flows, and its moderate debt ratio, its outlook was again rated "stable."

During 2012 BSH continued to pursue its time-tested risk-adjusted investment strategy. After a price slump in stocks at the end of the first quarter, and despite bond yields that were low in comparison to the long-term averages, the Group earned a very satisfactory return on its investments.

The Group's global treasury control unit ensures that all treasury risks are monitored, identified and assessed. A broad range of suitable treasury instruments serve to hedge financial risks and make it possible to initiate control measures promptly if necessary.

Foreign currency risks from the Group's business operations are identified and assessed centrally on the basis of a one-year, rolling planning horizon. Identified risk exposures are hedged with derivative financial instruments. The hedging policy is defined by internal guidelines. This policy is reviewed regularly at the quarterly meetings of the Treasury Committee, and is implemented centrally.

BSH hedges cash flows in pounds sterling, Swiss francs and Polish zlotys at the Group level, and reports them by way of cash flow hedge accounting.

Important liquidity goals include safeguarding financial flexibility and mitigating or avoiding disproportionate refinancing risks. The Group reduces liquidity risk with effective central cash management, access to credit lines with prime-rated banks, and a syndicated loan facility taken out primarily for contingencies.

Structured financing with medium- and long-term interest-rate lock-ins protects the Group from the risk of rising interest rates.

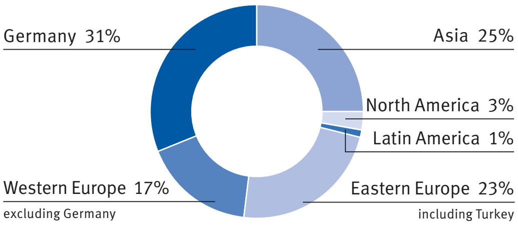
BSH constantly monitors counterparty risk from the banks with which it does business on the basis of external ratings and credit default swaps (CDSs). The defined limits for investments and the volumes of hedges are reviewed monthly.

Human resources and social issues

As of December 31, 2012, BSH had a total workforce of 46,925 employees worldwide, including trainees (2011:[1] 46,228). Of this total, 14,642 (2011: 14,809) were employed in Germany and 32,283 (2011: 31,419) in other countries.

Number of employees	
2012	2011 [1]
46,925	46,228

Workforce by region (as of December 31, 2012)



During the year, BSH hired new staff primarily in Russia, Turkey, Poland and the USA, and to a lesser extent in Peru and the United Kingdom. New companies founded in Korea, Indonesia and Taiwan also contributed to the growth of the workforce. There were slight decreases in China, Spain and Greece.

In Berlin, the forward-looking transition from a manufacturing site to a development site took further successful steps ahead as the Technology Center for Laundry Care opened in September 2011 and the factory closed on schedule in June 2012. Additional new centers of competence and development – for small home appliances in Traunreut and for dishwashers in Dillingen – made important contributions toward strengthening the Company's presence in Germany. The German development units alone employed more than 1,600 people during the year in research and development on home appliances.

Over 1,600 BSH employees in Germany alone are at work in research and development on our home appliances.

As of December 31, 2012, 812 staff were employed in training programs (2011: 811). Out of the total, 452 apprentices and "DH" (dual study) students were working in Germany, as well as 26 trainees. Of the 452 apprentices, 361 were training in technical careers and 91 in commercial ones. The participants in the international trainee program come from six different subsidiaries in other countries.

Through the Group's worldwide employee assignments, expatriates support BSH's global growth. As of the end of the period, 321 employees were on assignment outside their home country. While the number of employees who came to Germany ("inbounds") remained constant, a rising number of employees were reassigned from one international subsidiary to another ("cross countries").

The focus in 2012 was on expanding the management of international HR matters, with an emphasis on talent management and diversity.

The Diversity Management program initiated in 2011 was especially concerned with the aspects of work-life balance and further internationalization. To embed the diversity strategy in everyday operations, a variety of project groups were established to integrate diversity into such areas as talent management and international employee assignments. These groups continue to work on refining existing ideas and developing new ones to promote diversity at BSH. In this way, BSH is ensuring that it can also put the potential of its female employees and international staff to the best possible use.

In connection with the aging of society, the time-tested, Group-wide "Perspective 67" initiative has been a major success, involving such measures as ergonomic workplace design, assembly line optimization, and activities in occupational health management. The Traunreut site was awarded the "JobErfolg 2012" integration prize by the Bavarian state government for its outstanding achievements in hiring persons with disabilities.

[1] Owing to a change in HR guidelines, all figures for the previous year are presented on a comparable basis.

Establishing a lasting reputation for BSH as an attractive employer is becoming more and more important. During the year, the Group strengthened its employer branding yet again, and competed with great success for the sixth time in a row in the “Top Employer in Germany” contest organized by the CRF Institute. BSH again took first place in the “Innovation Management” category in the “Top Employer for Engineers” certification. Internationally, BSH was certified as a top employer for the first time in Belgium, the Netherlands, Poland, and Spain.

A new strategy for corporate social media is in the pilot phase.

Another project during the year developed a strategy for corporate social media. Turkey was chosen as the pilot country to gather initial experience with using social media in a human resources context.

An enhanced concept for intensifying marketing at university-level educational institutions in Germany was implemented during the year. As a first step, cooperation was standardized with the Technology and Controlling departments, to define specific activities jointly with the chosen target institutions. For example, in cooperation with the publisher of the *“Die Zeit”* newspaper, a panel discussion on “Requirements for Young Engineers” was held at the Technical University of Munich. A newly designed modular exhibition booth provides a way for BSH to present itself as an attractive employer at university job fairs. For members of the “students@BSH” student loyalty program, for example, a certificate course in intercultural cooperation was offered.

The Group’s participation at informational events at secondary schools and in nationwide initiatives like “Girls’ Day” establishes early contact with younger students, alerting them to attractive training opportunities at BSH. The successful cooperative effort with *“FOCUS”* news magazine in the *“FOCUS macht Schule”* (“FOCUS at school”) initiative continued in 2012. In this media project, educational materials on current issues are developed to strengthen students’ familiarity with using media and to facilitate their transition from school to working life.

Expanding the Group’s international processes for talent management remained an important topic in 2012. The focus was on high-performance individuals with the potential for further career development in an international environment. With the support of a wide variety of initiatives in communication and change management, executives and other employees worldwide were alerted to talent management and undertook training in it. Here the emphasis was on the international introduction of an annual employee interview, with assessments of an employee’s skills, potential and need for further training. The results from this initiative were incorporated into the tools for strategic successor planning. A new development is that the process is now being conducted across departmental boundaries, thus establishing a Group-wide platform for strategic successor planning, both at the top management level and for hard-to-fill key positions.

Numerous events were again offered in 2012 for the members of the talent pools and programs. One of these is the regular “JEP Crossing” for the roughly 650 participants in the Junior Executive Pool (JEP). This event encourages international networking and serves as a platform for information and discussion of strategically relevant topics at BSH with members of the relevant departments.

The roughly 100 members of the International Executive Pool (IEP) again had an opportunity to network with one another worldwide, and to prepare for further international management tasks in a specific range of training programs.

The Senior Executive Program (SEP), which further builds management skills among participants from senior management, continued with great success. The class that entered in 2009 said farewell at a graduation ceremony. During their three years in the SEP, nearly 73 percent of the participants moved to new positions involving greater responsibilities within the Group. This innovative concept won BSH the "HR Excellence Award 2012" from *"Human Resources Manager"* magazine, published by the German Association of Human Resource Managers.

Almost three quarters of the participants in the Senior Executive Program moved to new positions involving greater responsibilities within the Group.

The career track in project management also offers further opportunities for personal development. It has been implemented for product projects at all German sites, and now as well at the Group's subsidiaries in China, France, Spain, Russia, Turkey and the USA. This development track is also being applied for projects involving IT. Since 2012, sub-project managers for development, production and IT have also been included, as have major plant projects.

The courses at the BSH Academy are available to all employees worldwide. Designed with a focus on business strategy, the Corporate Learning Landscape – training programs, processes and standards at BSH for skills qualification and learning – is managed internationally by way of seven large BSH Academies. With their regional structure, they make sure that countries with a smaller BSH presence are still included. In terms of method, the BSH Academy increasingly relies on Web-based training. These courses are also designed and produced specifically for each field. The worldwide executive qualification program was rated "highly recommended" in 2012 by the European Foundation for Management Development.

BSH conducts an employee survey under international standards every two years. After the last survey in 2011, the focus during 2012 was on follow-up. The monitoring tool used for this purpose continued its international rollout, and is now in use in 30 countries. A total of some 4,000 measures to be taken were identified; about 75 percent of them are in progress or have already been implemented. In 2013, for the first time, all BSH employees in 47 countries will be surveyed over the same period of time.

"Feedback for Executives" continues to be very well accepted within the Company, and helps improve leadership and cooperation. Following the international rollout in the Netherlands, Slovenia, Poland and Spain, Russia and France were included in the program in 2012, and preparations were made to introduce it in Turkey and China. The morale barometer incorporated into the BSH production system continues to be used as a feedback instrument at the Group's factories.

Sustainability

Sustainability is an integral part of the Group's strategy and of the BSH business model. The strategy is founded on the principles of our corporate mission statement. In the form of the CR Committee, BSH has a Group-wide decision-making body to ensure the Group's lasting positioning and future orientation in matters of corporate responsibility (CR).

Its activities during the year, especially in internal communications, focused on sustainability as a priority in safeguarding BSH's future, and on mapping how it contributes to the Group's long-term success.

A strategy workshop with management presented the status of achievement of the milestones set to date, which included incorporating medium-term sustainability goals into business planning. The future course of the sustainability policy was approved, with a primary emphasis on corporate responsibility in the supply chain.

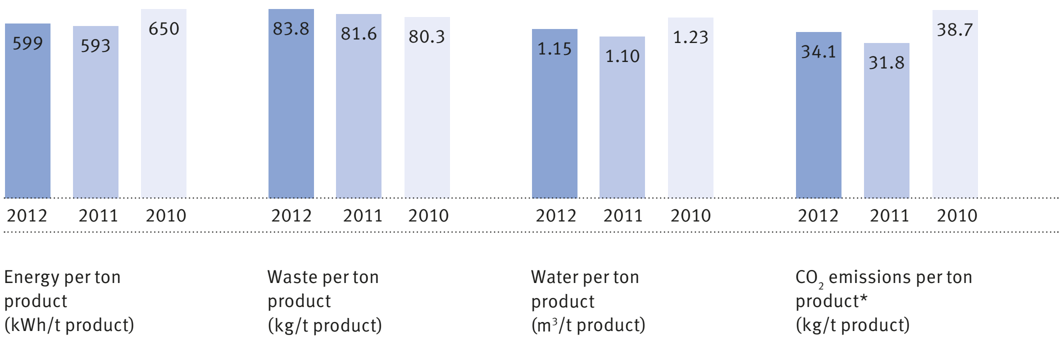
BSH published its 20th sustainability report in 2012. Titled “Top Performance. With Responsibility,” it emphasized energy efficiency in electrical home appliances and BSH’s record of achievements as an attractive international employer. It also presented the initial successes of the “Resource Efficiency 2015” program at BSH sites.

Environmental protection
A dominant theme in environmental protection at BSH during 2012 was further optimizing the consumption of energy and resources. The steps taken extended not only to production, but to logistics and administrative sites.

First successes in the program to reduce resource consumption.

The “Resource Efficiency 2015” Group project, which aims to reduce production-related specific consumption of energy and water 25 percent from 2010 levels by the end of 2015, advanced further during the year. The Group introduced steps to enhance resource efficiency at every plant. Group-wide guidelines for resource optimization were introduced, and serve as binding minimum standards in the procurement and design of technical facilities and processes. BSH proved very successful in reducing base load consumption in production, in optimizing energy-intensive processes for working plastics, and in lighting.

Environmental figures for production



* Excluding share from electric power generation, district heating and transport

BSH achieved further savings over 2011 in energy and water consumption, and in waste generation. Because of the reduction in product tonnage compared to the year before, the actual, absolute savings in energy and water consumption and in waste do not appear in the computed improvement of relative environmental performance indicators. But compared to 2010 as the base year for the “Resource Efficiency 2015” Group project, the specific figures for energy and water consumption are significantly better, and demonstrate that the implementation of energy-efficiency measures in production is a success (see chart). By far the largest share of waste is metal from production processes. Almost 100 percent of this waste is recycled.

Pollution, especially CO_2 emissions that result from shipping finished appliances from German sites to recipients worldwide, were recalculated in 2012 in close collaboration with the Öko-Institut Berlin environmental institute. On the basis of a model calculation using 2006 as the base year, it was found that BSH logistics reduced CO_2 emissions by about 11 percent in 2011. Improvements in the mix of means of transportation, in the utilization of available freight capacity, and in truck fuel consumption made significant contributions to this improvement.

In the fourth year since the Super Efficiency Portfolio was introduced in 2009, this range of products has again proved to be a success. Super-efficient appliances' share of sales volume grew to 31 percent of the BSH product portfolio in 2012, equivalent to the sale of four million appliances. The criterion used here was the requirements for the EU energy label. Cookers were included in the Super Efficiency Portfolio for the first time in 2012. Our subsidiary in Turkey has been using the EU energy label for consumer information since 2012 as well.

Sales volumes in BSH's Super Efficiency Portfolio grew to 4 million units in 2012.

Following an audit review, the accounting firm Deloitte & Touche again awarded a certificate for selected indicators of BSH's Super Efficiency Portfolio in 2012.

On the twentieth anniversary of the Energy Star program, and for the second time in a row, BSH USA received the 2012 "ENERGY STAR Sustained Excellence Award" from the U.S. Environmental Protection Agency (EPA) in Washington, DC. The award recognizes efforts to save energy cost-effectively in every sphere of life, and thus to help protect the climate and the environment.

BSH is underscoring its pioneering role in energy efficiency by introducing further product innovations. For example, at the IFA 2012, it presented an improved condensation dryer using heat-pump technology and an automatic self-cleaning condenser that earned the highest efficiency rating, A+++, under the new energy label. The criteria for the new energy label for clothes dryers must be applied by all manufacturers as of May 2013.

Another highlight of the IFA was the presentation of a Bosch brand refrigerator that uses only about as much energy as an energy-saving 18-Watt light bulb in continuous operation. The Bosch KGE36AL40 uses only 149 kWh of electricity a year.

With one exception, all BSH plants are certified to DIN EN ISO 14001:2004, the international standard for environmental management systems. The only certification process still pending will be completed in the first quarter of 2013.

Expenditure for site-related environmental protection – capital expenditure and current expenses – totaled EUR 20 million for the year 2012.

Additional information about environmental protection within the Group and at our international production facilities is available on the Internet.

Significant developments during the year

BSH held firm on its growth strategy in Asia again in 2012. To provide flexible, low-interest financing of its further expansion in China, the Group issued another offshore renminbi bond in Hong Kong.

Work on building a second factory in Chuzhou, China, to meet demand for refrigerators was almost completed during the year. Installation of equipment and furnishings began at year's end.

BSH founded a new sales company in Taipei to expand the Group's market position further in Taiwan. Clients can experience products' quality and performance for themselves in a multi-brand showroom.

To support further growth in India, the business operations of the established sales company were amalgamated on schedule into the national company that had been founded in 2011. The property use rights for the planned home appliance production facility were acquired during 2012. The cornerstone for the plant was laid in February 2013.

A new sales and service company in Jakarta.

For further growth in the Indonesian market, BSH founded a new company in Jakarta. Sales and service operations started at the beginning of 2013.

After founding subsidiaries in Bulgaria, Croatia and Serbia during 2011, in 2012 BSH saw its revenue from this region expand.

During the summer, BSH began producing slimline washing machines in St. Petersburg, Russia – a further expansion of the Group's presence on the Russian market. The first locally produced slimline washing machines went on the market in the fall. Also in St. Petersburg, a new logistics center started operations to ensure high-quality logistics in supplying the still growing Russian market.

To reinforce its good position in its home market, BSH opened centers of competence in Hamburg and Essen for its specialty dealers. These training and meeting centers, which provide a first-hand experience of the Group's range of brands, met with an enthusiastic reception.

A new name and brand license agreement was signed with Siemens AG.

To be able to pool financing and investing tasks, the Group's Austrian financing company, BSH Finance Management GmbH, merged with the local holding company, BSH Home Appliances Holding GmbH. The new company is named BSH Finance and Holding GmbH (Vienna).

During the year, BSH brought its multi-year "Protos plant oil cooker" corporate social responsibility project to a close. It was not possible to continue the project at a reasonable cost, given its technical complexity and the question of obtaining fuel from sustainable resources. BSH will continue to use the important findings obtained in this long-standing project to improve living conditions for people in developing countries. The Group makes the technology available to everyone interested, including construction drawings and technical instructions, at http://www.plantoilcooker.com.

BSH pursues a corporate and business strategy that focuses on doing business sustainably. The successes it has achieved were recognized in a significant event during 2012. BSH received an award as a Company for Climate Protection from the German government and the German Chamber of Industry and Commerce. The jury particularly noted the outstanding innovativeness of the Group's work to make home appliances more energy-efficient.

Net Assets, Financial Position and Results of Operations

Results and key influencing factors
In financial 2012, BSH again increased its consolidated revenue year on year, by 1.5 percent, to EUR 9.800 billion.

Cost of sales as a share of revenue decreased by 0.4 percentage points, to 62.5 percent, because of better procurement options for raw materials and supplies than in 2011, and because of more efficient production processes.

Cost of sales decreased to 62.5 percent of revenue.

A total of EUR 2.665 billion was incurred on selling and administrative expenses. Because of higher revenue and currency effects, as well as projects to optimize product presentation in showrooms and to ensure high-quality logistics in growth markets, selling costs increased 2.1 percent, to EUR 2.062 billion. Administrative expenses came to EUR 603 million for the year (2011: EUR 562 million). The increase arose primarily from setting up the structures needed as groundwork for further growth, and from costs for projects to optimize administrative processes.

BSH increased its spending on research and development 9.4 percent from 2011, to EUR 326 million. The share of revenue increased by 0.2 percentage points, to 3.3 percent.

Other operating income and expenses each decreased substantially from 2011, yielding a net contribution to income of EUR 21 million.

Provisions have been recognized for pending legal disputes on the scale deemed necessary to cover claims that may arise. Although the Group essentially considers the asserted claims unjustified, liabilities over and above this amount cannot be ruled out completely.

The adjustment of provisions for sales risks, after netting income from reversals of provisions against the expense for new provisions, had a positive effect.

The actuarial settlement of a substantial insurance claim in Russia from 2011 provided significant income during 2012.

Provisions were recognized for possible expenses from a field action, and for claims asserted against BSH although BSH believes them unjustified.

The discontinuation of production in Berlin as planned, with the sale of the associated property, yielded a net gain.

Impairment losses and reversals from regular asset impairment testing under IAS 36 almost balanced each other out.

The external tax audit for 2007 through 2011 began during 2012. Provisions were set up in the amounts deemed necessary at this time for the study and analysis that were initiated in 2011 concerning fields of action in sales activities.

Other immaterial additions and reversals were recognized for various provisions during the year. Appropriate individual valuation allowances were taken into account on trade accounts receivable. The Group recognized the necessary provisions for known risks and other exposures as of the reporting date at all its companies.

The subsidiaries hedge their currency risk internally with BSH-D. The parent company hedges the net exposure externally. Gains and losses on foreign currency derivatives yielded a net loss of EUR 11 million (2011: net gain of EUR 7 million).

