

2016

**Unaudited
Consolidated
Financial Statements**

January - June 2016

Gorenje Group and the parent company Gorenje, d.d., prepared pursuant to International Financial Reporting Standards (IFRSs)

Management Board of Gorenje, d. d.
Velenje, August 2016

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PERFORMANCE HIGHLIGHTS OF THE GORENJE GROUP

CORE FINANCIAL INDICATORS FOR Q2 2016

- **Sound business operations** recorded in the first quarter of 2016 **continued also in the second quarter of 2016.**
- **EUR 295.8m** of revenue was generated, showing an increase of 2.1% over the Q2 2015 balance.
- Revenue generated by the core activity **Home** was recorded at **EUR 256.7m** (3.2% more than in Q2 2015) and is in line **with the projected dynamics** in revenue.
- **EBITDA was EUR 21.7m** and shows a 21.6% increase over the previous year's result. EBITDA margin of 7.4% grew by 1.2 p.p. if compared to the second quarter of 2015 (or by 0.9 p.p. over the Q1 2016 balance).
- **EBIT was recorded at EUR 9.9m** indicating an increase of 58.7% over the Q2 2015 balance. EBIT margin grew to 3.4%, which is 1.2 p.p. more than in the same period in 2015.
- **Operations in Q2 2016 were marked by successful operations of the Home core activity as a result of:**
 - **further growth in sales** of both **large** as well as **small household appliances**,
 - achieved **favourable geographical sales structure**; higher sales in markets of **Benelux and East Europe**,
 - achieved **favourable sales structure of brands**; higher sales recorded by brands **Asko and Atag brands, Pelgrim and Etna**,
 - achieved **favourable product sales structure**; further enhanced sales of **premium appliances (3.2 percent** growth in terms of volume), **innovative appliances (14.7 percent** growth in terms of quantity), **cooking appliances (6.3 percent** growth in terms of quantity), **freezers and refrigerators (8.0 percent** growth in terms of quantity) and **dishwashers (12.9 percent** growth in terms of quantity),
 - **well-managed costs of material and raw materials, logistics**, repairs in the warranty period, and employee benefits expense,
 - good management of currency risks.
- We have continued with **increasing investments in development** in the second quarter of 2016. **Development-related investments** amounted in Q2 2016 to **EUR 9.18m** or a **3.1 percent share of Group's revenue** (increase of 0.17 p.p. over the Q2 2015). **Investments in the marketing amounted to EUR 5.49m** or **1.9 percent share of revenue** generated by the Group (indicating an increase of 0.03 p.p. relative to the Q2 2015 balance).
- The negative result in financing activities recorded at EUR 6.9m improved by **EUR 4.0m** if compared to the previous year's same period. This negative financing result is primarily attributable to **interest expenses that declined by 14.3% over** the Q2 2015 balance. We recorded **exchange gains in the amount of EUR 71k** at the Group level in Q2 2016, which shows an improvement of EUR 5.3m if compared to Q2 2015.
- Group recorded in the second quarter **profit of EUR 1.5m** showing an improvement over the Q2 2015 balance, when we incurred a loss of EUR 4.8m. The Group generates and records profit for the past three consecutive quarters.

- **If compared to the same period in 2015, we have improved the rate between the net financial debt and EBITDA by 0.6.**

CORE FINANCIAL INDICATORS FOR THE H1 2016

- We have generated EUR 581.3m of revenue indicating an improvement of 4.2% over the H1 2015 balance.
- Revenue generated account for 48.4% of revenue planned on an annual basis. With respect to the fact that the sales process of certain Ecology-related companies was not yet completed in the first half-year, the planned revenue were generated at 45.3%, which is in compliance with the annual plan's general dynamics.
- Revenue generated by the core activity Home was recorded at EUR 499.5m (5.6% more than in H1 2015).
- Without the impact of exchange rate fluctuations, the Home's organic growth in revenue amounted to 8.0% if compared to the first half-year of 2015.
- EBITDA was EUR 40.2m and shows a 19.5% increase over the first half-year of 2015. EBITDA margin at 6.9% was higher by 0.9 p.p. we have generated 47.4% of the planned EBITDA in the first half-year of 2016. With respect to the fact that the sales process of certain Ecology-related companies was not yet completed in the first half-year, the planned EBITDA was generated at 44.0%.
- EBIT was recorded at EUR 16.7m indicating a 55.9 percent increase, while EBIT margin grew to 2.9%, which is 1.0 p.p. more than in H1 2015. 44.4% of the planned EBIT was generated in the first half-year. With respect to the fact that the sales process of certain Ecology-related companies was not yet completed in the first half-year, the planned EBIT was generated at 41.0%.
- In the first half-year of 2016, **EUR 18.0m was invested in development and equals a 3.1 percent share in Group's revenue** (increase by 0.15 p.p. if compared to H1 2015). **Investments in the marketing amounted to EUR 11.4m or 2.0 percent share of revenue** generated by the Group (indicating an increase of 0.3 p.p. relative to the H1 2015 balance).
- The negative result from financing activities recorded at EUR 12.0m improved by **EUR 4m** if compared to the previous year's same period. This result is primarily attributable to **interest expenses that declined by 12.1% over the H1 2015 balance**. We recorded **exchange gains in the amount of EUR 1.4m** on the Group level in the first half-year of 2016, which shows an improvement of EUR 6.2m if compared to H1 2015.
- Group generated a profit of EUR 2.1m in the first half-year of 2016.
- **The net financial debt at EUR 411.4m remained at the comparable level of 2015. If compared to H1 2015, we have improved the rate between the net financial debt and EBITDA by 0.6 primarily due to the improved efficiency.**

Unaudited Consolidated Financial Statements
January - June 2016

EURm	Q2 2015	Q2 2016	Index	H1 2015	H1 2016	Index	Plan 2016*	H1 2016/ Plan 2016
Revenue	289.8	295.8	102.1	557.8	581.3	104.2	1.201.0	48.4
EBITDA	17.9	21.7	121.6	33.7	40.2	119.5	84.9	47.4
<i>EBITDA margin (%)</i>	6.2%	7.4%	/	6.0%	6.9%	/	7.1%	/
EBIT	6.3	9.9	158.7	10.7	16.7	155.9	37.6	44.4
<i>EBIT margin (%)</i>	2.2%	3.4%	/	1.9%	2.9%	/	3.1%	/
Profit or loss before tax	-4.6	3.0	/	-5.3	4.6	/	11.2	41.3
Profit or loss for the period	-4.8	1.5	/	-6.9	2.1	/	7.6	27.4
<i>ROS (%)</i>	-1.7%	0.5%	/	-1.2%	0.4%	/	0.6%	/
Net financial debt¹	408.3	411.4	100.7	408.3	411.4	100.4	319.0	129.0
Net financial debt / EBITDA	5.3	4.7	/	5.3	4.7	/	3.8	/

**Business Plan 2016 is exclusive of the companies of the Ecology segment, which were subject to divestment (Gorenje Surovina d.o.o., Maribor, Kemis-BH, d.o.o., BiH, Kemis Valjevo d.o.o., Serbia, Cleaning System S, d.o.o., Serbia, PUBLICUS, d.o.o., Ljubljana, EKOGOR, d.o.o., Jesenice).*

¹ Financial debt - cash

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board is responsible for the preparation of the half-yearly report of Gorenje, d.d., and the Gorenje Group, as well as the financial statements, in a manner providing the public with a true and fair presentation of the financial position and the results of operations of Gorenje, d.d., and its subsidiaries in the first half-year of 2016.

The Management Board confirms that the financial statements of Gorenje, d.d., and the Gorenje Group have been prepared **in conformity with applicable accounting policies, that the accounting estimates have been prepared under the principles of prudence and due diligence, and that the financial statements of the Company and the Group give a true and fair view of their financial position and the results of their operations in the first half-year of 2016.**

The Management Board is also responsible for adequate and orderly accounting and the adoption of appropriate measures for safeguarding property and other assets, and confirms that the **financial statements of Gorenje, d.d., and the Gorenje Group, together with the accompanying notes, have been prepared under the assumption of going concern and in compliance with applicable legislation and the International Financial Reporting Standards as adopted by the European Union.**

The Management Board confirms that, to the best of its knowledge, the **half-yearly accounting report has been prepared in compliance with the accounting reporting framework, and that it gives a true and fair view of the assets and liabilities, financial position, and the profit or loss of the controlling company and other companies included in the consolidation of the Gorenje Group.**

The president and members of the Management Board of Gorenje, d.d., are **familiar with the contents of integral parts of the half-yearly report of Gorenje, d.d., and the Gorenje Group for 2016, and thus also with the entire half-yearly report. We agree with the report hereof, and confirm this with our signatures.**

Management Board members

Franc Bobinac, President of the
Management Board



Peter Groznik, PhD, Member of the
Management Board



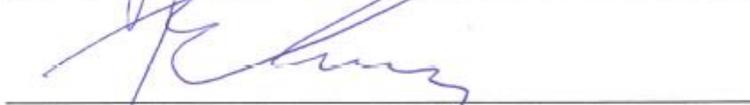
Branko Apat, Member of the
Management Board