The measurement and realization of trade receivables and trade payables denominated in foreign currency resulted in gains of EUR 76 million (2011: EUR 109 million) and losses of EUR 74 million (2011: EUR 98 million). Consequently, on balance, there was a positive contribution to earnings, as in 2011.

A comparison of gains and losses on foreign currency derivatives and the realization and measurement of trade receivables and trade payables denominated in foreign currencies yielded a net loss of EUR 9 million for the year (2011: net gain of EUR 18 million).

A year-on-year comparison shows a considerable expense reduction of EUR 42 million in the net of finance income and finance cost. A positive influence came from the reorganization of net working capital in China by issuing a low-interest offshore renminbi bond in Hong Kong, which resulted in a substantial reduction in borrowings from Chinese banks. There were also positive tax-related interest effects in comparison to 2011.

The expense portion of other net finance cost decreased by EUR 27 million from the 2011 figure, to EUR 19 million, primarily because of the good performance of fund investments.

BSH earned a before-tax profit of EUR 616 million for 2012, an increase of EUR 78 million over the 2011 figure.

The Group's earnings before interest and taxes (EBIT), at EUR 683 million, came to 7.0 percent of revenue. In Sales Region I, BSH's EBIT for 2012 was down slightly from the year before, at EUR 273 million. EBIT in Sales Region II, primarily because of lower revenue, was EUR 16 million below the 2011 figure, although the return, at 6.6 percent, nearly matched the prior-year level. The substantial revenue growth in Sales Region III increased EBIT by EUR 37 million, to EUR 200 million.

Including additions to tax provisions, the Group's charge for income tax was EUR 151 million (2011: EUR 164 million), or 1.5 percent of revenue (2011: 1.7 percent). A net deferred tax income of EUR 45 million counteracted part of the current tax charge.

The German companies' income tax expense for the year came to 20.9 percent of current tax. Current income taxes for other countries increased by EUR 14 million year on year, to EUR 130 million.

The Group tax rate was 24.5 percent for 2012, compared with 30.5 percent the previous year.

Consolidated net profit (IFRS)

in EUR million

2012	2011
466	**373**

After tax, the profit came to EUR 465 million, or 4.8 percent of revenue. After deduction of minority interests, the consolidated net profit came to EUR 466 million (2011: EUR 373 million).

Statement of cash flows

The considerable inflow of cash from operating activities during the year exceeded the cash used for investing and financing activities. The result was an increase of EUR 83 million in cash and cash equivalents.

Cash and cash equivalents grew by EUR 83 million.

Operating activities generated EUR 806 million in cash during the year. In addition to the solid profit after tax, depreciation and amortization, the net change in inventories, receivables and liabilities also improved substantially from 2011. While the increase in operating receivables was offset by the increase in operating liabilities, the reduction in inventories resulted in a considerable cash inflow.

In addition to capital expenditure on intangible assets and property, plant and equipment, which was somewhat lower than for the previous year, cash was used to increase investments in securities.

The net balance from the drawdown and repayment of financial liabilities decreased by EUR 576 million year on year.

Overall, cash and cash equivalents therefore increased to EUR 594 million for the year.

Assets

Total assets increased by EUR 430 million year on year, to EUR 7.865 billion.

Business assets in Sales Region I increased by EUR 281 million during the year, to EUR 1.106 billion. Business assets in Sales Regions II and III decreased, respectively, to EUR 0.827 billion (2011: EUR 0.877 billion) and EUR 1.323 billion (2011: EUR 1.430 billion). Total assets attributable to the Group and not allocated to the segments, together with reconciliation items, came to EUR 4.609 billion (2011: EUR 4.303 billion).

Analogously to the increase in revenue, current assets grew 1.6 percent. Specifically, trade receivables increased in particular, as did cash and cash equivalents and recoverable income taxes. The decrease in inventories, changes in securities and – year on year – the elimination of non-recurring items in other current assets had the opposite effect. Non-current assets increased by EUR 356 million, to EUR 3.215 billion.

Assets: Structure in %

Worldwide revenue, which grew again year on year, and sales activities that focused on markets with an important future such as China, Eastern Europe and Turkey, together with the non-recurring effect of discounting notes in 2011, caused trade receivables to grow by EUR 149 million to EUR 2.408 billion.

The reduction of EUR 86 million in other current assets primarily results from an improvement in cash management at the Group's Chinese companies, and from the settlement of an insurance claim recognized in other receivables in the financial statements for 2011.

Even as revenue rose, inventories decreased by EUR 70 million.

Although revenue was higher, inventories decreased by EUR 70 million over the year, equivalent to a reduction from 17.5 to 15.7 percent of total assets.

Non-current financial assets grew by EUR 149 million, in part because of the increase in the value of fund investments, and in part because of the acquisition of securities for commodity hedging.

The group invested EUR 403 million in property, plant and equipment during the year (2011: EUR 436 million). Additions to non-current assets in Germany represented EUR 125 million of the total. Depreciation of property, plant and equipment came to EUR 297 million. The positive and negative value adjustments under IAS 36 compensated for one another. All in all, the change in the Group's property, plant and equipment came to EUR 94 million.

Capital expenditure for Sales Region I came to EUR 132 million. Sales Region II accounted for EUR 115 million and Sales Region III for EUR 151 million.

Total intangible assets increased by EUR 13 million during the year, to EUR 250 million.

Deferred tax assets of EUR 304 million were capitalized. The German companies accounted for EUR 138 million, other countries EUR 130 million, and consolidation effects for EUR 36 million. The principal reasons for the increase of EUR 100 million from the previous year were deferred tax on pension provisions and the reversal of impairment losses.

Liabilities

Total current and non-current liabilities increased by EUR 260 million from 2011, to EUR 5.286 billion.

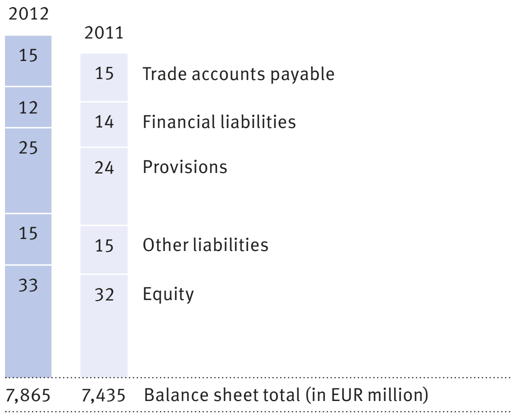
During the year, financial liabilities were reorganized by reducing short-term borrowings and increasing long-term borrowings. The issue of another offshore renminbi bond in Hong Kong made it possible to reduce current external bank loans of the Chinese companies. In addition, as planned, another tranche of a loan from the European Investment Bank (EIB) was drawn to finance innovative development projects.

Trade accounts payable increased by 9.3 percent year on year, to EUR 1.202 billion.

Total current and non-current provisions – excluding pensions and similar obligations – decreased EUR 21 million, to EUR 853 million.

Provisions for pensions and similar obligations increased by EUR 241 million for the year, to EUR 1.127 billion, primarily because of actuarial losses owing to a lower discount rate. The discount rate decreased by 0.6 percentage points outside Germany, to 3.9 percent, and by 1.8 percentage points in Germany, to 3.5 percent. In spite of the increase in financial assets used to fund pension obligations and the good performance of investments during the year, funding of the pension obligations from these resources decreased to 80 percent. When the Group's investments in term deposits are taken into account, pension obligations are fully funded.

Liabilities: Structure in %



Deferred tax liabilities, at EUR 18 million, were down slightly from 2011 (EUR 22 million); EUR 5 million of this figure is attributable to Germany, and the same amount to other countries. The remainder of EUR 8 million results from consolidation. That amount also includes the figure of EUR 5 million for outside basis differences for the Group.

Shareholders' equity increased to EUR 2.579 billion during the year, equivalent to an equity ratio of 32.8 percent (2011: 32.4 percent). After the dividend distribution to shareholders, and despite the significant adverse effect of the actuarial loss on pension provisions, the sound after-tax profit made it possible to increase equity by EUR 170 million.

The solid profit raised the equity ratio to 32.8 percent (2011: 32.4 percent).

Other minor changes in the revaluation reserve resulted from the effects of foreign currency translation, and from unrealized gains and losses on securities available for sale. A small net gain on unrealized cash flow hedges made a positive contribution to equity.

Management of Opportunities and Risks

Compliance management

In its business activities, the Group is exposed to risks from breaches of compliance requirements, for example with regard to corruption and antitrust laws. BSH counters these compliance risks with compliance work organized into aspects of prevention, investigation and response.

The most important goal of preventive work is to avert any compliance breaches. For this purpose, there are both Group-wide and country-specific guidelines and other rules and regulations that are continuously updated and supplemented. The BSH Business Conduct Guidelines, to which the Group is committed, are highly important in this respect. They include uniform guidelines, binding worldwide, for the conduct and business activities of all employees. In addition, the Compliance Organization offers an extensive training program, made up both of courses to be attended in person and of Web-based courses, focusing primarily on the core issues of fighting corruption and compliance with antitrust laws.

A second fundamental task of the Compliance Organization is to investigate compliance breaches. Every specific indication of a breach is pursued, and investigated using a defined process.

Response means that the Compliance Organization systematically follows up on the consequences of compliance breaches. Besides appropriate sanctions, it suggests ways to apply the lessons learned, to remedy weaknesses in processes, and to avert similar compliance breaches in the future. These also include a continuous improvement in BSH's rules and processes.

To strengthen close global cooperation, the Global RCO Meeting was held in 2012 for the fifth time. The location for this year's forum was Istanbul – the first time at a BSH site outside Germany. The event's goal is to provide an exchange of ideas within the worldwide Compliance Organization, together with detailed information about important new developments.

Compliance Organization to be entirely refocused in 2013.

In 2013, the Compliance Organization will be entirely refocused, with a significant increase in personnel. It will add administrative and subject-matter lines of reporting along which the International Compliance Officers and the relevant corporate office will report to corporate management, and it will also strengthen oversight functions.

Other planned changes include new internal regulations and the implementation of a Group-wide business partner screening tool.

Risk management

Risk management at BSH is based on the provisions of the German Control and Transparency in Business Act (KonTraG) and internal standards such as the Business Conduct Guidelines. These rules are intended to protect the Group from developments that might jeopardize its existence, and to safeguard the foundations of its business success by way of an effective risk management system duly tailored to the Company.

The BSH Risk Management Committee, in cooperation with the Group Risk Management organizational unit, is in charge of the ongoing development of the risk management system and of reviewing the Group's current risk exposure on behalf of senior management. Some specialized areas of risk management at Group level are supplemented with a process-specific risk identification and control system.

In recent years, the Group has seen increasing requirements for the formal organization of corporate governance, risk and compliance activities. During 2012, under the leadership of Group risk management, work began on developing the system further to meet these needs.

The fundamental principles of Group risk management, of Business Continuity Management, and of crisis management were summarized in a uniform guideline.

In the future, risk management is to be integrated more methodically and more fully. The "Enterprise Risk Management 2.0" project (ERM) was initiated for that purpose in 2012. It will be launched in January 2013 under the leadership of Group risk management, with support from outside consultants. Its tasks are to redesign ERM processes and the ERM system, prepare a risk roadmap, and select and implement a suitable IT system for future risk management.

Analogously to the developments in the global economy, there was an increase in 2012 in the number of suppliers categorized as critical and very critical. Consequently Procurement further refined its processes for the early detection and assessment of economically unstable, high-risk suppliers, so that suitable measures can be taken to avert supply shortages due to supplier insolvencies. The financial assessment of supplier risks is to be improved further and expanded in 2013.

Receivables management a high priority at BSH.

Given the general uncertainty of the economic situation, BSH continued to place high priority on receivables management. The methods and tools made available to subsidiaries from the corporate level were expanded and refined.

In view of the greater credit risks, the Corporate Credit Risk Management Committee (CCRMC) intensified its work during the year. The share of receivables covered by trade credit insurance was extended to additional countries. Customer-specific limits undergo constant review and adjustment.

In general, the Group's existing insurance policies were reviewed during the year as to their content and scope of coverage, depending on their maturities, and were revised or renewed as necessary.

The process for tax and customs risk management was thoroughly revised during the year. Important goals included establishing transparency for all tax and customs risk exposures at Group level, and defining and pursuing countermeasures in close cooperation with local management. The new concept has further heightened awareness of tax and customs risks, and in particular has highlighted the potential impact on international business.

At the beginning of 2012, work started on designing and implementing an Information Security Management System (ISMS). Methods were developed during the year to classify, assess and manage risks to information security. A new concept was also developed for permissions management, with implementation to start in 2013.

The sales organization in Germany began a project to reorient, restructure and document its sales and commercial processes. Implementation will be assisted by further development of the organization's internal control system. The project will continue in 2013. In the future, customer relations will be structured with a stronger focus on the different forms of commerce. Safeguarding adherence to compliance regulations will still be the main emphasis.

A standardized tool was introduced for development projects, enabling project risks to be reported and managed.

In business operations, BSH is exposed to financing risks, risks from changes in foreign exchange rates and interest rates, and risks in the commodities markets, all of which must be monitored and managed as part of the everyday activities of the Finance and Procurement units. Product liability risks are managed by the Group in close cooperation with the participating countries, product divisions, and departmental units.

The debt crisis in the euro zone poses significant individual risks for BSH. In the event of a collapse of the euro zone – though such an occurrence appears rather unlikely from today's vantage point – an upward revaluation of the currencies of the countries with stronger economies could be expected. The resulting shifts and decreases in demand within European regions might cause customers and suppliers to default, and might result in a need for adjustments at all of BSH's European locations.

In conclusion, however, it can be said that so far as we are aware from today's vantage point, the Group is not exposed to any risk that would jeopardize its existence as a going concern.

Opportunities and risks for future development

The turbulent, tense state of the global economy means that expectations of future revenue and results for large and small home appliances vary. The intensity of global competition continues to represent an additional challenge. Moreover, any further escalation of the situation in the Middle East, or an exacerbation of the political disputes with Iran, could cause a drastic increase in the price of crude oil, with considerable adverse consequences for economic development around the world.

BSH also continues to face risks in the markets of the European countries that have been affected by the financial crisis. In addition to a deterioration of the situation in the countries in crisis, the trouble might spread to the other countries, primarily in Western Europe. As the Group has already made good use of the opportunities offered by the growing markets in Eastern Europe during 2012, it may be possible to tap further potential for success in these markets in the future.

In Turkey and Central Asia, as well as some countries of the Middle East, BSH foresees growth opportunities thanks to the increasing economic strength of this rising region, though these opportunities are also accompanied by foreign exchange risks.

The continuing growth of the Chinese market for home appliances might slow because market penetration is already far advanced in the metropolitan centers near the country's coast. Opportunities might arise from the general strengthening of domestic demand, and from the spread of prosperity to rural regions.

The activities BSH has begun in Southeast Asia offer additional opportunities.

In Southeast Asia, BSH intends to make the most of opportunities offered by the activities just begun in selected countries during 2012. The Group might also profit from additional possibilities in its established markets, which continue to grow as well.

The home appliance market in the USA has a heterogeneous opportunity-risk profile. The latent U.S. fiscal crisis might have an adverse influence, possibly with global consequences. Aggressive competition in the market also continues to pose potential risks. But opportunities might result from the slight improvement in employment figures. The Group's concentration on core competences appropriate for the market should also open up additional potential.

Increasing worldwide demand for consumer products for basic functions, on the one hand, and for premium solutions, on the other hand, continues to open up substantial growth opportunities for the Group.

The increasing scarcity and expense of resources represents risks to consumers worldwide, and thus also for the home appliance market. BSH is transforming these risks into a competitive strength by concentrating on sustainability in general, and by developing and providing home appliances that use resources efficiently.

BSH's concentration on sustainability is converting the risk of scarcer resources into a competitive strength.

BSH's strength in its business operations all along the value chain, its ability to fund operations from stable business income, and its ongoing pursuit of projects and initiatives for continuous improvement are valuable sources of potential for BSH against its competitors.

The market proximity of BSH's worldwide development network, together with its expenditure on developing innovative products and attractive customer solutions, will continue to represent a solid basis for the Group's future success.

The Procurement unit will pursue future opportunities with far-sighted action and selective hedging in procurement markets worldwide, by organizing supplier relationships to optimize risk and benefits, and through continuous operating improvements.

The BSH production system remains one of the Group's strengths. Its worldwide application and ongoing refinement will make it possible to take greater advantage of potential for efficiency. Constant investment in new products, expansion of capacity, and streamlining operations will open up further opportunities by making it possible to meet customer needs flexibly and appropriately for regional markets.

BSH counters the future risks posed by the shortage of skilled workers and by the aging of the population with focused programs and initiatives for recruiting talent and designing working conditions specifically for each target group. The success of these activities has been confirmed by BSH's excellent reputation as a top employer. This might even enable the Group to transform these risks into a future competitive advantage.

Supply chain management makes a significant contribution toward reducing piecemeal optimization and pursuing a general optimum solution by improving cooperation all along the value chain. The resulting advantages, including reliable, stable, efficient processes and a customer orientation, open up opportunities for meeting customer needs, and make it possible to leverage further business potential.

The Information Technology unit reinforces BSH's business success by providing up-to-the-minute IT solutions, and also as a business partner and provider of ideas. The constant advance of technological development, however, also entails increasing risks for information security, as IT operators must compete with aggressive IT amateurs, activists and professional computer criminals. The Group counters these risks by training employees, and with technical and organizational protective measures whose efficacy is checked by commissioned security tests and other means.

Outlook

Events after the reporting date
In December 2012, BSH issued a public tender offer to the shareholders of Polish home appliance manufacturer Zelmer S.A., of Rzeszów. The antitrust authorities have approved a takeover. In March 2013, BSH acquired a majority of the company, with more than 95 percent of the stock. In financial year 2011, Zelmer S.A. and its subsidiaries generated revenue of EUR 163.0 million and a profit after tax of EUR 11.7 million.

BSH acquired a majority of Polish home appliance manufacturer Zelmer S.A.

In the small home appliance segment, the Zelmer brand enjoys a strong reputation, especially in the Central and Eastern European region. The takeover will further consolidate BSH's strong presence in this region, and expand its Consumer Products Product Division.

Overall economic outlook
At the beginning of 2013, the global economy still found itself in a very difficult situation. Fiscal policy continued to pose problems in both the USA and Europe. At the same time, there were signs that the economic situation in emerging markets was settling down, thus helping to stabilize the business climate in the developed world as well.

For that reason, BSH expects a slight acceleration in global growth over the course of 2013. This will be supported primarily by a gradually increasing expansion in world trade, which might extend its effects into investing activity. Moreover, the improving employment figures in the USA and the continuing good employment situation in Germany argue in favor of robustly developing consumer demand.

BSH foresees the greatest risks in a further exacerbation of the debt crisis in Europe, and in a slowdown of the economy in the USA triggered by fiscal policy. Through global networking, both developments would have a substantial impact on worldwide growth as well.

Gross domestic product for the global economy is expected to grow 2¾ percent in 2013, slightly better than in 2012. In the emerging markets particularly, BSH expects a further expansion of value added, although the gain of 5¼ percent will still remain well below the long-term average of 6¼ percent. Growth in developed countries, at 1¼ percent, will make hardly any gains from 2012.

In Western Europe, growth is projected to recover to ¼ of a percent. One indication for this is that savings policy is gradually easing in most European Union countries. Another is that the region has been able to achieve an appreciable improvement in its international competitiveness.

Nevertheless, continued budget consolidation and structural reforms will have a restraining influence on growth. Most of all, however, uncertainty about the future course of the European Monetary Union is slowing economic growth. Once again it is the countries of Southern Europe that will be most severely affected, where value added will decline again in 2013. In Germany, however, BSH expects growth of ¾ of a percent – little changed from 2012.

The outlook for the USA is currently one of great uncertainty. Although extensive tax increases have been averted for the time being, extensive cuts in government spending were imposed at the beginning of March. Moreover, the imbalance in the U.S. fiscal position still awaits a lasting solution. Fundamentally, BSH rates the economic outlook as cautiously optimistic. The employment situation is improving step by step; investment in housing construction is recovering.

Lastly, lower energy costs compared to the last few years have stabilized consumer spending. Given the unclear outlook for fiscal policy and the associated uncertainty among businesses and private households, the Group expects U.S. economic output again to expand only 1¾ percent in 2013.

In the emerging markets, a more expansive economic policy will continue to assist economic recovery in 2013. In Asia, moreover, the continuation of structural reforms to strengthen domestic demand will support growth. This region is therefore expected to be the most dynamic among the emerging markets. The Asian countries, at 6½ percent, will grow about twice as fast as the emerging markets in Eastern Europe (+3.0 percent) and Latin America (+3½ percent).

China will again supply significant momentum in 2013; BSH expects growth of 8 percent. Domestic demand will make a greater contribution toward increasing economic output. Consumer spending by private households in particular is likely to increase considerably, in view of the uninterrupted vitality of industrial job creation and continuing high wage increases. China's economic development is now spreading to the regions in the country's interior. The population's buying power there is likely to grow vigorously – albeit from a substantially lower starting point than on the eastern coast.

China is expected to supply significant momentum for growth again in 2013.

Outlook for the sector and Group

Assuming gradually improving overall economic conditions, BSH expects the world market for large home appliances to grow slightly in 2013 (setting aside the effects of exchange rates).

The Group believes that Sales Region I has a generally positive outlook. The German market is expected to grow only slightly. Russia will again be the growth engine for the Eastern European large appliance market in 2013. In contrast to the Polish market, where a contraction is expected, market growth in Russia should accelerate further.

The Group expects a challenging market environment in Sales Region II. It expects the Western European market to contract again. The situation in the markets of Southern Europe remains tense – a further contraction is likely in 2013. BSH assumes that the majority of the other Western European markets will contract as well.

The Group expects further growth in Sales Region III. Among the markets outside Europe, growth in North America will remain at roughly the same level as in 2012. The Latin American continent and the Southeast Asian region are both likely to see similar above-average increases, although growth in Latin America will be less vigorous than last year. Turkey is expected to show a smaller gain, but BSH expects the Central Asian countries to continue their robust growth. China, Asia's largest market, is expected to show growth again in 2013 after the market contraction of 2012.

In view of the projected developments, BSH will aim in the next few years for revenue figures that exceed those of 2012. Achieving the Group's challenging profitability goals will also depend on such revenues.

BSH also expects strong business performance over the next years.

Business developments at the beginning of the current year reinforce BSH's expectation that it can achieve the revenue and earnings target levels of its 2013 business plans. BSH also expects strong business performance in 2014.

The BSH Board of Management is not aware of any developments of particular importance since the balance sheet date that may significantly impact the Group's net assets, financial position or results of operations.

Munich, March 18, 2013

BSH Bosch und Siemens Hausgeräte GmbH
The Board of Management

| Consolidated Financial Statements

BSH again took advantage of the opportune conditions on the capital market by issuing another offshore renminbi bond in Hong Kong. Thanks to a solid profit, the Group's bottom-line equity capitalization increased by 170 million euros. The Standard & Poor's rating agency again gave us an excellent credit rating with a stable outlook.

Consolidated Statement of Income
January 1 to December 31, 2012

in EUR million	Note	2012	2011
Revenue	4	9,800	9,654
Cost of sales	5	6,128	6,077
Gross profit		**3,672**	**3,577**
Selling and administrative expenses	6	2,665	2,582
Research and development expenses	7	326	298
Other operating income	8	281	353
Other operating expenses	8	260	357
Operating profit		**702**	**693**
Finance income	9	60	60
Finance cost	9	127	169
Other net finance income/cost	10	–19	–46
Profit before tax		**616**	**538**
Income taxes	11	151	164
Profit after tax		**465**	**374**
Of which attributable to:			
Shareholders of the parent (consolidated net profit)		**466**	**373**
Non-controlling interests	12	–1	1

Consolidated Statement of Comprehensive Income
January 1 to December 31, 2012

in EUR million	2012	2011
Profit after tax	**465**	**374**
Gains and losses on translating foreign operations	29	– 77
Gains and losses on available-for-sale financial assets	17	– 25
Gains and losses on cash flow hedging	3	– 5
Actuarial gains/losses on defined benefit pension plans and similar obligations	– 213	– 29
Income taxes relating to components of other comprehensive income	57	11
Other comprehensive income	**– 107**	**– 125**
Total comprehensive income	**358**	**249**
Total comprehensive income attributable to:		
The parent	358	248
Non-controlling interests	0	1

Consolidated Balance Sheet
December 31, 2012

in EUR million	Note	12/31/2012	12/31/2011
ASSETS			
Current assets			
Cash and cash equivalents	14	594	511
Securities	15	48	69
Trade accounts receivable	16	2,408	2,259
Current recoverable income taxes		72	53
Other current assets	17	293	379
Inventories	18	1,235	1,305
Total current assets		**4,650**	**4,576**
Non-current assets			
Non-current financial assets	19	912	763
Property, plant and equipment	20	1,749	1,655
Intangible assets	21	250	237
Deferred tax assets	11	304	204
Total non-current assets		**3,215**	**2,859**
Total assets		**7,865**	**7,435**

in EUR million	Note	12/31/2012	12/31/2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Current liabilities			
Financial liabilities	22	146	471
Trade accounts payable	23	1,202	1,100
Current income tax liabilities		26	12
Other current liabilities	24	1,075	1,061
Other current provisions	24	427	465
Total current liabilities		**2,876**	**3,109**
Non-current liabilities			
Financial liabilities	22	817	580
Other non-current liabilities	25	22	20
Other non-current provisions	25	426	409
Provisions for pensions and similar obligations	26	1,127	886
Deferred tax liabilities	11	18	22
Total non-current liabilities		**2,410**	**1,917**
Equity			
Subscribed capital	27	125	125
Retained earnings and other reserves	27	1,981	1,903
Consolidated net profit		466	373
Non-controlling shareholders	27	7	8
Total shareholders' equity		**2,579**	**2,409**
Total shareholders' equity and liabilities		**7,865**	**7,435**

Consolidated Statement of Cash Flows
January 1 to December 31, 2012

in EUR million	Note	2012	2011
Profit after tax		465	374
Income taxes	11	151	164
Profit before tax		**616**	**538**
Non-controlling interests	12	1	– 1
Depreciation, amortization, impairment and reversals of impairment losses, net		314	295
Gains and losses on disposal of property, plant and equipment and intangible assets, net		1	– 2
Net finance cost (excluding other net finance income/cost)	9	67	109
Finance cost paid		– 40	– 66
Finance income received		36	51
Income tax paid		– 173	– 227
Other non-cash income and expenses		– 181	– 61
Change in assets and liabilities			
Change in inventories		82	– 82
Change in trade accounts receivable and other accounts receivable		– 91	– 608
Change in trade accounts payable and other liabilities		91	51
Change in provisions		140	– 86
Change in deferred tax		– 57	– 12
Net cash generated by (2011: net cash used in) operating activities	28	**806**	**– 101**
Payments for financial assets		0	0
Purchase of intangible assets and property, plant and equipment		– 422	– 453
Proceeds from the disposal of property, plant and equipment and intangible assets		20	19
Additions to financial receivables		0	0
Decrease in financial receivables		42	139
Investments in securities (available for sale)		– 990	– 724
Disposal of securities (available for sale)		899	810
Net cash used in investing activities	28	**– 451**	**– 209**
Dividend payments		– 187	– 234
Non-controlling interests		– 1	–12
Proceeds from borrowings		690	1.195
Repayment of financial liabilities		– 777	– 706
Net cash used in (2011: net cash generated by) financing activities	28	**– 275**	**243**
Net change in cash and cash equivalents		**80**	**– 67**
Cash and cash equivalents at the beginning of the period	28	**511**	**575**
Change in cash and cash equivalents due to changes in exchange rates		3	3
Cash and cash equivalents at the end of the period	28	**594**	**511**

Consolidated Statement of Changes in Shareholders' Equity
January 1 to December 31, 2012

Note 27

in EUR million	Subscribed capital	Retained earnings	Cumulative translation differences	Fair value measurement of securities	Derivative financial instruments (cash flow hedging)	Actuarial gains/losses on pension provisions	**Equity held by the parent company**	Non-controlling interests	**Total share-holders' equity**
Balance at 01/01/2011	**125**	**2,223**	**20**	**43**	**1**	**– 24**	**2,388**	**20**	**2,408**
Profit after tax	–	373	–	–	–	–	373	1	**374**
Net income recognized directly in equity	–	–	– 77	– 23	– 3	– 22	– 125	0	**– 125**
Total comprehensive income	**–**	**373**	**– 77**	**– 23**	**– 3**	**– 22**	**248**	**1**	**249**
Dividend payments	–	– 233	–	–	–	–	– 233	– 1	**– 234**
Other changes	–	– 2	–	–	–	–	– 2	– 12	**– 14**
Balance at 12/31/2011	**125**	**2,361**	**– 57**	**20**	**– 2**	**– 46**	**2,401**	**8**	**2,409**
Profit after tax	–	466	–	–	–	–	466	– 1	**465**
Net income recognized directly in equity	–	–	28	13	2	– 151	– 108	1	**– 107**
Total comprehensive income	**–**	**466**	**28**	**13**	**2**	**– 151**	**358**	**0**	**358**
Dividend payments	–	– 187	–	–	–	–	– 187	– 1	**– 188**
Other changes	–	–	–	–	–	–	–	–	**–**
Balance at 12/31/2012	**125**	**2,640**	**– 29**	**33**	**0**	**– 197**	**2,572**	**7**	**2,579**

| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General

BSH Bosch und Siemens Hausgeräte GmbH (BSH-D) was formed in 1967 as a joint venture of Robert Bosch GmbH, Stuttgart, and Siemens AG, Berlin and Munich. The activities of the BSH Group (hereafter referred to as the "Group" or "BSH") comprise: the manufacture or procurement and marketing of, as well as research and development on, industrial products in the areas of electrical engineering, precision mechanics, and related technology, especially in the area of home appliances, and the manufacture or procurement and marketing of goods to be used as accessories, auxiliary materials, or tools with the manufactured or marketed products. The registered office of the parent company (BSH-D) is situated at Carl-Wery-Strasse 34, 81739 Munich, Germany. The Board of Management of BSH-D approved these consolidated financial statements for submission to the Supervisory Board on March 18, 2013. The Supervisory Board is tasked with auditing the consolidated financial statements and declaring whether it approves them.

2 Presentation of accounting policies

The following significant accounting policies were applied in the preparation of the consolidated financial statements of BSH:

2.1 Statement of compliance

The consolidated financial statements of BSH for the year ended December 31, 2012, have been prepared in accordance with the mandatory International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, as adopted by the European Union (EU) and in force on the balance sheet date, and the additional requirements under commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB).

2.2 Basis of presentation

The Group currency of BSH is the euro; unless stated otherwise, all amounts are reported in millions of euros (EUR million).

The income statement is presented using the function-of-expense format. For purposes of clarity in the presentation, various captions in the balance sheet and income statement have been aggregated. Please refer to the Notes for separate disclosure and explanations.

The consolidated financial statements have been prepared on the basis of historical cost, with the following exception:

- financial assets held for trading and available-for-sale financial assets are recognized at fair value.

The accounting policies described below have been applied consistently over the reporting periods covered by these consolidated financial statements.

The same accounting policies have also been applied uniformly by the companies in the Group.

2.3 Amendments to accounting standards

2.3.1 Standards and interpretations with mandatory application requirement from January 1, 2012 onward

The Group implemented all accounting standards for which application was mandatory in the European Union from the 2012 financial year onward.

The following standards and interpretations were applied for the first time in the reporting period, and affected the consolidated financial statements as indicated:

Change to IFRS 7, "Financial Instruments: Disclosures"

The change expands disclosure obligations about transfers of financial assets that have not been derecognized either in their entirety or in part, or for which a continuing involvement must be recognized. This change had no impact on the consolidated financial statements of BSH as of December 31, 2012.

IFRS 8, "Operating Segments"

There was formerly no obligation to apply this standard. The standard must be applied for the first time for the year under review because the bonds issued by the Group's parent company are now traded in a public market (IFRS 8.2 [b]). The segment report is provided in Note 29.

2.3.2 Standards and interpretations that have been approved but not yet applied

The consolidated financial statements for financial year 2012 do not take account of the following new or revised accounting standards that have already been approved by the IASB as there was no obligation to implement these standards.

Standard/ Interpretation		Mandatory for financial years beginning on or after	Adoption by the EU by 12/31/2012	Anticipated effects
IFRS 1	Amendment in relation to severe hyperinflation	07/01/2011 [1]	Yes	None
IFRS 1	Non-interest-bearing government loans	01/01/2013	No	None
IFRS 7	Financial instruments: Amendment in relation to disclosures on offsetting of financial instruments under IAS 32	01/01/2013	Yes	Nothing material
IFRS 9	Financial instruments	01/01/2015	No	Classification and measurement of financial assets
IFRS 10	Consolidated financial statements	01/01/2013 [2]	Yes	Nothing material
IFRS 11	Joint arrangements	01/01/2013 [2]	Yes	Nothing material
IFRS 12	Disclosure of interests in other entities	01/01/2013 [2]	Yes	Nothing material
IFRS 10, IFRS 11, IFRS 12	Transitional guidelines	01/01/2013	No	Nothing material
IFRS 10, IFRS 12, IAS 27	Investment companies	01/01/2014	No	Nothing material
IFRS 13	Fair value measurement	01/01/2013	Yes	Uniformity and comparability of the associated "fair value hierarchy"
IAS 1	Presentation of financial statements	07/01/2012	Yes	Presentation of other comprehensive income
IAS 12	Income taxes: Limited amendment in relation to the recovery of underlying assets	01/01/2012 [1]	Yes	Nothing material
IAS 19 (2011)	Employee benefits	01/01/2013	Yes	Effects on the expected return on plan assets
IAS 27 (2011)	Separate financial statements	01/01/2013 [2]	Yes	Nothing material
IAS 28 (2011)	Investments in associated companies and joint ventures	01/01/2013 [2]	Yes	Nothing material
IAS 32	Financial instruments: Presentation – offsetting financial assets and financial liabilities	01/01/2014	Yes	Nothing material
IFRIC 20	Stripping costs in the production phase of a surface mine	01/01/2013	Yes	None
IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34	Annual improvements 2009–2011 cycle	01/01/2013	No	Nothing material

[1] To be applied in the EU for the first time for financial years beginning on or after January 1, 2013.
[2] To be applied in the EU for the first time for financial years beginning on or after January 1, 2014.

2.4 Foreign currency translation

Foreign currency transactions included in the annual financial statements of BSH-D and its subsidiaries are translated at the exchange rate prevailing at the transaction date. At the balance sheet date, monetary items denominated in foreign currency are recognized using the closing rate. Any translation differences are recognized in the income statement.

The financial statements of consolidated subsidiaries prepared in foreign currency are translated on the basis of the functional currency concept (IAS 21, "The Effects of Changes in Foreign Exchange Rates") using the modified closing rate method. The foreign subsidiaries that are part of the BSH Group carry out their activities independently, from a financial, economic and organizational point of view, and for this reason, the functional currency is always the same as the company's local currency. All assets and liabilities (but not equity) are translated at the closing rate. The line items included in the income statement are translated at the annual average rate. All resulting currency translation differences are taken directly to a currency translation reserve in other comprehensive income (OCI).

In the separate financial statements of BSH-D and its subsidiaries, foreign currency receivables and payables are measured on initial recognition at the exchange rate on the date of the transaction. Any exchange rate gains and losses at the balance sheet date are recognized in the income statement.

The exchange rates of one euro for the most important currencies used for currency translation have changed as follows:

	Closing rate		Average rate	
	12/31/2012	12/31/2011	2012	2011
US dollar (USD)	1.3194	1.2939	1.2846	1.3920
Pound sterling (GBP)	0.8161	0.8353	0.8109	0.8679
Russian ruble (RUB)	40.3295	41.7650	39.9224	40.8846
Turkish lira (TRY)	2.3508	2.4497	2.3088	2.3273
Chinese renminbi (CNY)	8.3176	8.1625	8.1037	9.0014

2.5 Basis of consolidation and consolidation principles

The entities included in the basis of consolidation are BSH-D and all companies under its direct or indirect control. This control usually exists if BSH-D, directly or indirectly, holds over 50 percent of the voting rights of the subscribed capital of an entity or has the power to govern the financial and operating policies of the entity. The interests of minority shareholders in the Group's equity and profits are reported separately on the face of the balance sheet and income statement.

Consolidation starts from the date on which the BSH Group acquires the ability to exercise control. It ends when it no longer has this ability.

The financial statements of BSH-D and its consolidated subsidiaries have been prepared, audited and included in the consolidated financial statements in accordance with IAS 27, applying accounting policies that are uniform throughout the BSH Group.

See Note 3 for more information on changes to the basis of consolidation.

In accordance with SIC 12, the consolidated entities also include a special fund. As of December 31, 2012, four (2011: seven) companies were not consolidated because they have no or only insignificant operating activities. This does not have any material impact on the Group's financial position or financial performance. In addition, BSH Bosch und Siemens Hausgeräte Altersfürsorge GmbH, Munich, is not consolidated because its assets are defined as plan assets and these are deducted from pension provisions in accordance with IAS 19. The consolidated financial statements and group management report of BSH are published in the electronic German Federal Gazette. See Annex II of the Notes to the consolidated financial statements for more information on shareholdings.

Acquisitions are accounted for on the basis of the fair values applicable at the date of acquisition or first-time consolidation. Any debit difference between purchase price and fair values is recognized as goodwill.

Intra-Group balances and intra-Group transactions, as well as resulting intra-Group profits and losses, are eliminated in full. Deferred tax is recognized for consolidation transactions recognized in the income statement.

2.6 Revenue
Revenue from the sale of products is recognized when ownership or risk and reward are transferred to the customer, a price has been agreed or can be determined, and its payment can be expected. Revenue is reported net of discounts, price reductions, customer bonuses and rebates.

Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.7 Research and development expenses
Research expenditure is recognized as an expense when incurred. Likewise, development expenditure is recognized as an expense when incurred. This does not apply to project development costs that fully meet the following criteria:

- The product or system is clearly defined and the relevant expenditure can be clearly assigned and reliably measured;
- The technical feasibility of the product can be demonstrated;
- The product or system will be either marketed or used internally;
- The assets will generate future economic benefit (e.g., the entity can demonstrate the existence of a market for the product or, if it is to be used internally, its usefulness);
- There are adequate technical, financial and other resources to complete the project.

Costs are capitalized from the time the above criteria are met. Costs recognized as expenses in previous accounting periods are not capitalized retrospectively.