Peter Kukovica, PhD, Member of the
Management Board



Drago Bahun, Member of the
Management Board



MANAGEMENT REPORT

OPERATING PERFORMANCE OF THE GORENJE GROUP

EURm	Q2 2015	Q2 2016	Index	H1 2015	H1 2016	Index
Revenue	289.8	295.8	102.1	557.8	581.3	104.2
CM ²	123.4	131.6	106.6	241.6	251.6	104.1
CM (%)	42.6%	44.5%	/	43.3%	43.3%	/
EBIT	6.3	9.9	158.7	10.7	16.7	155.9
EBIT margin (%)	2.2%	3.4%	/	1.9%	2.9%	/
Profit or loss for the period	-4.8	1.5	/	-6.9	2.1	/
ROS (%)	-1.7%	0.5%	/	-1.2%	0.4%	/

The Group generated EUR 581.3m of **revenue**, indicating an increase of 4.2% over the H1 2015 balance. The Home core activity recorded a 5.6 percent increase in revenue. **Without the impact of exchange rate fluctuations, the Home core activity would record an 8.0 percent organic growth in revenue.**

The generated contribution margin in the amount of EUR 251.6m was improved based on:

- **higher sales by the Home** core activity,
- favourable **geographical sales structure** of the Home core activity; the largest sales growth was recorded on the markets of:
 - **Eastern Europe (10.6 percent growth, 15.4 percent organic growth),**
 - Western Europe, primarily in **Benelux (5.1 percent growth), where higher contribution margins are achieved,**
- favourable **sales structure of brands**, where we have increased primarily the sale of brands **Asko (7.9 percent growth) and Atag, Pelgrim and Etna brands (5.1 percent growth); growth was also recorded by the sale of Gorenje brand,**
- favourable **product sales structure**; enhancing the sales of **premium appliances (7.2 percent growth** in terms of volume), **innovative appliances (20.5 percent growth** in terms of volume), **cooking appliances (7.9 percent growth** in terms of volume), **dishwashers (18.7 percent growth** in terms of volume); the sale of **small household appliances** generated a **25.5 percent growth** in revenue; the stated product groups of appliances are significant in view of the achieved contribution levels, and
- **well-managed input prices of material and raw materials.**

² Contribution margin at the level of difference between revenue and cost of goods and material.

Foreign currency fluctuations significantly affected revenue mostly in Eastern Europe, partly also on markets outside Europe. Without considering other categories (i.e. exchange rate hedging, adjusting prices on markets, product structures, etc.), the impact of foreign currency fluctuations on the Group's organic growth in revenue of the Home core activity on key markets was as follows:

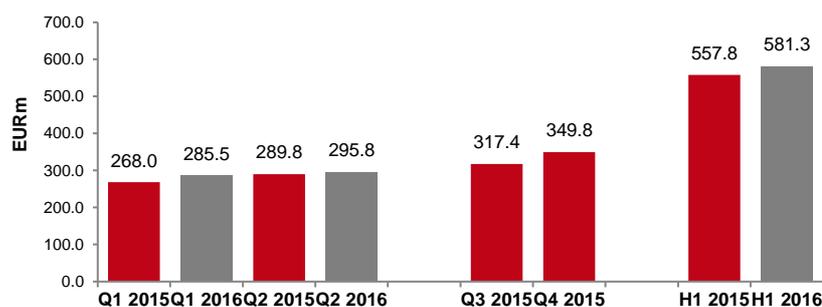
Foreign currency fluctuations and impact on organic growth of revenue generated by the Home core activity

Home EURm	Actual revenue H1 2015	Actual revenue H1 2016	Actual revenue H1 2016 valued at exchange rate H1 2015	Impact of currency on revenue	Actual growth (%)	Organic growth (%)
West	219.5	225.5	225.8	-0.3	+2.7	+2.9
East	201.7	223.2	232.6	-9.4	+10.6	+15.4
Other	51.6	50.8	52.3	-1.5	-1.6	+1.3
TOTAL	472.8	499.5	510.7	-11.2	+5.6	+8.0

The Group applies a centralised policy of exchange rate hedging within the policy of its **currency risk management**. The Group is exposed to changes in local currencies against the euro, which is the Group's main functional currency. This exposure is measured and managed in connection with cash flows planned in the annual period, and the revaluation of balance sheet items expressed in local currencies. The fundamental goal of currency risk management lies in hedging against the business plan's exposure by minimising the adverse impact of exchange rate fluctuations on the Group's net profit or loss and cash flows. In order to hedge against currency risks, we primarily apply the balancing of cash flows and the balance sheet items and entering into derivatives (particularly forward exchange contracts) for the currencies to which the Group is exposed.