2.8 Trade accounts receivable
Trade accounts receivable are reported at amortized cost. Any necessary valuation allowances, which are based on the probable risk of default, are taken into account. Write-downs on trade accounts receivable are recognized using valuation allowance accounts. Non-interest-bearing or low-interest-bearing receivables with maturities of more than one year are discounted. If the requirements of IAS 32.42 are met, receivables and payables are netted.

2.9 Inventories
Inventories are recognized at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Work in progress and finished goods are recognized at the cost of conversion. This includes all costs directly assignable to the production process and an appropriate portion of production overheads. The figure for overheads, in turn, includes production-related depreciation, a proportion of administrative costs, and pro rata employee benefit costs. Borrowing costs are not capitalized. Inventory risks that result from the duration of storage or reduced usefulness or marketability are taken into account by recognizing write-downs. The net realizable value is recognized at the balance sheet date if this value is lower than the cost. When the circumstances that previously caused

inventories to be written down below cost no longer exist, or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (i.e., the reversal is limited to the amount of the original write-down), so that the new carrying amount is the lower of the cost and the revised net realizable value.

2.10 Financial instruments

A financial instrument is a contract that simultaneously leads to a financial asset in one entity and a financial liability or equity instrument in another. Financial instruments involve non-derivative as well as derivative assets or liabilities.

The shares in non-consolidated affiliated companies and associates reported under financial assets are recognized at cost, unless a different market value is available.

As specified by IAS 39, financial assets are broken down into the following categories:

(a) held-to-maturity investments,
(b) financial assets at fair value through profit or loss,
(c) available-for-sale financial assets, and
(d) loans and receivables.

Financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity, other than loans and receivables, are classified as held-to-maturity investments. Financial assets obtained principally to generate a profit from short-term fluctuations in price or exchange rates are measured and classified at fair value through profit or loss.

Among the financial assets, securities at fair value through profit and loss and available-for-sale securities are recognized at market value, if available. In the case of available-for-sale securities, an impairment is recognized in profit or loss if there is a prolonged and significant decline in market value below cost. If no market value is available, securities are carried at cost.

Changes in the fair value of financial assets at fair value through profit or loss are recognized through the income statement.

All other financial assets, other than loans and receivables originated by the Company, are classified as available-for-sale financial assets. Until realized, gains and losses on the fair-value measurement of an available-for-sale financial asset are recognized in equity, taking deferred tax into account.

Available-for-sale financial assets are measured in accordance with IAS 39.61.

2.11 Property, plant and equipment

Property, plant and equipment is measured at cost, less straight-line depreciation and, in some cases, impairment losses. Low-value assets are written off in the year of acquisition. The cost of internally generated property, plant and equipment comprises all direct costs and a reasonable portion of the necessary material and production overheads. This includes production-related depreciation, as well as a proportion of the cost for the Company’s pension plan and voluntary employee benefits. Borrowing costs for qualifying assets are capitalized in accordance with IAS 23.

Depreciation is based on the following useful lives:

Buildings	12.0 – 33.3 years
Machinery and equipment	6.0 – 13.0 years
Office equipment and vehicles	3.0 – 8.0 years

Land is not depreciated. Excepted from this are leaseholds and other interests in land, which are depreciated over the duration of the contract.

In accordance with IAS 36, "Impairment of Assets," impairment losses are recognized on property, plant and equipment if both the realizable value and the value in use of the asset concerned fall below its carrying amount. An impairment loss is then recognized to reduce the carrying amount of the assets to the higher of realizable value and value in use. If the reasons for an impairment loss no longer apply, the impairment loss is reversed, but the increased carrying amount must not exceed the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognized.

2.12 Intangible assets (excluding goodwill)

Purchased and internally generated intangible assets are carried at cost. Assets with finite useful lives are amortized over their useful lives. Borrowing costs are capitalized for qualifying assets.

Amortization is based on the following useful lives:

Patents, licenses and customer bases	in accordance with normal operating life (contract, license period, etc.)
Purchased software	4 years
Internally generated intangible assets	4–6 years

Amortization is applied using the straight-line method. An impairment loss is recognized if an asset is found to be impaired. If the reasons for an impairment loss no longer apply, the impairment loss is reversed, but the increased carrying amount must not exceed the carrying amount that would have been determined (net of amortization) if no impairment loss had been recognized. Assets with infinite useful lives are not amortized.

2.13 Goodwill

Goodwill is recognized in accordance with IFRS 3. Goodwill is tested for impairment regularly at least once a year; if required, an appropriate impairment loss is recognized. Under IAS 36, "Impairment of Assets," any requirement for an impairment loss is determined by comparing the expected future discounted cash flows of the cash-generating unit in question with the relevant goodwill amount attributable to the unit.

2.14 Impairment losses on property, plant and equipment, and intangible assets

To meet the requirements of IFRS 3, in combination with IAS 36, and to test for goodwill impairment, the Group has defined cash-generating units that match the legal entities or countries. These cash-generating units were subjected to an impairment test.

For the purposes of an impairment test, the carrying amount of each cash-generating unit is determined by allocating assets and liabilities, including attributable goodwill and intangible assets. An impairment loss is recognized if the recoverable amount of a cash-generating unit is lower than its carrying amount. The recoverable amount is the fair value less costs to sell or the value in use (value of expected future cash inflows from the asset), whichever is higher.

For its impairment tests, BSH used a discounted cash flow (DCF) method to determine the expected future cash inflows from a cash-generating unit. The calculation of the cash flows of each cash-generating unit is based on business plans with a planning horizon of three years. Inflation-related growth rates specific to each country were assumed after the end of the three-year planning period. The discount rate for each country (including an additional risk factor) amounted to between 5.3% p.a. and 18.6% p.a. (2011: between 5.9% p.a. and 17.5% p.a.). An interest rate of 18.6% p.a. was used for the Group's Greek subsidiary and an interest rate of 8.5% p.a. was used for the Chinese subsidiary (see also Note 20).

2.15 Pension provisions

Provisions for pensions and similar obligations are recognized using the projected unit credit method as specified in IAS 19, "Employee Benefits." In addition to the pension and vested benefits known as of the balance sheet date, this method takes into account expected future increases in salaries and pensions. If pension obligations are covered by plan assets, only the net amount is reported. The calculation is based on actuarial reports taking into account biometric calculation methods.

The actuarial gains and losses that arose in the year under review are recognized in other comprehensive income in accordance with IAS 19.93A et seq.

2.16 Provisions

A provision is recognized if a present (legal, contractual or constructive) obligation exists as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are tested at each balance sheet date and adjusted to the current best estimate. Where a provision is assessed using the estimated cash flows for settling the obligation, the carrying amount of the provision is the present value of these cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized under other net finance income/cost.

2.17 Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of BSH. Contingent liabilities may also be present obligations that arise from past events, but for which it is not probable that an outflow of resources embodying economic benefits will be required, or obligations whose amount cannot be measured with sufficient reliability. Contingent liabilities are disclosed in the Notes if an outflow of resources embodying economic benefits is not improbable.

2.18 Derivative financial instruments

Derivative financial instruments are employed solely for hedging purposes in order to reduce exchange rate, interest rate and fair value risks from operating business and any resultant finance requirements. According to IAS 39, all derivative financial instruments such as commodity, interest rate or currency derivatives, and combinations thereof, are recognized at fair value, regardless of the purpose or intention behind them. The fair value of derivative financial instruments is determined on the basis of market data and recognized valuation techniques. With support from IT systems, derivative financial instruments are marked to market by discounting cash flows or by using option price models with parameters in line with market conditions. The effective portion of the change in fair value of derivative financial instruments for which cash flow hedge accounting is applied is recognized in equity as part of accumulated other comprehensive income. It is reclassified to the income statement at the same time as the hedged item is realized. That part of the change in fair value not covered by the underlying transaction is immediately recognized in the income statement. If hedge accounting cannot be applied, the change in fair value of derivative financial instruments is recognized in the income statement.

The change in fair value and the realization of derivative financial instruments that do not qualify for hedge accounting and that hedge operative items are shown under other operating expenses or income. The change in fair value and the realization of derivatives for hedging financial hedged items are recognized in other net finance income/cost.

If this involves “combined instruments” for which separate measurement of the embedded derivative instruments is not possible, all the combined instruments are recognized at fair value through profit or loss.

2.19 Leases

A lease is classified as an operating lease if the lessor retains substantially all the risks and rewards incident to ownership. Lease payments under an operating lease are recognized as an expense and allocated equally to each period of the lease term.

2.20 Government grants

A government grant is not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to it, and that BSH will receive the grant. Government grants are recognized as income on a systematic and rational basis over the periods necessary to match them with the related costs that they are intended to compensate. Grants received for the acquisition or creation of property, plant and equipment and other non-current assets are treated as a reduction in the cost of such assets.

2.21 Management judgment

The preparation of the consolidated financial statements in accordance with IFRSs requires that assumptions and estimates be made that may impact on the amount recognized for the assets and liabilities on the balance sheet, for income and expenses, and for contingent liabilities. Estimates and assumptions may change over time and have a significant impact on the Group’s financial position and performance. The assumptions and estimates relate primarily to the measurement of property, plant and equipment and of intangible assets, impairment of assets, the recognition and measurement of provisions, and the extent to which future tax benefits can be realized. The estimates and assumptions are regularly assessed and adjusted if necessary. At the time of preparation of the consolidated financial statements, no material changes to the underlying assumptions and estimates were anticipated.

Allowances for doubtful receivables reflect to a significant extent current assumptions and estimates for specific receivables on the basis of the current credit rating of the customer in question and the economic environment in the country concerned.

Goodwill, property, plant and equipment, and intangible assets are tested for impairment at least once a year. The applied measurement methods are based on discounted cash flows and use weighted average costs of capital, estimated growth rates and tax rates. The planning horizon is a three-year plan approved by management.

Deferred tax assets are recognized to the extent that they are likely to be realized in the future. This assessment is determined by the extent to which taxable profits will be generated in the future against which previously unused tax loss carryforwards and tax credits can be utilized and temporary valuation differences will be reversed.

Provisions for pensions and similar obligations and the corresponding expenses and income are recognized on the basis of actuarial methods. The main estimated variables are discount factors, the expected return on plan assets, salary and pension trends, and life expectancies. The parameters are defined according to circumstances as of the balance sheet date. Due to fluctuating market and economic conditions, these actuarial assumptions may differ considerably from future developments and may therefore lead to a material change in the obligations for pensions and other post retirement benefits.

The measurement of provisions for warranties, onerous contracts, and threatened or pending litigation involves significant future estimates, some of which are determined on the basis of past experience and regularly adjusted in line with the latest assessment.

3 Change in the basis of consolidation

The subsidiaries BSH Home Appliances Private Limited, Taipei, Taiwan, and PT BSH Home Appliances Ltd., West Jakarta, Indonesia, which were newly established in the year under review, were included in the consolidated financial statements for the first time. The companies BSH kucanski uredaji d.o.o. za usluge, Zagreb, Croatia, BSH KUCNI APARATI d.o.o. Beograd, Beograd, Serbia, and BSH Domakinski Uredi Bulgaria EOOD, Sofia, Bulgaria, which were newly established last financial year, were also included in the consolidated financial statements for the first time.

As of April 1, 2012, BSH Home Appliances Private Limited, Taipei, Taiwan, acquired a portion of the business operations of Achelis Taiwan Co., Limited, in an asset deal. As of the acquisition date, the following carrying amounts and fair values were attributed to the acquired assets and liabilities:

in EUR million	Carrying amount	Fair value
Current assets		
Inventories	3	3
Non-current assets		
Property, plant and equipment and intangible assets	0	2
Acquired net assets	**3**	**5**

In the course of the acquisition process, previously unrecognized assets (excluding goodwill) for a value of EUR 1 million were determined, together with goodwill of EUR 1 million. The purchase price was EUR 5 million. The acquisition had no material impact on the Group's revenue or earnings.

The subsidiary BSH Electrodomésticos S.A. de C.V., Mexico City, Mexico, was deconsolidated during the year, with no material impact on earnings. Additionally, BSH Finance Management GmbH, Vienna, Austria, was merged into BSH Home Appliances Holding GmbH, Vienna, Austria. As part of the merger process, BSH Home Appliances Holding GmbH was renamed BSH Finance and Holding GmbH.

The changes had no material impact on the comparability of the basis of consolidation.

4 Revenue

Revenue was primarily generated from electrical and gas appliances, as well as from related customer services.

in EUR million	2012	2011
White goods	8,398	8,330
Other	1,402	1,324
Total	**9,800**	**9,654**

The segment report (Note 29) provides a further explanation and breakdown of revenue.

5 Cost of sales

The cost of sales figure of EUR 6,128 million (2011: EUR 6,077 million) comprises the full production-related costs incurred in the manufacture of the products sold.

6 Selling and administrative expenses

Selling and administrative expenses amounted to EUR 2,665 million (2011: EUR 2,582 million) and comprised solely the costs and expenses to be allocated to these categories. General and administrative expenses include personnel costs, other administrative expenses and depreciation/amortization in corporate departments that cannot be assigned to production, sales and marketing, or research and development.

7 Research and development expenses

Research and development expenses amounting to EUR 326 million (2011: EUR 298 million) include research costs and development costs not recognized in the balance sheet. As in 2011, no development costs were capitalized during 2012.

8 Other operating income and expenses

in EUR million	2012	2011
Income from the reversal of provisions (not function-related)	21	25
Foreign currency gains on trade accounts receivable and payable	76	109
Income from the reversal of allowances and remeasurement of receivables	13	27
Reversal of impairment losses on property, plant and equipment and intangible assets	12	0
Rental and leasing income	2	1
Gains on the disposal of property, plant and equipment and intangible assets	7	7
Gains on derivatives	61	44
Income from costs transferred to third parties	49	42
Other operating income [1]	40	98
Total other operating income	**281**	**353**
Expenses to set up provisions (not function-related)	41	93
Foreign currency losses on trade accounts receivable and payable	74	98
Expenses from allowances on receivables	27	39
Losses on the disposal of property, plant and equipment and intangible assets	8	5
Impairment losses	11	11
Other taxes	0	7
Losses on derivatives	72	37
Other operating expenses [2]	27	67
Total other operating expenses	**260**	**357**

1) Other operating income contains insurance settlements amounting to EUR 17 million (2011: EUR 46 million).
2) Other operating expenses contain expenses from underlying insured events of EUR 0 million (2011: EUR 44 million).

9 Finance income and finance cost

in EUR million	2012	2011
Finance income	60	60
Finance cost	127	169
– of which to non-consolidated affiliated companies: EUR 0.1 million (2011: EUR 0.2 million)		
Net finance income/cost	**– 67**	**– 109**
Allocation as specified by IFRS 7.20 (b) using IAS 39 measurement categories:		
– Loans and receivables	40	35
– Financial assets, available for sale	13	15
– Financial liabilities carried at amortized cost	– 70	– 112
No allocation as specified by IFRS 7.20 (b):		
Interest expense and income from plan assets from pension, partial retirement and long-service award obligations	– 50	– 47

Interest income and expense calculated under the effective interest rate method was recognized in the income statement for financial assets and financial liabilities not measured at fair value.

Interest expenses were reduced in 2012 by capitalized borrowing costs for qualifying assets amounting to EUR 0.6 million (2011: EUR 0.4 million). The borrowing rate used for this purpose was 3.3% (2011: 3.0%).

10 Other net finance income/cost

Other net finance income/cost relates to the fair-value measurement and realization of derivatives for hedging financial items, the disposal of securities, the measurement of receivables and liabilities denominated in foreign currency, interest cost arising from the unwinding of the discount on provisions, and miscellaneous other financial income and expense. Available-for-sale financial assets were sold in 2012. This resulted in a decrease in equity of EUR 21 million (2011: increase in equity of EUR 5 million) and the recognition of an equivalent figure as income (2011: expense) under net finance income/cost. Expenses according to IAS 39.67 amounted to EUR 3 million (2011: EUR 11 million). As in 2011, income generated from reversals of impairments of debt instruments was immaterial.

11 Income taxes

The breakdown of the BSH Group’s tax on income by source is as follows:

in EUR million	2012	2011
Current tax	196	164
Deferred tax	– 45	0
Total income tax	**151**	**164**

Income tax paid or payable in the various countries as well as deferred tax is reported under income tax. Deferred tax is calculated on the basis of temporary differences between the carrying amounts of assets and liabilities in the IFRS financial statements and those in the tax base, and on the basis of consolidated transactions, recoverable loss carryforwards and tax credits. The calculation is based on the tax rates expected to be in force in the various countries at the time the asset is realized or the liability is settled. In all cases, the rates are derived from the laws and regulations in force or enacted at the balance sheet date.

Germany’s corporate income tax rate in 2012 was 15% plus a solidarity surcharge of 5.5% of the corporate income tax charge. Taking into account “trade tax” (local business income tax) at 13.66%, the overall tax rate for the companies in the German tax group was 29.49% (2011: 29.49%).

The reported income tax expense of EUR 151 million for the year under review is EUR 31 million less than the expected income tax expense of EUR 182 million that would in theory arise if the German tax rate were to be applied to the consolidated profit before tax.

The reconciliation between the expected tax expense and the reported tax expense is as follows:

in EUR million	2012	2011
Profit before tax	**616**	**538**
Expected tax charge when using the tax rate applicable to the parent company of 29.49% (2011: 29.49%)	182	159
Effects of differences in foreign tax rates	– 21	–28
Effects of changes in tax rates	– 1	2
Effects of permanent differences	2	18
Tax expenses relating to other periods	19	19
Change in the recoverability of deferred tax assets	– 32	– 8
Other changes	2	2
Reported income tax expense	**151**	**164**
Group tax rate (in %)	24.5	30.5

Deferred tax in the consolidated balance sheet:

in EUR million	2012	2011
Deferred tax assets	304	204
Deferred tax liabilities	18	22
Total deferred tax	**286**	**182**

Of the deferred tax assets and liabilities, the following items were recognized in equity:

Deferred tax assets (+) and liabilities (–) recognized directly in OCI (in EUR million)	2012	2011
Available-for-sale financial assets	– 9	– 6
Cash flow hedging instruments	0	1
Actuarial gains/losses on defined benefit pension plans and similar obligations	79	17
Total	**70**	**12**

Deferred tax assets and liabilities are derived from the following individual balance sheet items:

	Deferred tax assets		Deferred tax liabilities	
in EUR million	2012	2011	2012	2011
Intangible assets and property, plant and equipment	31	34	67	63
Receivables and other assets	34	28	11	28
Inventories	59	66	3	4
Liabilities	35	51	12	26
Other provisions	97	82	3	2
Pension provisions	138	67	2	1
Available-for-sale securities	1	3	11	5
Tax loss carryforwards and tax credits	99	113	–	–
Other	0	0	0	0
Gross total	**494**	**444**	**109**	**129**
Impairment losses	– 99	–133	–	–
Netting	– 91	– 107	– 91	– 107
Deferred tax after netting	**304**	**204**	**18**	**22**

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which losses can be utilized. At each balance sheet date, a new assessment is made of unrecognized deferred tax assets and of the carrying amount of deferred tax assets. Write-downs on deferred tax assets were recognized in the amount of EUR 66 million (2011: EUR 105 million) for tax loss carryforwards and tax credits and EUR 33 million (2011: EUR 28 million) for deductible temporary differences, as direct use in the foreseeable future seems improbable. The change in the write-downs was recognized in the income statement. Out of the total write-downs in the amount of EUR 99 million (2011: EUR 133 million), EUR 33 million (2011: EUR 28 million) can be carried forward without limitation and EUR 62 million (2011: EUR 102 million) can be carried forward for more than three years. EUR 4 million (2011: EUR 3 million) will lapse within the next three years.

As of December 31, 2012, the BSH Group had unutilized tax loss carryforwards of EUR 153 million (2011: EUR 171 million) and tax credits of EUR 54 million (2011: EUR 55 million). The following table shows the utilization periods for the loss carryforwards:

Utilization period of tax loss carryforwards (in EUR million)	2012	2011
Limited carryforward period, less than 3 years	15	10
Limited carryforward period, more than 3 years	113	159
Unlimited carryforward period	25	2
Total	**153**	**171**

Loss carryforwards for which no deferred tax assets have been recognized amounted to EUR 121 million (2011: EUR 147 million).

Utilization periods for tax credits (in EUR million)	2012	2011
Limited carryforward period, less than 3 years	3	3
Limited carryforward period, more than 3 years	51	52
Unlimited carryforward period	0	0
Total	**54**	**55**

Tax credits for which no deferred tax assets have been recognized amounted to EUR 27 million (2011: EUR 52 million).

Deferred tax liabilities of EUR 6 million (2011: EUR 11 million net) were recognized for temporary differences in connection with investments in subsidiaries. These “outside basis differences” include for the most part the tax on possible dividend payments. Furthermore, in accordance with IAS 12.39, no deferred tax liabilities were recognized for temporary differences amounting to EUR 211 million net (2011: EUR 147 million) in connection with investments in subsidiaries because the Group is able to control the timing of the reversal of the temporary differences and it is unlikely that these temporary differences will be reversed in the foreseeable future.

12 Non-controlling interests

The loss attributable to non-controlling interests, amounting to EUR –1 million (2011: profit of EUR 1 million) was generated by BSH Ev Aletleri Sanayi ve Ticaret A.Ş., Istanbul, BSH Home Appliances Services Ltd., Jeddah, and Constructa-Neff Vertriebs-GmbH, Munich.

13 Other income statement disclosures

The functional costs include the following personnel expenses:

in EUR million	2012	2011
Wages and salaries	1,664	1,541
Social security contributions	317	281
Expenses for pension plans and benefits	62	71
Personnel expenses	**2,043**	**1,893**

The cost of materials totaled EUR 4,722 million (2011: EUR 4,835 million).

The Group received government grants for research and development amounting to EUR 6 million (2011: EUR 6 million) and other grants amounting to EUR 2 million (2011: EUR 2 million), which were recognized directly in the income statement.

The average number of employees in the year under review was as follows:

	2012	2011 adjusted[1]	2011
BSH GmbH			
– Direct employees	6,498	6,481	6,450
– Indirect employees	6,433	6,328	6,306
of which apprentices	327	329	329
Other companies in Germany	1,809	1,808	1,806
Companies outside Germany	31,940	31,101	30,252
Total	**46,680**	**45,718**	**44,814**

[1] Since 2012, this figure also includes employees in temporary employment relationships with terms of less than three months.

14 Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

in EUR million	2012	2011
Checks	9	15
Cash in hand	7	7
Bank balances	578	489
Cash and cash equivalents	**594**	**511**

As in 2011, all items under cash and cash equivalents are due within three months calculated from the date of acquisition.

15 Securities

In accordance with IAS 39, current securities are classified as available for sale and recognized at fair value.

16 Trade accounts receivable

in EUR million	2012	2011
Trade accounts receivable (third parties)	2,511	2,362
Allowances on receivables	– 103	– 103
Trade accounts receivable, net	**2,408**	**2,259**
Trade accounts receivable	2,511	2,362
– of which, as of the balance sheet date, neither written down nor overdue	2,199	2,028
– of which, as of the balance sheet date, not written down but overdue as follows:	109	84
less than 1 month	79	60
between 1 month and 3 months	17	17
more than 3 months	13	7

The changes in allowances for trade accounts receivable (loans and receivables category) were as follows:

in EUR million	2012	2011
Balance at 01/01	**103**	**116**
Exchange rate differences	0	– 2
Change in basis of consolidation	–	–
Additions	21	33
Utilization	12	20
Reversals	9	24
Balance at 12/31	**103**	**103**

As regards trade accounts receivable that were neither written down nor in default, there were no indications as of the balance sheet date that the debtors would not meet their payment obligations. Additionally, a Group average of more than one-third of trade accounts receivable are insured by the companies concerned. Furthermore, security has been provided for some trade accounts receivable in the form of guarantees, land charges, mortgages and collateral securities.

Trade accounts receivable include an amount of EUR 0.1 million (2011: EUR 0.1 million) that is due for payment in more than one year.

17 Other current assets

in EUR million	2012	2011
Other receivables (third parties)	103	206
Other receivables from non-consolidated affiliated companies	1	0
Prepaid expenses	24	19
Current derivative financial instruments (Note 30)	2	7
Other tax receivables and receivables from employees	169	154
Allowances on other current assets	– 6	–7
Total other current assets	**293**	**379**

18 Inventories

in EUR million	2012	2011
Finished goods and merchandise	856	902
Work in progress	31	36
Raw materials, consumables and supplies	284	297
Spare parts	59	56
Advance payments	5	14
Total	**1,235**	**1,305**

The write-down recognized in the year under review was EUR 105 million (2011: EUR 104 million). The spare parts item comprises components for home appliances. As in 2011, no inventories were pledged as collateral.

19 Non-current financial assets

Non-current financial assets included the following:

in EUR million	2012	2011
Financial assets	894	747
Financial investments	0	1
Non-current derivative financial statements (Note 30)	0	1
Other non-current assets	18	14
Non-current financial assets	**912**	**763**

As in 2011, no impairment losses were recognized for loans in this category and there were no overdue loans.

20 Property, plant and equipment

The statement of changes in non-current assets (see Annex I) shows a breakdown of the property, plant and equipment items aggregated on the face of the balance sheet, together with the changes in these items in the year under review.

As a result of the economic situation in some countries, impairment losses amounting to EUR 11 million (2011: EUR 11 million) were recognized; these impairment losses related primarily to subsidiaries in Greece (Segment SR II) and China (Segment SR III). In 2011, these losses related primarily to the subsidiary in Greece (Segment SR II).

Because of the improved economic situation in some countries, impairment losses that had been recognized on property, plant and equipment in previous years were reversed, in the amount of EUR 11 million (2011: EUR 0 million). These pertain to subsidiaries in Peru ("Other" Segment) and the USA (Segment SR III).

As of the balance sheet date, obligations incurred in connection with the acquisition of property, plant and equipment amounted to EUR 21 million (2011: EUR 10 million). As in 2011, there were no restraints on the utilization of property, plant and equipment in the year under review. Government grants with a total value of EUR 17 million (2011: EUR 2 million) were deducted from new additions in the year under review; they primarily include incentives for investments in the construction of a new factory in China.

Borrowing costs of EUR 0.6 million (2011: EUR 0.4 million) were capitalized for qualifying assets.

21 Intangible assets

Please refer to the statement of changes in non-current assets (Annex I) for information on changes in intangible assets.

Additions under this item included the costs of purchased software, tool licenses, industrial and similar rights, brand names, customer bases, and similar assets. A material item included in intangible assets is goodwill of EUR 167 million (2011: EUR 160 million). EUR 140 million of this figure (2011: EUR 134 million) relates to the Group's Turkish subsidiary. There was an addition of EUR 1 million to goodwill during the year under review (see Note 3).

A reversal of EUR 1 million in an impairment loss on a brand name at the Group's subsidiary in the USA was recognized during the year.

All goodwill items recognized in the consolidated balance sheet and assigned to cash generating units were tested for impairment. As in 2011, no impairment was recognized.

As in 2011, there were no restraints on the utilization of intangible assets in the year under review.

22 Current and non-current financial liabilities

Current and non-current financial liabilities primarily comprise liabilities to banks and bonds.

The financial liabilities have the following remaining periods to repayment:

in EUR million	2012	2011
Up to 1 year	146	471
1–5 years	652	459
More than 5 years	165	121
Total	**963**	**1,051**

Financial liabilities due within one year are reported as current financial liabilities; financial liabilities due in more than one year are classified as non-current financial liabilities.

The following table shows the contractually agreed (undiscounted) interest and redemption payments for primary financial liabilities and the derivative financial instruments with negative fair value:

in EUR million	Carrying amount 12/31/2012	2013	2014	2015	2016	2017	> 2017
Bonds	390	12	115	46	100	103	72
Liabilities to banks	573	152	98	125	68	65	103
Other financial liabilities	167	149	5	4	3	2	3
Derivative financial instruments	11	12	6	0	2	–	–

in EUR million	Carrying amount 12/31/2011	2012	2013	2014	2015	2016	> 2016
Bond	244	8	8	112	5	97	53
Liabilities to banks	807	482	66	94	92	35	74
Other financial liabilities	104	105	0	–	–	–	–
Derivative financial instruments	16	18	1	1	0	2	–

In addition to the bond issued in 2011, in July 2012 BSH issued a further bond with a total volume of CNY 1.25 billion on the offshore renminbi market in Hong Kong. The bond was split into the following tranches:

Tranche	Nominal value CNY million	Nominal value EUR million [1]	Maturity
1	300	39	01/26/2015
2	800	103	07/24/2017
3	150	19	07/25/2022
Total	**1.250**	**161**	

[1]) Translated at the transaction rate

23 Trade accounts payable

Trade accounts payable are recognized at the higher of their nominal amount and settlement amount; all trade accounts payable are due within one year, as in 2011.

24 Other liabilities and provisions (current)

Current provisions and other current liabilities break down as follows:

in EUR million	2012	2011
Provisions for tax	36	22
Other provisions	391	443
Current provisions	**427**	**465**
Notes payable	70	91
Advance payments received	82	74
Accrued liabilities	704	555
Deferred income	6	3
Other tax liabilities	74	83
Current derivative financial instruments (Note 30)	9	15
Miscellaneous other liabilities	130	240
Other current liabilities	**1,075**	**1,061**

The statement of changes in provisions (Note 25) gives details of changes in current provisions.

25 Other liabilities and provisions (non-current)

The following table shows the changes in other non-current liabilities and non-current provisions:

in EUR million	2012	2011
Non-current derivative financial instruments (Note 30)	2	1
Miscellaneous other liabilities	20	19
Other non-current liabilities	**22**	**20**
Provisions for tax	120	100
Other provisions	306	309
Non-current provisions	**426**	**409**

The following table shows the breakdown of other provisions, both current and non-current:

in EUR million	Tax provisions	Provisions for personnel and employee benefit obligations	Provisions in relation to sales	Other provisions	Total
Balance at 01/01/2012	**122**	**143**	**385**	**224**	**874**
Foreign currency translation	1	0	4	0	**5**
Utilization	18	35	205	48	**306**
Reversals	3	2	34	32	**71**
Additions	56	65	223	16	**360**
Interest cost (unwind of discount)	0	0	3	0	**3**
Reclassifications	−2	0	−8	−2	**−12**
Balance at 12/31/2012	**156**	**171**	**368**	**158**	**853**
Current portion of provisions	36	86	239	66	**427**
Non-current portion of provisions	120	85	129	92	**426**

The reclassifications are shown under accrued liabilities (Note 24).

Non-current provisions predominantly cover a period of up to five years.

The provisions for personnel and employee benefit obligations include for the most part obligations related to partial retirement, employee long-service awards, the collective pay agreement (ERA) adjustment fund and performance-related arrangements. The sales-related provisions primarily comprise provisions for general and extended warranty obligations.

Other provisions include provisions to cover obligations under guarantees, contractual agreements in Germany and abroad, environmental protection and other risks.

Provisions have been formed for pending legal disputes on the scale deemed necessary to cover claims that may arise. Although the Group essentially considers the asserted claims unjustified, liabilities over and above this amount cannot be ruled out completely.

Provisions were set up in the amounts deemed necessary at this time for the study and analysis that had been initiated in 2011 concerning fields of action in sales activities. At the same time, provisions set up in 2011 for sales risks and tax risks based on customer refunds were partially released as a result of updated estimates.

26 Provisions for pensions and other post-retirement benefits

26.1 Defined benefit plans

BSH has obligations under a company pension plan for employees in Germany. This plan largely involves the payment of lump-sum benefits or a recurring pension and/or individual fixed amounts. For employees in other countries (Belgium, the United Kingdom, Norway, Portugal, Sweden and Switzerland), the benefits mainly depend on the number of years of service and the salary received immediately prior to retirement. The post-retirement benefits granted in the other countries are lump-sum payments.

The post-retirement benefits in Germany are financed mainly by the recognition of pension provisions; part of the obligation is funded through an employee trust. In other countries, they are funded mainly through insurers and pension funds.

The commitment under defined benefit plans is measured annually using the projected unit credit method or approximations.

In accordance with IAS 19.93A, the other comprehensive income rule is applied in determining pension provisions and the pension expense. Actuarial gains and losses are recognized in other comprehensive income in the year in which they arise.

On June 16, 2011, the IAS Board released an amended version of IAS 19, which also appeared in the Official Journal of the EU on June 6, 2012. The Group has not applied IAS 19 (revised 2011) early for the year under review. The first application, in 2013, will cause the net pension liability to decrease by EUR 0.1 million, and other comprehensive income to increase by the same amount. Pension expenses will be approximately EUR 0.3 million higher than under the previous version of IAS 19.

The breakdown of pension obligation funding is as follows:

	Germany	Other countries	Germany	Other countries
in EUR million	2012	2012	2011	2011
Present value of unfunded pension obligations	57	56	45	47
Present value of funded pension obligations	1,063	123	845	110
External plan assets	– 67	– 105	– 69	– 92
Funding balance	**1,053**	**74**	**821**	**65**
Unrecognized past service cost	–	0	–	0
Effect of asset limitation (IAS 19.58[b])	–	–	–	–
Pension provisions	**1,053**	**74**	**821**	**65**

The pension provisions changed as follows in the course of 2012:

	Germany	Other countries	Germany	Other countries
in EUR million	2012	2012	2011	2011
Brought forward	821	65	776	67
Exchange rate differences	–	2	–	– 2
Transfer values	–1	–	0	0
Obligations transferred as a result of business combination	–	–	–	0
Pension and lump-sum amounts paid by the Company	– 42	– 12	– 41	– 11
Employer contribution to external funds	–	–6	–	– 7
Reversal (–)/addition (+)	71	16	65	10
Amount recognized in OCI	204	9	21	8
Pension provisions	**1.053**	**74**	**821**	**65**

Contributions in connection with deferred compensation in Germany are reported under service cost. In 2012, these contributions amounted to EUR 2 million (2011: EUR 3 million).

The expense recognized in the income statement breaks down as follows:

	Germany	Other countries	Germany	Other countries
in EUR million	2012	2012	2011	2011
Service cost	28	7	25	6
Interest expense	46	7	44	6
Expected return on external plan assets	– 3	–4	– 4	– 4
Amortization of actuarial gains (–)/losses (+)	–	–	–	–
Amortization of past service cost	–	1	–	1
Expense (+)/income (–) from curtailment and settlement	–	5	–	–
Effect of asset limitation (IAS 19.58 [b])	–	–	–	–
Amount reported as expense (+)/income (–)	**71**	**16**	**65**	**9**

Service costs are recognized by function; the interest expense and expected return on external plan assets are shown within net finance income/cost.

The reconciliation of benefit obligations and assets is as follows:

in EUR million	Germany 2012	Other countries 2012	Germany 2011	Other countries 2011
Present value of obligations at beginning of year	891	157	853	150
Service cost	28	7	25	6
Interest expense	46	7	44	6
Employee contributions	–	1	–	1
Actuarial gain (–)/loss (+)	204	13	15	6
Exchange rate effects	–	3	–	–
Total amount of pensions and lump sums paid	– 48	– 15	–46	– 13
Past service cost	–	1	–	1
Transfer values	– 1	–	0	0
Effect of curtailments and settlements	–	5	–	–
Present value of obligations at end of year	**1,120**	**179**	**891**	**157**
Fair value of plan assets at beginning of year	69	92	77	83
Expected return on external plan assets	3	4	4	4
Actuarial gain (+)/loss (–)	0	4	– 6	– 2
Exchange rate effects	–	1	–	2
Employer contributions to external pension funds	–	6	–	7
Employee contributions to external pension funds	–	1	–	1
Amounts of pension and lump sums paid by external funds	– 5	– 3	– 6	– 3
Effects of plan settlement	–	–	–	0
Fair value of plan assets at end of year	**67**	**105**	**69**	**92**

The actual return on external plan assets was as follows:

in EUR million	Germany 2012	Other countries 2012	Germany 2011	Other countries 2011
Expected return on external plan assets	3	4	4	4
Actuarial gain (+)/loss (–)	0	4	– 6	– 2
Actual return on external plan assets	**3**	**8**	**– 2**	**2**

For 2013, contributions paid to external funds are expected to total around EUR 6 million and direct pension payments around EUR 46 million.

The amounts reported in other comprehensive income are as follows:

in EUR million	Germany 2012	Other countries 2012	Germany 2011	Other countries 2011
Actuarial gain (+)/loss (–)	– 204	– 9	– 21	– 8
Effect of asset limitation (IAS 19.58 [b])	–	–	–	–
Total amount for the year recognized in OCI	**– 204**	**– 9**	**– 21**	**– 8**
Cumulative actuarial gains (+)/losses (–) recognized in OCI	– 241	– 34	– 38	– 24
Deferred tax on actuarial gains (+)/losses (–)	60	2	6	2
Total recognized in equity	70	8	10	6
Net actuarial gains (+)/losses (–) reported in equity	**– 171**	**– 26**	**– 28**	**– 18**

The actuarial gains and losses incurred are attributable to the following categories:

in EUR million	Germany 2012	Other countries 2012	Germany 2011	Other countries 2011
Difference between the expected and actual return on external plan assets	0	4	– 6	– 2
Difference between expected and actual amounts	– 1	0	6	– 1
Adjustment due to changes in measurement assumptions	– 203	– 13	– 21	– 5
Total actuarial gain (+)/loss (–)	**– 204**	**– 9**	**– 21**	**– 8**

The breakdown for prior reporting periods in accordance with IAS 19.120A (p) was as follows:

in EUR million	Germany 2010	Other countries 2010	Germany 2009	Other countries 2009	Germany 2008	Other countries 2008
Present value of pension obligations	853	150	784	125	777	110
Fair value of plan assets at end of year	– 77	– 83	– 68	– 67	– 67	– 57
Funding balance	**776**	**67**	**716**	**58**	**710**	**53**
Difference between expected and actual return on external plan assets	– 2	2	– 1	2	– 3	– 10
Difference between expected and actual amounts	– 1	3	4	0	–1	– 1

The reported plan assets break down as follows:

Values in %	Germany 2012	Other countries 2012	Germany 2011	Other countries 2011
Equities and similar securities	10	38	4	38
Bonds	54	37	43	38
Real estate	5	9	4	10
Other assets	31	16	49	14
Total	**100**	**100**	**100**	**100**

The assumptions regarding the expected return on funds assets for 2012 are made on the basis of a uniform method, which in turn is based on the actual long-term returns of the past, the portfolio structure, and long-term returns expected in the future. For 2013, because of the first application of IAS 19 (revised 2011), assumptions regarding the expected return on fund assets were based on the discount rate.