SALES

Revenue of the Gorenje Group



- With respect to the result recorded in H1 2015, **a growth in revenue was recorded by all Group's regions of Eastern and Western Europe** in the first half-year of 2016. As for the markets of other world regions, a 1.6 percent decline in revenue was recorded. If **exchange rate fluctuations** would be eliminated, markets of other world regions would achieve a **1.3 percent organic growth**. In addition to **exchange rate fluctuation**, the decline in sales by markets of other world regions is attributable to **changed dynamics in the offtake of industrial partners** from Northern America and **lower sales on the markets of Near and Far East** (mostly Saudi Arabia). We plan to regain comparable sales in the second half-year of 2016.

Revenue by geographical segment

EURm	Q2 2015	%	Q2 2016	%	Change (%)	H1 2015	%	H1 2016	%	Change (%)
Western Europe	113.0	39.0	113.0	38.2	+0.0	224.7	40.3	232.0	39.9	+3.2
Eastern Europe	145.7	50.3	155.1	52.4	+6.4	281.4	50.4	298.4	51.3	+6.0
Other	31.1	10.7	27.7	9.4	-10.9	51.7	9.3	50.9	8.8	-1.4
Total Group	289.8	100.0	295.8	100.0	+2.1	557.8	100.0	581.3	100.0	+4.2
Western Europe	109.9	44.2	110.0	42.8	+0.1	219.5	46.4	225.5	45.1	+2.7
Eastern Europe	107.8	43.3	119.1	46.4	+10.5	201.7	42.7	223.2	44.7	+10.6
Other	31.1	12.5	27.6	10.8	-11.2	51.6	10.9	50.8	10.2	-1.6
Total Home	248.8	100.0	256.7	100.0	+3.2	472.8	100.0	499.5	100.0	+5.6

- **Western Europe** includes Austria, Germany, Italy, France, Denmark, Sweden, Belgium, Finland, Great Britain, Greece, Norway, the Netherlands, Spain, Switzerland, Ireland, Luxembourg, Malta, Portugal;
- **Eastern Europe** includes Ukraine, Russia, Macedonia, Croatia, Serbia, Montenegro, Albania, Bosnia and Herzegovina, Belarus, Kosovo, Moldova, Latvia, Lithuania, Estonia, Slovenia, Czech Republic, Hungary, Poland, Bulgaria, Romania, Slovakia;
- **Other** refers to all other countries outside of Europe.

DEVELOPMENT AND NEW PRODUCTS

- Pursuant to the Group's strategic goal, we have **increased investments in product development to 3.1% in the Group's revenue** (0.15 p.p. more than in the same period in 2015).
- Key innovations that were launched in the first half-year of 2016:
 - the upgraded **built-in undercounter refrigerators (600 mm)**,
 - the **10 kg washing machine** for the strategic partner Panasonic,
 - **Asko Craft premium built-in ovens** programme,
 - the new **programme of mid-price range dishwashers**.

MARKETS OF THE CORE ACTIVITY HOME

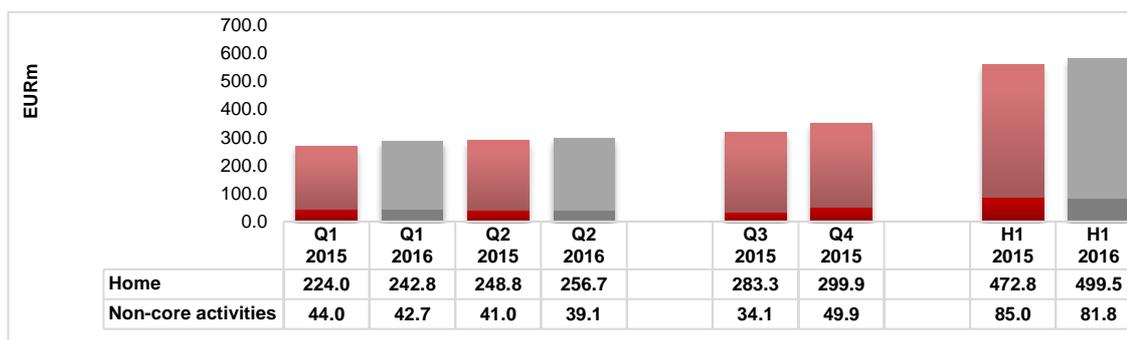
- In view of sales generated in H1 2015, the core activity Home **recorded higher sales** in all geographical regions in H1 2016, except in the markets of other world regions.
- Sales growth was recorded on individual markets of **Eastern Europe i.e. Slovenia, Hungary, Slovakia, the Czech Republic, Romania, Bulgaria, Croatia, Montenegro and Macedonia**.
- A significant growth was achieved also on the markets of **Russia and Ukraine (by more than 25%)** and thereby strengthened the market position.
- As for **Western Europe**, sales growth was recorded on the **markets of Benelux**, mostly in the **Netherlands** where our market share is growing. If compared to the same period in 2015, **sales increased in Germany and Great Britain**. Lower sales are still recorded in **Scandinavia and France (Gorenje brand)**.
- By the sales **outside Europe**, we **diminish the dependency on European markets and improve our sales structure** (increasing the share of premium appliances, premium brands). In the first six months of 2016, sales on the markets outside of Europe declined by 1.6%. In addition to **exchange rate fluctuations**, the relevant decrease in sales on the markets of other world regions is attributable also to the **changed dynamics in the offtake of industrial partners and lower sales on the markets of Near and Far East** (mostly Saudi Arabia). We plan to regain