The expected return on plan assets in Germany was assumed to be 3.5%. The expected return on external plan assets for companies outside Germany ranges between 2.0% and 8.25%.

Out of the plan assets reported for Germany, 34% (2011: 39%) was invested in the sponsors of the employee trust. These assets largely comprised pension trust (employee trust) receivables due from BSH-D. As of December 31, 2012, the receivables stood at EUR 20 million (2011: EUR 25 million). In addition, the German plan assets include real estate leased to BSH companies, with a fair value of EUR 3 million (2011: EUR 3 million).

The calculation of the pension obligations and pension expense was based on the following assumptions:

	Germany	Other countries	Germany	Other countries
Values in %	2012	2012	2011	2011
Discount rate	3.5	3.9	5.3	4.5
Expected return on external plan assets	3.5	3.4	5.0	4.2
Salary inflation	3.0	3.7	3.0	3.8
Pension inflation	1.8	1.6	1.5	1.6

The measurement assumptions used for countries outside Germany are weighted averages.

In Germany, the 2005G Heubeck tables were used as the biometric basis for the calculations. Employee turnover probabilities were estimated for specific age groups and genders.

26.2 Defined contribution plans

In 2012, the Company made contributions of EUR 110 million (2011: EUR 102 million) to defined contribution plans (employer contributions to statutory pension insurance).

26.3 Partial retirement agreements and long-service award commitments

In some countries, BSH also has employee benefit obligations in connection with the termination of employment contracts and the payment of long-service awards. The scope of these obligations amounted to approximately EUR 84 million (2011: EUR 85 million) at the end of 2012. As of the balance sheet date, securities with a value of EUR 19 million (2011: EUR 25 million) were pledged as security for claims under partial retirement agreements.

27 Equity

The consolidated statement of changes in shareholders' equity shows the changes in the BSH Group's equity and its components.

Retained earnings and reserves include the income earned in the past by the companies included in the consolidated financial statements, insofar as they have not been paid as dividends, and other recognized gains and losses. The development of retained earnings was due to dividend distributions to shareholders as well as to a higher consolidated net profit compared with 2011. Regarding the allocation of the unappropriated profit of BSH-D as of December 31, 2012, the Board of Management is proposing a dividend distribution of EUR 233 million.

The differences resulting from the translation of the financial statements of subsidiaries outside Germany are reported under the currency translation reserve in other comprehensive income.

The reserve for available-for-sale financial assets includes the measurement gains or losses on securities, net of deferred tax.

The reserve for derivative financial instruments in connection with cash flow hedges includes the measurement gains or losses on derivatives, net of deferred tax, to the extent that these relate to the effective portion of the hedging relationship.

In accordance with IAS 19, the actuarial gains/losses item comprises actuarial gains and losses on pension provisions (net of deferred tax) recognized directly in equity.

The paid-in capital and the net profit for the year generated by the sales companies whose shares are held by Robert Bosch GmbH or Siemens AG are shown in the balance sheet under “non-controlling interests.” This item also includes the minority interests in the equity of BSH Ev Aletleri Sanayi ve Ticaret A.Ş., Istanbul, BSH Home Appliances Services Ltd., Jeddah, and Constructa-Neff Vertriebs-GmbH, Munich, including the portion of profit or loss attributable to the minority shareholders.

BSH is not subject to any statutory requirements on minimum capital adequacy. As part of its normal business activities, the Group maintains a reasonable equity ratio. In managing its business, BSH is guided by an economic value added (EVA) system that is based primarily on EBIT and business assets. The objective of its capital and financial management is to maintain the Group’s external long-term rating, which, as in 2011, Standard & Poor’s rated “A” with a stable outlook.

28 Notes to the statement of cash flows

The statement of cash flows reports how the BSH Group’s cash and cash equivalents changed in the course of the year under review as a result of cash inflows and outflows. In accordance with IAS 7, “Statement of Cash Flows,” a distinction is made between cash flows from operating, investing, and financing activities.

The statement of cash flows is determined using the indirect method starting from the profit after tax. The cash flows from operating activities are determined after applying adjustments for non-cash income and expenses, primarily depreciation and amortization, and after taking into account any changes in working capital. Investing activity comprises additions to non-current assets and the purchase or sale of securities. Cash flows from financing activities show cash inflows and outflows from the drawdown or repayment of financial liabilities and from dividends.

The cash and cash equivalents reported in the statement of cash flows comprise cash on hand, checks, and bank balances, provided they are available within three months. The effect of exchange rate changes on cash and cash equivalents and the effect of changes in the basis of consolidation are reported separately. The changes in the balance sheet items reported in the statement of cash flows cannot be directly reconciled to the balance sheet statement because they have been adjusted for exchange rate effects. The exception to this is the figure for cash and cash equivalents.

29 Segment reporting

in EUR million	SR I		SR II		SR III		**Total reportable segments**		Other		Reconciliation		**Group**	
	2012	2011	2012	2011	2012	2011	**2012**	**2011**	2012	2011	2012	2011	**2012**	**2011**
Revenue	3,193	3,017	3,234	3,428	3,004	2,857	**9,431**	**9,302**	369	352	0	0	**9,800**	**9,654**
Cost of sales	2,092	1,994	2,040	2,198	1,959	1,959	**6,091**	**6,151**	257	234	– 220	– 308	**6,128**	**6,077**
EBIT	273	283	215	231	200	163	**688**	**677**	– 5	– 30	0	0	**683**	**647**
Total assets [1]	1,106	825	827	877	1,323	1,430	**3,256**	**3,132**	218	240	4,391	4,063	**7,865**	**7,435**
Capital expenditure [2]	132	134	115	138	151	157	**398**	**429**	23	24	0	0	**421**	**453**
Depreciation and amortization [3]	99	84	86	87	113	98	**298**	**269**	17	16	0	0	**315**	**285**
Non-cash items	– 13	– 47	– 13	– 53	– 12	– 44	**– 38**	**– 144**	– 2	– 5	0	0	**– 40**	**– 149**

1) Business assets are shown here for the segments
2) Investments in property, plant and equipment and intangible assets (excluding goodwill)
3) Depreciation of property, plant and equipment and amortization of intangible assets

29.1 Bases

The segment reporting follows the requirements of IFRS 8, using the management approach. This means that the segment reporting is based on the Company's internal reporting to its principal decision makers, and contains the information that is submitted to these decision makers in regular reports and used by them in order to allocate resources to the individual segments of the group. The principal decision maker of the BSH Group is defined as the joint Board of Management of BSH.

The BSH Group is managed on the basis of economic value added (EVA) as the value-oriented key performance figure. In operating terms, this figure is based on EBIT (earnings before interest and tax) and the business assets of the individual segments.

EBIT is defined as the segment's external revenue less directly attributable costs and indirectly allocated overheads. This corresponds to the profit or loss before tax shown in the consolidated statement of income, before application of the net total of finance income and costs.

The segments' business assets correspond to the capital employed for which the cost of capital must be earned from business activities. In determining business assets, the consolidated assets are corrected for certain line items in order to reconcile with the assets available for operations (which are expected to earn a return), as well as to ensure comparability in options for the structuring of financing and risk coverage.

BSH Board of Management manages the Company's business on the basis of both sales regions and product areas, in a matrix organization. In accordance with the fundamental principle under IFRS 8, BSH management has defined the sales regions as the Company's reportable operating segments. Because the product portfolio is comparable among all regions, the focus is on management by regional market potential.

In accordance with the presentation in the Group's internal reporting, Sales Regions SR I, SR II and SR III are reported separately as segments, while other activities are aggregated under "Other":

- **Sales Region I (SR I)**
  The SR I sales region comprises sales responsibility for Germany, Austria, Ukraine, Poland, Romania, Russia, Hungary, the Czech Republic, Slovenia, Croatia, Serbia and Bulgaria.

- **Sales Region II (SR II)**
  The SR II sales region comprises the sales responsibility for Belgium, France, Greece, the United Kingdom, Israel, Italy, Finland, Sweden, Norway, Denmark, Portugal, Spain (including Morocco), Switzerland, the Netherlands, Luxembourg, Latvia, Lithuania, Estonia and South Africa.

- **Sales Region III (SR III)**
  The SR III sales region comprises the sales responsibility for Hong Kong, Singapore, Thailand, Taiwan, India, Indonesia, Australia, New Zealand, Malaysia, Korea, China, the USA, Canada and Turkey.

- **Other**
  The "Other" category includes, among other items, the EDS product division, the OEM business, portions of sales of the Consumer Products division, the financial holding company in Austria, the special fund, and other immaterial companies outside the sales regions described above, together with items that are not allocated to the operating companies.

29.2 Segment information

Unless indicated otherwise below, segment data is calculated on the basis of the accounting policies applied in the consolidated financial statements.

The sales regions' revenue is revenue from sales transactions for large and small home appliances, together with vacuuming and hot-water appliances and customer service provided (2012 revenue: white goods: EUR 8,398 million (2011: EUR 8,330 million), other: EUR 1,402 million (2011: EUR 1,324 million)). These figures substantially correspond to the revenue shown in the consolidated statement of income.

Cost of sales represents the cost shown in internal reporting that is directly attributable to revenue, and also includes certain cost items that are not included in the cost of sales under IFRSs (e.g., installation costs, cost of customer-service workshops; see the reconciliation column (EUR 220 million)).

The non-cash items primarily comprise changes in provisions, non-cash income from the sale of non-current assets, effects of currency translation outside profit and loss, and other components of other comprehensive income.

Intra-Group transactions are normally conducted at arm's length transfer prices. Only external revenue is reported to the Board of Management.

29.3 Additional disclosures on the reconciliation of business assets

The Group's assets can be reconciled as follows with the business assets of the reportable segments:

in EUR million	2012	2011
Business assets of reportable segments	3,256	3,132
Business assets of "Other" segment	218	240
Total business assets	**3,474**	**3,372**
Deductible capital items (non-interest-bearing liabilities and provisions)	3,202	3,101
Financial adjustments	–343	–322
Items not allocated to segments (cash pool, special fund, deferred tax assets, other)	1,532	1,284
Total reconciling items	**4,391**	**4,063**
Group assets	**7,865**	**7,435**

Business assets primarily include current and non-current assets less the total of non-interest-bearing liabilities (e.g., trade accounts payable) and provisions (deductible capital items).

Finance adjustments include corrections for uncapitalized assets (e.g., leases and rental agreements), as well as certain financing transactions for which BSH has assumed the risk (recourse factoring, contingent liabilities).

Business assets also do not include the cash pool and the special fund, the resulting liabilities, or deferred tax assets or liabilities.

The Group's liabilities can be reconciled as follows with the business assets of the reportable segments:

in EUR million	2012	2011
Business assets of reportable segments	3,256	3,132
Business assets of "Other" segment	218	240
Total business assets	**3,474**	**3,372**
Asset items included in business assets	–6,332	–6,151
Financial adjustments	–343	–322
Items not allocated to segments (liabilities of cash pool and special fund, deferred tax liabilities, other)	–2,085	–1,925
Total reconciling items	**–8,760**	**–8,398**
Group liabilities	**–5,286**	**–5,026**

29.4 Information about geographical areas

Revenue breaks down by customer domicile as follows:

in EUR million	2012	2011
Germany	2,151	2,062
China	1,246	1,163
Other countries	6,403	6,429
Total	**9,800**	**9,654**

Revenue generated with third parties is recognized in the geographical market where the revenue is realized. No single customer accounted for more than 10 percent of revenue.

Non-current assets:

in EUR million	2012	2011
Germany	561	551
China	363	360
Turkey	380	352
Other countries	695	629
Total	**1,999**	**1,892**

Non-current assets are allocated to the geographical market as defined by the company's domicile, irrespective of segment structure. Financial instruments and deferred tax assets are not taken into account in calculating non-current assets.

30 Financial instruments

In the BSH Group, financial instruments are generally classified as "loans and receivables" or as "available for sale." Non-derivative financial liabilities are assigned to other financial liabilities. Derivative financial instruments are used to hedge future cash flows. Derivative financial instruments not qualifying for hedge accounting are classified as "held for trading." Purchases or sales of financial instruments are accounted for on the transaction date.

Net gains/losses by category

in EUR million	2012	2011
Loans and receivables	18	70
Available-for-sale financial assets	32	0
Financial assets and financial liabilities at fair value through profit or loss	– 53	– 8
Financial liabilities carried at amortized cost	– 53	– 156

The net gains and losses from the loans and receivables category include changes in write-downs, gains and losses on derecognition, payments received, exchange rate gains and losses, and reversals of impairment losses on impaired or derecognized loans and receivables.

Net gains and losses on the disposal of available-for-sale financial assets comprise gains and losses on the derecognition of available-for-sale financial assets and interest income from these financial instruments. See the consolidated statement of changes in equity for disclosures on the amount of unrealized gains and losses on the disposal of available-for-sale financial assets recognized in other comprehensive income during the financial year, and the amount reclassified from other comprehensive income and recognized as income during the year.

The net gains or losses on financial assets and liabilities at fair value through profit or loss include not only the effects of changes in fair value, but also interest expense or income from these financial instruments.

The net expense from financial liabilities measured at amortized cost is made up of interest expenses and currency gains and losses.

The information required under IFRS 7.20 (b) is provided in Note 9, "Finance income and finance cost." Information on impairment losses, as required by IFRS 7.20 (e), is contained, where necessary, in the explanatory notes on items within the balance sheet and income statement.

Carrying amounts and fair values by category

in EUR million	Measurement categories per IAS 39	12/31/2012 Carrying amount	12/31/2012 Fair value	12/31/2011 Carrying amount	12/31/2011 Fair value
ASSETS					
Cash and cash equivalents	n. a.[1]	594	594	511	511
Trade accounts receivable	LaR	2,408	2,408	2,259	2,259
Other financial receivables	LaR	77	77	141	141
Available-for-sale financial assets	AfS	938	938	799	799
Derivative financial assets not qualifying for hedge accounting	FAHfT	2	2	7	7
Derivative financial assets (hedge accounting)	n. a.[1]	0	0	1	1
Financial assets with embedded derivatives	FVTPL	3	3	18	18
LIABILITIES					
Trade accounts payable	FLAC	1,202	1,202	1,100	1,100
Bonds	FLAC	390	378	244	235
Liabilities to banks	FLAC	573	601	807	869
Other financial liabilities	FLAC	167	167	303	303
Finance lease liabilities	n. a.[1]	1	1	1	1
Derivative financial liabilities not qualifying for hedge accounting	FLHfT	11	11	12	12
Derivative financial liabilities (hedge accounting)	n. a.[1]	0	0	4	4
Of which aggregated by measurement category					
Loans and receivables	LaR	2,485	2,485	2,400	2,400
Available-for-sale financial assets	AfS	938	938	799	799
Financial assets at fair value through profit or loss	FAHfT	2	2	7	7
Financial liabilities carried at amortized cost	FLAC	2,331	2,347	2,454	2,507
Financial liabilities at fair value through profit or loss	FLHfT	11	11	12	12
Financial assets at fair value through profit or loss	FVTPL	3	3	18	18
Reconciliation to balance sheet					
– Other non-financial receivables		305	305	298	298
(included in other current and non-current assets and current recoverable income taxes)					
– Other non-financial liabilities		944	944	773	773
(included in other current and non-current liabilities and current income tax liabilities)					

LaR	Loans and receivables
AfS	Available-for-sale financial assets
FAHfT	Financial assets held for trading
FLAC	Financial liabilities measured at amortized cost
FLHfT	Financial liabilities held for trading
FVTPL	Fair value through profit or loss

[1] n. a. not applicable

Financial instruments measured at fair value on the balance sheet
The following overview shows the allocation of the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy:

Level 1:
Measurement using quoted market prices observable in an active market for identical assets or liabilities.

Level 2:
Measurement of assets or liabilities using inputs for similar financial instruments that do not fall under level 1. In this case, fair value can be determined either directly (e.g. quoted prices) or indirectly (e.g. derivation of quoted prices).

Level 3:
This category covers all financial instruments that cannot be classified under level 1 or level 2 because no observable inputs are available. In this case, special valuation techniques must be used to determine the fair value of assets and liabilities.

in EUR million				12/31/2012
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	–	2	–	2
Financial assets at fair value through profit or loss	3	–	–	3
Available-for-sale financial assets	938	–	–	938
Total	941	2	–	943
Financial liabilities measured at fair value				
Derivative financial liabilities	–	11	–	11
Total	–	11	–	11

in EUR million				12/31/2011
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	–	26	–	26
Available-for-sale financial assets	799	–	–	799
Total	799	26	–	825
Financial liabilities measured at fair value				
Derivative financial liabilities	–	16	–	16
Total	–	16	–	16

There were no reclassifications between level 1 and level 2 in the year under review.

30.1 Non-derivative financial instruments

Available-for-sale financial instruments
Available-for-sale financial instruments are always reported at fair value. The fair value is generally the market value. If there is no active market, fair value is determined using a generally accepted valuation technique.

Investments in non-consolidated subsidiaries and associates
Shares in non-consolidated subsidiaries and associates are always reported at cost; impairment losses are recognized where appropriate. There is no active market for these companies and fair value therefore cannot be reliably determined with reasonable time and effort.

Loans/receivables and financial liabilities
Loans and receivables, and financial liabilities, are measured at amortized cost using the effective interest method, provided they are not related to hedges. In particular, these are:

– Trade receivables and trade payables
– Liabilities to banks
– Bonds
– Other financial assets and liabilities.

The amortized cost is calculated as the amount at which a financial asset or a financial liability was measured on initial recognition, less any principal repayments, reductions for impairment or uncollectibility, and net of the premium/discount. The premium/discount is allocated using the effective interest rate method over the life of the financial asset or liability.

For current receivables and liabilities, amortized cost equals the principal amount or the settlement amount, respectively.

Because of the Company's customer structure, there is no substantial concentration of credit risk in reported receivables, nor is disclosure required.

30.2 Derivative financial instruments

Hedging policy and financial derivatives
The activities of BSH are also impacted by such risks as exchange rate fluctuations. It is the aim of the Company's business policies to limit these risks with hedging measures. Hedging transactions are entered into exclusively with first-rate national and international banks. A limit is imposed on transactions with each contract partner.

Binding internal rules and guidelines provide firm guidance on permitted actions and responsibilities for hedging, especially the hedging relationship with operating business and financial investment or financing transactions. BSH does not use derivative financial instruments for speculative purposes.

The Group employs the treasury control monitor and value contribution monitor used in the finance unit to control interest rate and currency management activities. These information systems are used to support the identification and assessment of interest rate and currency risks throughout the Group for the next 12 months, based on planned cash flow. These activities are subject to compliance with the minimum hedging rates stipulated in the Company's financial guidelines, and take into account the strategy laid down by the Treasury Committee, which meets regularly under the chairmanship of a member of the Board of Management.

If cash flow hedge accounting is applied, changes in the fair value of derivative financial instruments are recognized in equity as part of accumulated other comprehensive income. If cash flow hedge accounting cannot be applied, the changes in fair value are recognized in the income statement.

Currency risk

As a basis for controlling its exposure to currency risks, BSH primarily uses a Group-wide cash flow reporting system, differentiated by currency; the subsidiaries outside Germany prepare rolling monthly reports for headquarters.

Most of the hedging instruments used are forward exchange contracts; options are used in some cases. To monitor the risks from financial derivatives, hedges are marked to market on each bank working day; this valuation, plus additional information such as exchange rate gains or losses and foreign currency risks, is available to the employees concerned and to the relevant managers.

The nominal volumes of the reported derivatives represent the total of purchase and selling amounts on which the hedges are based.

	Nominal volumes				Fair value	
in EUR million	2012		2011		2012	2011
Maturity	up to 1 year	1 – 5 years	up to 1 year	1 – 5 years		
Derivatives with positive fair values						
– Foreign currency derivatives not qualifying for hedge accounting						
Currency forwards	202	–	234	18	1	6
Currency options	18	–	–	–	0	–
– Interest rate and other derivatives not qualifying for hedge accounting						
Other interest rate derivatives	22	–	24	–	0	1
Share-based derivatives and options	7	–	34	–	1	0
– Foreign currency derivatives, hedge accounting						
Currency forwards	44	–	13	–	0	1
Derivatives with negative fair values						
– Foreign currency derivatives not qualifying for hedge accounting						
Currency forwards	337	45	408	2	8	11
Other foreign currency derivatives	–	46	24	46	2	0
– Interest rate and other derivatives not qualifying for hedge accounting						
Other interest rate derivatives	5	–	74	–	0	1
Share-based derivatives and options	27	–	0	–	1	0
– Foreign currency derivatives, hedge accounting						
Currency forwards	16	–	120	6	0	4

The fair values disclosed in the above list were determined on the basis of information available on the balance sheet date. They represent the settlement amounts (redemption values) of the financial derivatives. Redemption values are calculated on the basis of quoted prices and standardized procedures. The maximum credit risk from derivative financial instruments is limited to the total positive fair values in the event of default by a contract partner of BSH-D or BSH Group companies.

Changes in the fair value of financial instruments from the hedging of planned transactions and available-for-sale financial instruments are recognized in other comprehensive income under other recognized gains and losses. As of December 31, 2012, EUR 33 million (2011: EUR 20 million) was included in other comprehensive income after the deduction of deferred tax.

As of the balance sheet date, the cash flow hedges – expressed in whole millions of euros – had no effect on equity (2011: a decrease in equity by EUR 2 million). In the course of the year under review, BSH sold currency derivatives subject to hedge accounting. This resulted in the recognition of a net expense amount of EUR 4 million (2011: net income of EUR 4 million) under other operating income/expense. As in 2011, no gains or losses were recognized from the remeasurement of ineffective cash flow hedges for 2012.

Fluctuations in market prices can create significant risks for the BSH Group. Changes in exchange rates, interest rates, and share prices affect operating activities worldwide, as well as investing and financing activities. To represent these risks, IFRSs require sensitivity analyses which indicate the effects of hypothetical changes in relevant risk variables on profit or loss and equity. The effects on the period concerned are determined by relating the hypothetical changes in the risk variables to the portfolio of financial instruments as of the reporting date. This assumes that the portfolio as of the reporting date is representative of the full year.

BSH has implemented a sensitivity-analysis-based system based on various risk analysis and risk management techniques. The sensitivity analysis approximately quantifies the risk that can occur under the given assumptions if particular parameters are changed to a defined extent. The risk assessment here assumes:

- a parallel 10% decrease/increase in the exchange rate of the Russian ruble (RUB) against the euro
- a parallel 10% decrease/increase in the exchange rate of the pound sterling (GBP) against the euro
- a parallel 10% decrease/increase in the exchange rate of the Turkish lira (TRY) against the euro
- a parallel 10% decrease/increase in the exchange rate of the Chinese renminbi (CNY) against the euro
- a parallel shift of 100 basis points (1 percentage point) in the yield curves for all currencies
- a 10% rise or fall in the share prices of all listed investments classified as available-for-sale financial assets.

The potential economic effects of this analysis represent estimates. They are based on the assumption that the market changes implicit in the sensitivity analysis will materialize. Actual global market trends may cause the actual effects on the consolidated income statement to differ significantly from these estimates.

More than half of BSH's subsidiaries are located outside the euro zone. As the Group's reporting currency is the euro, the Company translates the financial statements of these companies into euros. In order to address translation-related currency effects in risk management, BSH applies the assumption that investments in foreign companies are in all cases long-term in nature, and the returns are continuously reinvested.

Translation-related effects that occur when the value of net assets translated into euros changes because of exchange rate fluctuations are recognized in other comprehensive income in the BSH consolidated financial statements; they are not included in the sensitivity analysis.

	Foreign currency risks (revaluation)							
	RUB +10%				RUB –10%			
in EUR million	12/31/2012		12/31/2011		12/31/2012		12/31/2011	
	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity
Financial assets								
Cash and cash equivalents [1]	0	–	0	–	0	–	0	–
Trade accounts receivable [2]	2	–	11	–	–2	–	–11	–
Other assets FVTPL [3]	18	–	14	–	–18	–	–14	–
Derivatives FVTPL [4]	–3	–	–10	–	3		10	–
Effect on financial assets before tax	**17**	**–**	**15**	**–**	**–17**	**–**	**–15**	**–**
Financial liabilities								
Derivatives FVTPL [4]	–15	–	–6	–	15	–	6	–
Trade accounts payable [5]	1	–	2	–	–1	–	–2	–
Financial liabilities [6]	0	–	0	–	0	–	0	–
Effect on financial liabilities before tax	**–14**	**–**	**–4**	**–**	**14**	**–**	**4**	**–**
Total effect before tax	**3**	**–**	**11**	**–**	**–3**	**–**	**–11**	**–**

	Foreign currency risks (revaluation)							
	GBP +10%				GBP –10%			
in EUR million	12/31/2012		12/31/2011		12/31/2012		12/31/2011	
	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity
Financial assets								
Cash and cash equivalents [1]	1	–	1	–	–1	–	–1	–
Trade accounts receivable [2]	0	–	0	–	0	–	0	–
Other assets FVTPL [3]	0	–	0	–	0	–	0	–
Derivatives FVTPL [4]	1	–	0	–	0	–	0	–
Derivatives CFH [7]	–	–3	0	–	–	3	0	–
Effect on financial assets before tax	**2**	**–3**	**1**	**0**	**–1**	**3**	**–1**	**0**
Financial liabilities								
Derivatives FVTPL [4]	–	–	–2	–	–	–	2	–
Derivatives CFH [7]	–	–1	–	–10	–	1	–	10
Trade accounts payable [5]	0	–	0	–	0	–	0	–
Financial liabilities [6]	–3	–	0	–	3	–	0	–
Effect on financial liabilities before tax	**–3**	**–1**	**–2**	**–10**	**3**	**1**	**2**	**10**
Total effect before tax	**–1**	**–4**	**–1**	**–10**	**2**	**4**	**1**	**10**

in EUR million	Foreign currency risks (revaluation)							
	TRY + 10%				TRY – 10%			
	12/31/2012		12/31/2011		12/31/2012		12/31/2011	
	Effect on income	Effect on other trans-actions in equity	Effect on income	Effect on other trans-actions in equity	Effect on income	Effect on other trans-actions in equity	Effect on income	Effect on other trans-actions in equity
Financial assets								
Cash and cash equivalents [1]	0	–	0	–	0	–	0	–
Trade accounts receivable [2]	– 6	–	– 6	–	6	–	6	–
Other assets FVTPL [3]	6	–	9	–	– 6	–	– 9	–
Derivatives FVTPL [4]	–	–	– 7	–	–	–	7	–
Effect on financial assets before tax	**0**	**–**	**– 4**	**–**	**0**	**–**	**4**	**–**
Financial liabilities								
Derivatives FVTPL [4]	– 6	–	– 2	–	6	–	2	–
Trade accounts payable [5]	6	–	6	–	– 6	–	– 6	–
Effect on financial liabilities before tax	**0**	**–**	**4**	**–**	**0**	**–**	**– 4**	**–**
Total effect before tax	**0**	**–**	**0**	**–**	**0**	**–**	**0**	**–**

	Foreign currency risks (revaluation)							
	CNY + 10%				CNY – 10%			
in EUR million	12/31/2012		12/31/2011		12/31/2012		12/31/2011	
	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity
Financial assets								
Cash and cash equivalents [1]	0	–	– 2	–	0	–	2	–
Trade accounts receivable [2]	3	–	– 2	–	– 3	–	2	–
Other assets FVTPL [3]	44	–	32	–	– 44	–	– 32	–
Effect on financial assets before tax	**47**	**–**	**28**	**–**	**– 47**	**–**	**– 28**	**–**
Financial liabilities								
Derivatives FVTPL [4]	– 5	–	– 8	–	5	–	8	–
Trade accounts payable [5]	– 2	–	1	–	2	–	– 1	–
Financial liabilities [6]	– 40	–	– 24	–	40	–	24	–
Effect on financial liabilities before tax	**– 47**	**–**	**– 31**	**–**	**47**	**–**	**31**	**–**
Total effect before tax	**0**	**–**	**– 3**	**–**	**0**	**–**	**3**	**–**

AfS Available-for-sale financial assets
FVTPL Fair value through profit or loss
CFH Cash flow hedge

Explanatory notes:
[1]) Cash and cash equivalents comprise checks, cash on hand, and bank credit balances. The currency risk relates to remeasurement.

[2])[5]) Trade accounts receivable and payable relate to both external and intra-Group receivables and payables subject to remeasurement risk.

[3]) Other assets relate in particular to intra-Group loan receivables and cash pool amounts subject to remeasurement risk as a result of exchange rate fluctuations.

[4]) Derivatives not qualifying for hedge accounting include currency forwards, currency options, stock index futures, currency swaps, and interest rate index futures. Any effect of the scenarios in question is recognized in the income statement.

[6]) Financial liabilities include external borrowings, issued bonds and intra-Group loan liabilities. The currency risk relates to remeasurement.

[7]) Derivative instruments with hedge accounting (cash flow hedges) include only currency forwards. For the effective portion, the effect of exchange rate changes is thus recognized in other comprehensive income.

Interest rate risk

In order to determine interest rate risk, BSH simulates a flat-rate 1% increase or cut in interest rates. The changes in interest expense or income thus derive from the nominal volumes concerned. Changes in the fair values of fixed-income securities and derivatives that react to interest rates are determined by calculating the basis point value (1% = 100 BP).

	Interest rate risk							
	+1%				−1%			
in EUR million	12/31/2012		12/31/2011		12/31/2012		12/31/2011	
	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity
Financial assets								
Cash and cash equivalents [1]	6	–	5	–	−6	–	−5	–
Financial assets AfS [2]	–	0	–	−14	–	0	–	14
Derivatives FVTPL [3]	1	–	2	–	−1	–	−2	–
Effect on financial assets before tax	**7**	**0**	**7**	**−14**	**−7**	**0**	**−7**	**14**
Financial liabilities								
Derivatives FVTPL [3]	−1	–	0	–	1	–	0	–
Financial liabilities [4]	−1	–	−1	–	1	–	1	–
Effect on financial liabilities before tax	**−2**	**–**	**−1**	**–**	**2**	**–**	**1**	**–**
Total effect before tax	**5**	**0**	**6**	**−14**	**−5**	**0**	**−6**	**14**

AfS Available-for-sale financial assets
FVTPL Fair value through profit or loss

Explanatory notes:

1) Cash and cash equivalents comprise checks, cash on hand, and bank credit balances. A change in interest rates would result in increased/reduced interest income based on the demand deposits, fixed-term deposits and accounts with interest-bearing balances as of the reporting date.

2) AfS financial assets specifically comprise securities. In the case of interest-bearing securities, a change in interest rates brings about a change in market values, which is reflected in the revaluation reserve. Mutual funds in bonds and money market funds are not included. Stock funds and mutual funds in stocks are in particular subject to other price risk, which is normally recognized in the revaluation reserve. The simulation is conducted through the income statement only if impairments have already been recognized through profit or loss.

3) Derivatives not qualifying for hedge accounting include currency forwards, currency options, stock index futures, currency swaps, and interest rate index futures. Any effect of the scenarios in question is recognized in the income statement.

4) Financial liabilities include external borrowings. A change in interest rates would result in increased/reduced interest expense based on the variable-interest liabilities as of the reporting date.

Commodity price risks

Group-wide hedging is necessary to counter the substantial fluctuations in commodity prices and the resulting risks to earnings. So far as is possible, this hedging is performed via contractual agreements with suppliers. During 2012 the Group also used derivative financial instruments and ETCs (exchange traded commodities) to further hedge commodity price risks.

Other price risks

To determine other price risks, BSH simulates a 10% flat-rate increase or reduction in stock prices, with the result that stock prices or the corresponding stock price indexes (relating to the mutual funds invested in stock funds or relating to the index futures concerned) are shown as being 10% higher or lower.

	Other price risks							
	+10% shares				−10% shares			
in EUR million	12/31/2012		12/31/2011		12/31/2012		12/31/2011	
	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity	Effect on income	Effect on other transactions in equity
Financial assets								
Financial assets AfS [1]	1	11	1	16	0	−11	−3	−14
Derivatives FVTPL [2]	1	–	−4	–	−1	–	4	–
Effect on financial assets before tax	**2**	**11**	**−3**	**16**	**−1**	**−11**	**1**	**−14**
Financial liabilities								
Derivatives FVTPL [2]	2	–	0	–	−2	–	0	–
Effect on financial liabilities before tax	**2**	**–**	**0**	**–**	**−2**	**–**	**0**	**–**
Total effect before tax	**4**	**11**	**−3**	**16**	**−3**	**−11**	**1**	**−14**

AfS Available-for-sale financial assets
FVTPL Fair value through profit or loss

Explanatory notes:

1) AfS financial assets specifically comprise securities. In the case of interest-bearing securities, a change in interest rates brings about a change in market values, which is reflected in the revaluation reserve. Mutual funds in bonds and money market funds are not included. Stock funds and mutual funds in stocks are in particular subject to other price risk, which is normally recognized in the revaluation reserve. The simulation is conducted through the income statement only if impairments have already been recognized through profit or loss.

2) Derivatives not qualifying for hedge accounting include currency forwards, currency options, stock index futures, currency swaps, and interest rate index futures. Any effect of the scenarios in question is recognized in the income statement.

Credit and liquidity risks

The liquidity risk for the Company consists in the hypothetical possibility that the Company might be unable to meet its financial liabilities, for example to repay financial liabilities or to pay for purchase commitments. BSH limits this risk by means of effective central cash management, global access to lines of credit provided by prime-rated banks, and a syndicated credit line primarily entered into for contingencies. A significant portion of the external bank loans has been taken out with long terms, thus obviating short-term liquidity risks from repayment obligations. To supplement the above liquidity management tools, BSH continuously pursues funding opportunities presented by the financial markets. In addition, the Group monitors trends in the availability and cost of funding. A major objective is to safeguard BSH's financial flexibility and to limit unreasonable financing risks.

No defaults in connection with financial investments subject to credit risk had been identified as of the reporting date.

The maximum credit risk is represented by the carrying amounts of financial assets reported on the face of the balance sheet.

31 Leases

The breakdown of future minimum lease payments under non-cancelable leases is as follows:

Maturity (in EUR million)	2012	2011
Less than 1 year	80	80
1–5 years	222	180
More than five years	81	103
Total	**383**	**363**

The minimum lease payments relate primarily to rents paid for real estate. Under rental agreements and leases, minimum lease payments of EUR 103 million (2011: EUR 85 million) and sublease payments of EUR 6 million (2011: EUR 5 million) were recognized in the income statement in 2012.

The part of a property that the pension trust (employee trust) of BSH-D had sold to an investor in 2007 was leased back in part in 2008 by the investor to a BSH Group company for a period of ten years, with an option to extend twice by a period of five years. The remainder of the real estate still owned by the employee trust has been leased to BSH companies under longer-term leases.

32 Contingent liabilities and other financial commitments

No provisions have been set up for the following contingent liabilities and other financial commitments, recognized at their nominal values, because it is not deemed probable that the risk will occur.

in EUR million	2012	2011
Guarantees and letters of comfort	3	2
Other contingent liabilities	11	1
Total	**14**	**3**

Liabilities to foreign tax authorities represent EUR 10 million (2011: EUR 0 million) of the other contingent liabilities.

33 Related party disclosures

The following companies or persons are related parties for BSH-D under IAS 24:

– Robert Bosch GmbH, Stuttgart, Germany
– Siemens AG, Munich and Berlin, Germany
– Companies directly or indirectly controlled by BSH-D
– Other consolidated and non-consolidated affiliated companies of the Robert Bosch Group and the Siemens Group
– Members of the Board of Management or the Supervisory Board
– Members of the Board of Management, the Managing Board or the Supervisory Board of Robert Bosch GmbH or Siemens AG
– Companies in which Robert Bosch GmbH, Siemens AG, or members of management hold a significant portion of voting rights.

Transactions with these related parties are conducted on an arm's length basis. The goods and services bought from related parties primarily include production supplies and sales services, and a small volume of training and other services. The goods and services supplied to related parties primarily involve the sale of home appliances. Most of these transactions are conducted by the companies in Germany.

in EUR million	2012		2011	
	Robert Bosch Group	Siemens Group	Robert Bosch Group	Siemens Group
Receivables	0	0	0	0
Liabilities	2	4	1	5
Revenue	2	0	2	8

34 Remuneration of members of the Board of Management and the Supervisory Board

The remuneration paid to the Supervisory Board amounted to EUR 0.1 million (2011: EUR 0.1 million); remuneration of the Board of Management amounted to EUR 3.8 million (2011: EUR 3.4 million). Former members of the Board of Management and their surviving dependents received payments of EUR 3.7 million (2011: EUR 1.6 million), including pensions and transitional payments. These amounts include benefits from the termination of an employment relationship. As of December 31, 2012, provisions amounting to EUR 21.7 million (2011: EUR 21.0 million) were recognized for pensions and benefit entitlements for these persons.

During 2012, as in 2011, there were no loans to members of the Board of Management or the Supervisory Board. The members of the Board of Management and the Supervisory Board are listed in the annexes.

35 Auditor fees and services in accordance with section 314 HGB

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, was paid the following fees for services performed during the year under review:

in EUR million	2012	2011
a) Financial statements auditing services	0.4	0.4
b) Other attestation services	0.6	0.7
c) Tax consultancy services	0.0	0.0
d) Other services	0.1	0.3
Total	**1.1**	**1.4**

Item a) comprises the fees for the statutory audits of annual financial statements for the German companies and the audit of the consolidated financial statements of BSH for the year ended December 31, 2012.

Item b) comprises for the most part the fees for the auditor's review of interim financial statements for the periods ending June 30, 2012, and September 30, 2012, as well as attestation services in connection with various projects and the introduction of segment reporting, and for the provision of a comfort letter.

Item c) comprises a very small number of tax consultancy services.

Item d) comprises for the most part project support services for IT license management processes and courses of training.

36 Events after the reporting date

At the beginning of December 2012, through its Polish subsidiary, BSH Sprzet Gospodarstwa Domowego Sp. z.o.o., BSH Bosch und Siemens Hausgeräte GmbH made a public tender offer for all shares of Zelmer S.A., a Polish company listed on the Warsaw Stock Exchange. Zelmer S.A. and its subsidiaries produce and sell small home appliances, such as vacuum cleaners and kitchen machines. The acquisition of Zelmer S.A. is intended to advance the development of the Consumer Products division and strengthen BSH's presence in the countries of Central and Eastern Europe. In financial year 2011, Zelmer S.A. and its subsidiaries generated revenue of EUR 163.0 million and a profit after tax of EUR 11.7 million (source: consolidated financial statements of Zelmer S.A. for the period ended December 31, 2011; www.zelmer.com). The consent of the antitrust authorities in Poland, Ukraine and Russia that was required for the transaction has been obtained. As of the expiration of the tender offer on March 15, 2013, more than 95 percent of the shareholders of Zelmer S.A. had tendered their stock.