comparable sales in the second half-year of 2016. Essential growth was recorded in **Northern America, Caucasus, Asia and Brazil**. An equal volume of sales was achieved on markets of **Australia**. The sales structure of the Home core activity **outside Europe represented a 10.2 percent share** (0.7 p.p. less than in the same period in 2015).

- Higher revenue from sales of **Asko premium appliance increases the overall sales of the premium segment**. Sales of **Asko brand appliances** accounted within the Core activity Home's sales structure a **10.3% share (+0.2 p.p. over the H1 2015 balance)**. Higher sales of Asko brand was achieved on the markets of Scandinavia, France, America, Russia and Asia.
- As for sales of **small household appliances³**, the sales recorded a **25.5 percent growth in revenue**. The sale of small household appliances accounted within the Home's sales structure a **share of 3.0% (+0.5 p.p. over H1 2015)**. Growth was recorded on markets of **Russia, Ukraine, Slovenia, Slovakia, Poland, Hungary, Croatia, Bosnia and Herzegovina, Macedonia and Bulgaria**.
- Sales of innovative⁴ appliances increased by 14.7%**; consequently, the share of these appliances within the total sales structure rose to **9.9% (+1.1 p.p. with respect to the same period in 2015)**. Growth of more than 7% was achieved also within the sale of **premium⁵ appliances** whose share within the Home's sales structure is recorded at 16.5%.

SALES BY GORENJE GROUP'S ACTIVITIES

Revenue by activities



EUR 499.5m of revenue was generated by the **Home core activity**, which presents 5.6 percent growth, compared to the same period in 2015.

If the impact of exchange rate fluctuations is not taken into account, the Home activity would generate an organic growth in revenue of 8.0%.

EUR 81.8m of revenue was generated by the **Non-core activities**, which is 3.7% or EUR 3.1m less if compared to the same period in 2015. The decline in revenue is the result of lower sales generated within the Ecology segment due to lower prices of secondary (waste) raw material on the market if compared to the H1 2015 balance. The changed dynamics resulted in lower revenue in the area of tool and machine manufacture. Higher revenue were

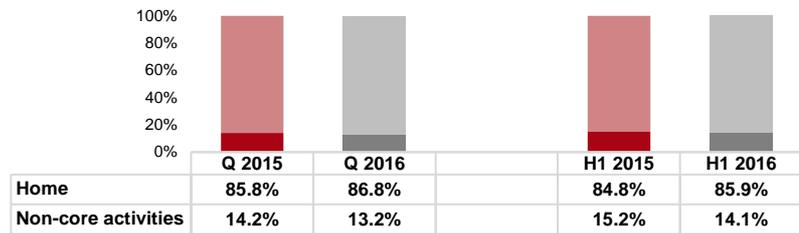
³ Since 1 January 2016, free-standing microwaves are classified among large household appliances. Consequently, the sales share of small household appliances within the total structure is lower than in previous years.

⁴ Innovative appliances: appliances within individual group of products with the so-called »innovative functionalities« are more energy efficient (efficient storage, lower energy and water consumption).

⁵ Premium appliances: Atag and Asko brands, appliances from the Gorenje Design lines (Gorenje Simplicity, Gorenje Ora Ito, Gorenje Pininfarina, Gorenje Classico, Gorenje One, Gorenje Karim Rashid, Gorenje Color edition, Gorenje +, Gorenje Retro, and Gorenje by Starck).

generated through the sale of coal, expansion of the catering activity and the sale of ceramics.