Munich, March 18, 2013

BSH Bosch und Siemens Hausgeräte GmbH
The Board of Management

Annex I
Statement of Changes in Non-Current Assets
January 1 to December 31, 2012

		Acquisition and manufacturing costs					
in EUR million	Note	01/01/2012	Foreign currency movements	Additions	Disposals	Reclassifications	12/31/2012
I. Property, plant and equipment	20						
Land and buildings		884	3	52	54	86	971
Technical equipment and machinery		1,634	9	73	137	81	1,660
Other equipment, operating and office equipment		1,475	7	117	99	69	1,569
Assets under construction		200	3	113	1	– 169	146
Advance payments on property, plant and equipment		93	1	48	2	– 71	69
		4,286	**23**	**403**	**293**	**– 4**	**4,415**
II. Intangible assets	21						
Purchased intangible assets							
Patents, licenses, brand names, customer bases, etc. (excl. software)		73	0	2	17	4	62
Software		86	1	12	1	3	101
Goodwill		166	6	1	0	0	173
Advance payments on intangible assets		7	0	3	0	– 3	7
		332	**7**	**18**	**18**	**4**	**343**
Internally generated intangible assets							
Software		45	– 1	0	0	0	44
Development expenditure		6	1	0	3	0	4
Intangible assets being created		3	0	1	0	0	4
		54	**0**	**1**	**3**	**0**	**52**
		4,672	**30**	**422**	**314**	**0**	**4,810**

[1]) Included are impairment losses on property, plant and equipment of EUR 11 million (primarily in Segments SR II and SR III).
[2]) Included in Segments SR III and "Other."

Depreciation, amortization and impairment							Carrying amounts
01/01/2012	Foreign currency movements	Current year[1]	Disposals	Reclassifications	Reversals[2]	12/31/2012	12/31/2012
425	1	35	46	0	6	409	**562**
1,131	6	122	133	– 2	4	1,120	**540**
1,070	4	151	93	2	1	1,133	**436**
5	0	0	1	0	0	4	**142**
0	0	0	0	0	0	0	**69**
2,631	**11**	**308**	**273**	**0**	**11**	**2,666**	**1,749**
42	0	3	17	0	1	27	**35**
70	0	10	1	0	0	79	**22**
6	0	0	0	0	0	6	**167**
0	0	0	0	0	0	0	**7**
118	**0**	**13**	**18**	**0**	**1**	**112**	**231**
27	0	4	0	0	0	31	**13**
4	0	1	3	0	0	2	**2**
0	0	0	0	0	0	0	**4**
31	**0**	**5**	**3**	**0**	**0**	**33**	**19**
2,780	**11**	**326**	**294**	**0**	**12**	**2,811**	**1,999**

Statement of Changes in Non-Current Assets
January 1 to December 31, 2011

		Acquisition and manufacturing costs					
in EUR million	Note	01/01/2011	Foreign currency movements	Additions	Disposals	Reclassi-fication	12/31/2011
I. Property, plant and equipment	20						
Land and buildings		855	–7	28	9	17	884
Technical equipment and machinery		1,572	–21	67	50	66	1,634
Other equipment, operating and office equipment		1,387	–13	120	66	47	1,475
Assets under construction		132	–1	157	0	–88	200
Advance payments on property, plant and equipment		77	–1	64	5	–42	93
		4,023	**–43**	**436**	**130**	**0**	**4,286**
II. Intangible assets	21						
Purchased intangible assets							
Patents, licenses, brand names, customer bases, etc. (excl. software)		71	2	0	0	0	73
Software		80	0	9	2	–1	86
Goodwill		191	–25	0	0	0	166
Advance payments on intangible assets		0	0	7	0	0	7
		342	**–23**	**16**	**2**	**–1**	**332**
Internally generated intangible assets							
Patents, licenses, etc. (excl. software)		0	0	0	0	0	0
Software		43	0	1	0	1	45
Development expenditure		3	0	0	0	3	6
Intangible assets being created		6	0	0	0	–3	3
		52	**0**	**1**	**0**	**1**	**54**
		4,417	**–66**	**453**	**132**	**0**	**4,672**

[1]) Included are impairment losses on property, plant and equipment of EUR 11 million (primarily in Segment SR II).

Depreciation, amortization and impairment							Carrying amount
01/01/2011	Foreign currency movements	Current year[1]	Disposals	Reclassifications	Reversals	12/31/2011	12/31/2011
397	−2	37	7	0	0	425	**459**
1,085	−14	107	47	0	0	1,131	**503**
1,001	−8	136	59	0	0	1,070	**405**
4	0	1	0	0	0	5	**195**
0	0	0	0	0	0	0	**93**
2,487	**−24**	**281**	**113**	**0**	**0**	**2,631**	**1,655**
36	3	3	0	0	0	42	**31**
66	0	7	2	−1	0	70	**16**
6	0	0	0	0	0	6	**160**
0	0	0	0	0	0	0	**7**
108	**3**	**10**	**2**	**−1**	**0**	**118**	**214**
0	0	0	0	0	0	0	**0**
22	0	4	0	1	0	27	**18**
3	0	1	0	0	0	4	**2**
0	0	0	0	0	0	0	**3**
25	**0**	**5**	**0**	**1**	**0**	**31**	**23**
2,620	**−21**	**296**	**115**	**0**	**0**	**2,780**	**1,892**

Annex II
Shareholdings of BSH Bosch und Siemens Hausgeräte GmbH as of December 31, 2012

	Shareholding (%)
Companies included in the consolidated financial statements as specified by IAS 27.12	
Germany	
Constructa-Neff Vertriebs-GmbH, Munich	50
Neff GmbH, Munich [1]	100
BSH Hausgeräte Service GmbH, Munich	100
BSH Hausgerätewerk Nauen GmbH, Nauen [1]	100
BSH Hausgeräte Service Nauen GmbH, Nauen [1]	100
Gaggenau Hausgeräte GmbH, Munich	100
BSH Vermögensverwaltungs-GmbH, Munich	100
BSH Hausgeräte Vertriebs GmbH, Munich	100
Europe	
BSH Home Appliances S.A., Brussels	100
BSH Domakinski Uredi Bulgaria EOOD, Sofia	100
BSH Hvidevarer A/S, Ballerup	100
BSH Kodinkoneet Oy, Helsinki	100
BSH Electroménager S.A.S., Saint Ouen	100
Gaggenau Industrie S.A.S., Lipsheim	100
BSH Ikiakes Syskeves A.B.E., Athens	100
BSH Home Appliances Limited, Milton Keynes	100
BSH Elettrodomestici S.p.A., Milan	100
BSH kucanski uredaji d.o.o. za usluge, Zagreb	100
BSH electroménagers S.A., Senningerberg	100
BSH Huishoudapparaten B.V., Amsterdam	100
BSH Husholdningsapparater A/S, Oslo	100
BSH Hausgeräte Gesellschaft mbH, Vienna	100
BSH Finance and Holding GmbH, Vienna	100
BSH Sprzet Gospodarstwa Domowego Sp.z o.o., Warsaw	100
BSHP Electrodomésticos, S.U., Lda., Carnaxide	100
BSH Electrocasnice S.R.L., Bucharest	100
OOO BSH Bytowaja Technika, Moscow	100
OOO BSH Bytovye Pribory, St. Petersburg	100
BSH Home Appliances AB, Stockholm	100
BSH Hausgeräte AG, Geroldswil	100
BSH KUCNI APARATI d.o.o.Beograd, Beograd	100
BSH Drives and Pumps s.r.o., Michalovce	100
BSH Hišni Aparati d.o.o., Nazarje	100
BSH Electrodomésticos España, S.A., Huarte	100
BSH domácí spotřebiče s.r.o., Prague	100
BSH Ev Aletleri Sanayi ve Ticaret A.Ş., Istanbul	99.28
TOV BSH Pobutova Technika, Kiev	100
BSH Háztartási Készülék Kereskedelmi Kft., Budapest	100
North America	
BSH Home Appliances Ltd./Électroménagers BSH Ltée, Mississauga	100
BSH Home Appliance Corporation, Irvine/New Bern	100
South America	
BSH Electrodomésticos S.A., Buenos Aires	100
BSH Participações Ltda., São Paulo	100
BSH Electrodomésticos S.A.C., Callao-Lima	100
Briky S.A., Montevideo	100
Asia/Oceania	
BSH Home Appliances Pty. Ltd., Heatherton, Victoria	100
BSH Home Appliances Holding (China) Co., Ltd., Nanjing	100
BSH Home Appliances Co., Ltd., Chuzhou	100
BSH Home Appliances Service Jiangsu Co., Ltd., Nanjing	100
BSH Home Appliances (China) Co., Ltd., Nanjing	100
BSH Electrical Appliances (Jiangsu) Co., Ltd., Nanjing	100
BSH Electrical Appliances (Anhui) Co., Ltd., Chuzhou	100
BSW Household Appliances Co., Ltd., Wuxi	100
BSH Home Appliances Ltd., Hong Kong	100
BSH Home Appliances Private Limited, Mumbai	100
BSH Household Appliances Manufacturing Private Limited, Mumbai	100
PT BSH Home Appliances, West Jakarta	100
BSH Home Appliances Ltd., Tel Aviv	100
BSH Home Appliances Sdn. Bhd., Kuala Lumpur	100
BSH Home Appliances Ltd., Auckland	100
BSH Home Appliances Saudi Arabia LLC, Jeddah	51
BSH Home Appliances Pte. Ltd., Singapore	100
BSH Home Appliances Limited, Yongin	100
BSH Home Appliances Private Limited, Taipei	100
BSH Home Appliances Ltd., Bangkok	100
BSH Home Appliances Manufacturing Ltd., Kabinburi	100
BSH Home Appliances FZE, Dubai	100
BSH Home Appliances Trading LLC, Dubai	100
Africa	
BSH Electroménagers (SA), Casablanca	100
BSH Home Appliances (Pty) Ltd., Johannesburg	100
Companies included in the consolidated financial statements in accordance with IAS 27.13 (b)	
Robert Bosch Hausgeräte GmbH, Munich	–
Siemens-Electrogeräte GmbH, Munich	–
Constructa GmbH, Munich	–
Companies not included in the consolidated financial statements as specified in IAS 27.13	
BSH Bosch und Siemens Hausgeräte Altersfürsorge GmbH, Munich	100
Companies not included in the consolidated financial statements due to immateriality	
BSH I.D. Invalidska družba d.o.o., Nazarje	100
BSH Home Appliances Sarl, Tunis	100
Plus two subsidiaries without business operations	
Profilo Elektrogeräte-Vertriebsgesellschaft mbH, Munich	100
BSH Home Appliances Trading Co., Ltd., Shanghai	100

[1] These companies make use in part of the exemption under section 264 (3) HGB.

| Independent Auditors' Report

We have audited the consolidated financial statements prepared by BSH Bosch und Siemens Hausgeräte GmbH, Munich, comprising the balance sheet, the income statement and statement of comprehensive income, the cash flow statement, the statement of changes in equity and the Notes to the consolidated financial statements, and management report for the business year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and group management report according to the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to § 315a (1) HGB (German Commercial Code) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of BSH Bosch und Siemens Hausgeräte GmbH, Munich, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Munich, March 20, 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Prof. Dr. Plendl)	(Prosig)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Focusing on the Customer. Delivering Benefit. Aiming for Sustainability.

A consistent customer orientation is what has made BSH Bosch und Siemens Hausgeräte GmbH a success. Whether our customers are gourmets or design enthusiasts, whether they love technology or are passionate about the environment – we offer them sophisticated solutions based on forward-looking technology, outstanding design, excellent service and super-efficient home appliances. Many of our customers opt for our products because they want to help protect the climate and contribute to a viable future. Environmentally compatible, responsible operation has become an integral part of our business success. Our Annual Report and Sustainability Report show how we create benefit for our customers, the environment and society in general, and thereby ensure our own success.

Both reports are available on our website as PDF files, the Annual Report also as e-paper document:
http://publications.bsh-group.com

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The Annual Report and the following further publications are available in German and English:
- Sustainability Report 2012
- BSH at a Glance 2013

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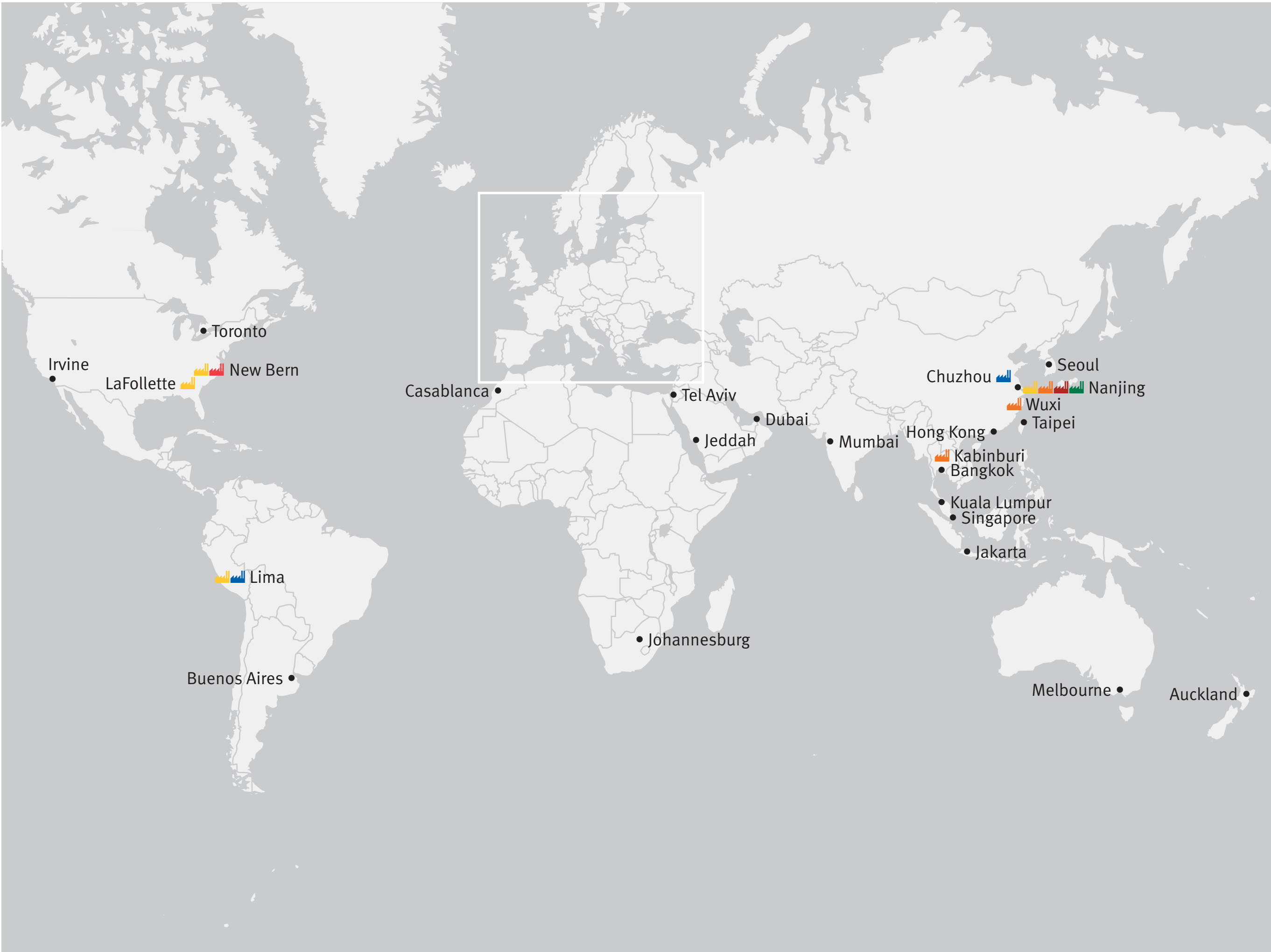
Summary of Past Performance

BSH Bosch und Siemens Hausgeräte GmbH (Group)

in EUR million	2012	2011	2010	2009	2008	2007	2006	2005
Revenue	**9,800**	9,654	9,073	8,405	8,758	8,818	8,308	7,340
Year-to-year change (%)	1.5	6.4	7.9	– 4.0	– 0.7	6.1	13.2	7.2
Percentage of international revenue (%)	78.1	78.6	79.0	78.1	79.9	80.5	78.1	78.4
Employees*	**46.9**	45.6	42.8	39.6	40.3	39.0	38.0	35.5
(in thousands at 01.01. of the following year)								
Personnel expenses	**2,043**	1,893	1,807	1,688	1,646	1,663	1,480	1,411
Research and development expenses	**326**	298	277	261	258	254	231	180
As percentage of revenue	3.3	3.1	3.1	3.1	2.9	2.9	2.8	2.5
Capital expenditure on property, plant and equipment and intangible assets**	**421**	453	403	294	382	378	358	333
As percentage of revenue	4.3	4.7	4.4	3.5	4.4	4.3	4.3	4.5
Depreciation, amortization and impairment on property, plant and equipment and intangible assets**	**326**	296	298	320	299	257	281	223
As percentage of capital expenditure	77.4	65.3	73.9	108.8	78.3	68.0	78.5	67.0
Total assets	**7,865**	7,435	6,901	6,443	6,173	6,276	5,950	5,325
Property, plant and equipment, intangible assets and non-current financial assets	**2,911**	2,655	2,688	2,496	2,349	2,374	2,259	1,957
Inventories	**1,235**	1,305	1,226	1,032	1,074	1,103	1,019	828
Trade accounts receivable and other current assets	**2,773**	2,691	2,199	1,954	2,031	2,053	2,052	1,655
Equity	**2,579**	2,409	2,408	2,535	2,396	2,372	2,057	1,859
As percentage of total equity and liabilities	32.8	32.4	34.9	39.3	38.8	37.8	34.6	34.9
Provisions	**1,980**	1,760	1,857	1,702	1,593	1,673	1,709	1,581
EBITDA	**1,009**	943	1,052	905	867	949	868	768
EBIT	**683**	647	754	585	568	692	587	542
Profit before tax	**616**	538	691	517	510	637	542	500
Consolidated net profit	**466**	373	465	324	311	411	372	386

* Since 2012, this figure also includes employees in temporary employment relationships with terms of less than three months.
** Excluding goodwill

| BSH Worldwide



Corporate headquarters
Subsidiaries/Sites

Plants:
Cooking
Refrigeration/Freezing
Dishwashing
Laundry/Drying
Consumer Products
Motors, Pumps


Oslo
Stockholm
Helsinki
St. Petersburg
Moscow
Ballerup
Milton Keynes
Amsterdam
Nauen
Berlin
Warsaw
Łódź
Brussels
Kiev
Bad Neustadt
Prague
Luxembourg
Bretten
Giengen
Regensburg
Michalovce
Paris
Lipsheim
Dillingen
Munich
Vienna
Traunreut
Budapest
Geroldswil
Nazarje
Zagreb
Milan
Belgrade
Bucharest
Santander
Sofia
Vitoria
Huarte
Estella
Esquiroz
Zaragoza
La Cartuja
Çerkezköy
Istanbul
Montañana
Lisbon
Athens