Structure of Group's revenue by activity



The achieved **revenue structure by activity** indicates that the Home core activity generated 85.9% of Group's total revenue (+1.1 p.p.). The change in the share is the result of a faster growth in revenue generated by the Home activity, as well as through Non-core activities.

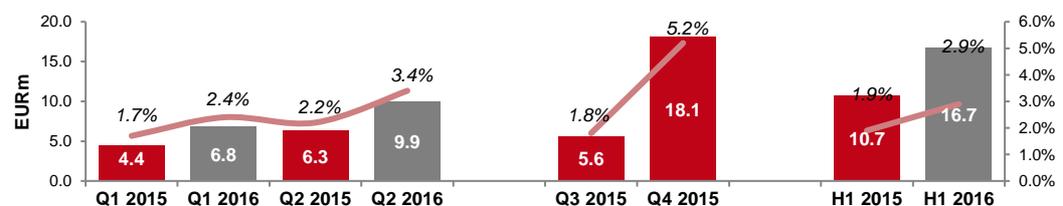
PROFITABILITY OF THE GORENJE GROUP

Movement of Group's profitability at the EBIT level

EURm	Development
EBIT January-June 2015	10.7
Contribution margin at the level of cost of goods and material	10.0
Cost of services	-1.7
Employee benefits expense	-3.7
Amortisation and depreciation expense	-0.6
Other operating expenses	-0.3
Other operating income	2.3
EBIT January-June 2016	16.7

- **Earnings before interest and taxes (EBIT):** we achieved an EBIT of EUR 16.7m. With respect to H1 2015, the EBIT was higher by EUR 6.0m or 55.9%, which is primarily attributable to the **higher contribution margin at the level of cost of goods and material** (i.e. higher sales volume, favourable geographical sales structure, favourable sales structure of brands and product groups). Higher costs of services are attributable to higher investments made in the marketing, which support higher sales activities.

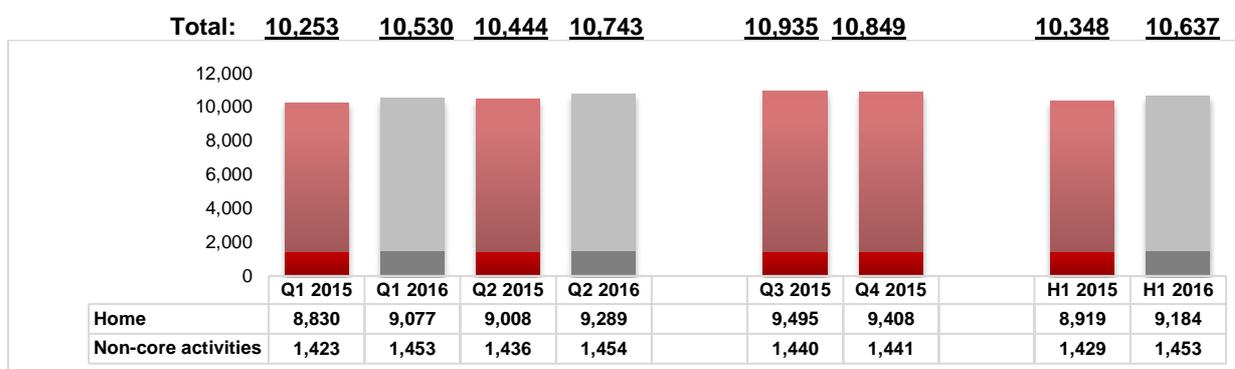
EBIT and EBIT margin



COST MANAGEMENT

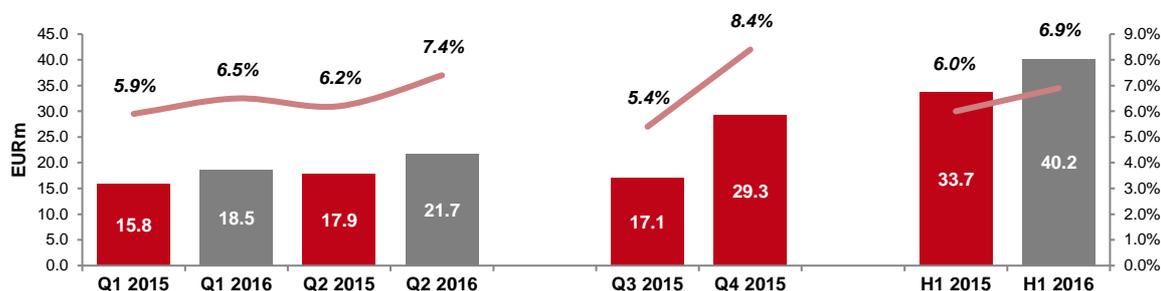
- By means of successful work in the field of supply and production based on:
 - **curbing the purchase prices of material and raw materials**, by new negotiations with suppliers in the first half-year of 2016,
 - **prior favourable lease** of certain strategic raw materials (e.g. **sheet metal, plastics, etc.**),
 - **activities related to optimising the use of material** in direct production, and
 - **supply with components** from the best competitive countries,
 we have successfully **adjusted the costs of material and raw materials** with respect to the volume of sales and production and thereby generated important savings. The latter is attributable also to activities related to **optimising the supply chain**.
- **Costs of services increased by 1.8% or EUR 1.7m in comparison to H1 2015**. We have increased **investments in marketing by 18.2%** and thereby increased the **share of marketing costs within revenue to 2.0% (+0.3 p.p.)**. Based on **optimising the logistics, developing a new logistics model** for small household appliances, purchasing of material and raw material components, and **reducing retail price fuels**, we have increased the **costs of logistics by 4.3%**, which is in accordance with the growth in revenue. **Quality-related costs arising in connection with repairs in warranty periods have declined by EUR 0.25m if compared to the H1 2015 balance**, which is attributable to the improved quality of products. It should be emphasised that costs of services have with respect to revenue increased slower (by 2.4 p.p.).
- **Employee benefits expense increased by 3.3% or EUR 3.7m**. In addition to planned promotions and wage adjustments pursuant to provisions of the collective agreement, the employee benefits expense increased due to retirement benefits that were higher in the observed period if compared to H1 2015. Nonetheless, it is essential that the increase of employee benefits expense lags behind the growth in revenue, which is higher by 4.2%.
- **The Gorenje Group's average number of employees was 10,637** or 289 more than in the last year's same period. Most of new employments refer to the Home Core activity's manufacturing companies, where the average number of employees grew by 265 (mostly in Valjevo, Velenje and Stara Pazova due to higher production activities), whereby in the Home activity's trading companies the number of employees increased by 92 due to the changed business model in the retail studios in Eastern Europe (employment of staff that was previously employed via employment agencies) and the higher number of staff on the markets of Benelux. The number of employees in Non-core activities grew by 24 persons, primarily due to increased sales volume in the area of catering.

Average number of employees by activity



The Group recorded **earnings before interest, taxes, depreciation and amortisation (EBITDA)** of EUR 40.2m, which is EUR 6.6m or 19.5% more than in H1 2015.

EBITDA and EBITDA margin



The negative Group's **result from financing activities** at EUR 12.0m has improved over the H1 2015 balance by **EUR 4.0m**. The negative result from financing activities was impacted by **interest expenses that declined** over the same period in 2015 by **12.1%**. **Exchange gains** on the Group level were recorded at **EUR 1.4m** in H1 2016, showing an improvement of EUR 6.2m over the same period in 2015.

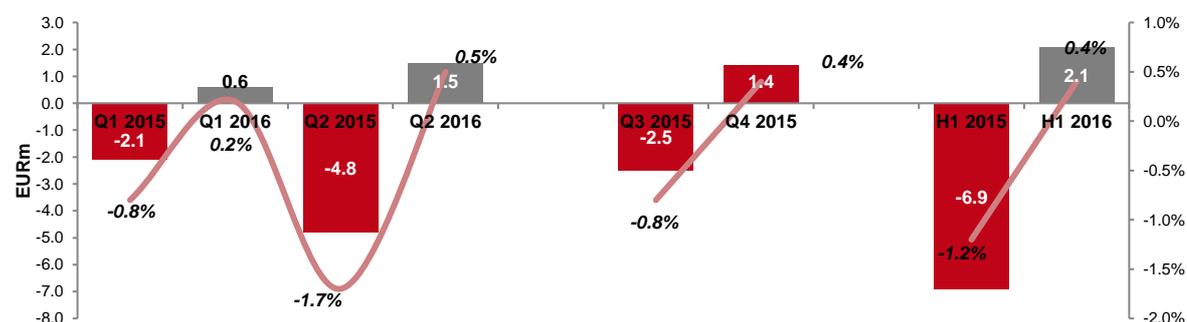
Income tax expense, disclosed at EUR 2.6m and higher by EUR 1.0m in comparison to H1 2015, includes current and deferred income tax.

Current tax refers to the tax that will be paid on profit for the period per individual Group companies. Deferred tax is disclosed upon the accounting of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for tax reporting purposes. Temporary differences, which generally have through deferred tax assets and liabilities the biggest impact on deferred taxes, are tax relief amounts that are disclosed in connection with investments, investments relating to research and development, and amounts of tax losses from previous periods, which largely refer to the parent company

OPERATING RESULT OF THE REPORTING PERIOD

Gorenje Group's **operating profit for the period** amounted to EUR 2.1m.

Operating profit for the period and ROS



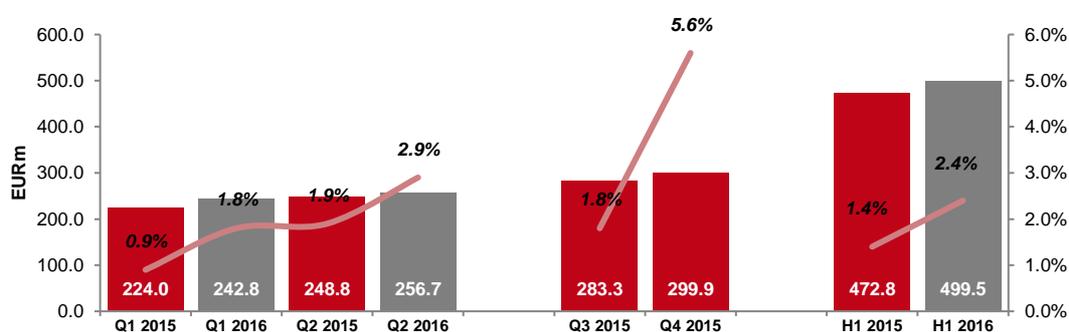
OPERATING PERFORMANCE BY ACTIVITY

Comments to the operating performance by individual activity are provided within the section Gorenje Group's operating performance.

CORE ACTIVITY HOME

EURm	Q2 2015	Q2 2016	Index	H1 2015	H1 2016	Index
Revenue	248.8	256.7	103.2	472.8	499.5	105.6
Contribution margin ⁶	103.5	109.6	105.9	201.5	209.5	104.0
Contribution margin (%)	41.6%	42.7%	/	42.6%	41.9%	/
EBIT	4.8	7.3	153.6	6.8	11.9	174.1
EBIT margin (%)	1.9%	2.9%	/	1.4%	2.4%	/

Revenue and the EBIT margin of the Core activity Home



Movement of profitability at the EBIT level

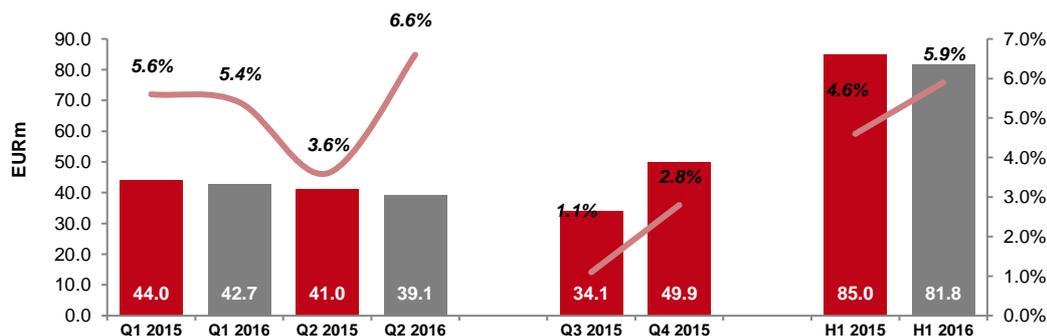
EURm	Development
EBIT January-June 2015	6.8
Contribution margin at the level of cost of goods and material	8.1
Cost of services	-1.1
Employee benefits expense	-3.5
Amortisation and depreciation expense	-0.5
Other operating expenses	-0.5
Other operating income	2.6
EBIT January-June 2016	11.9

⁶ Contribution margin at the level of difference between revenue and cost of goods and material.

NON-CORE ACTIVITIES

EURm	Q2 2015	Q2 2016	Index	H1 2015	H1 2016	Index
Revenue	41.0	39.1	95.3	85.0	81.8	96.3
Contribution margin ⁷	19.9	22.0	110.4	40.1	42.1	104.9
Contribution margin (%)	48.5%	56.2%	/	47.3%	51.5%	/
EBIT	1.5	2.6	175.4	3.9	4.8	124.1
EBIT margin (%)	3.6%	6.6%	/	4.6%	5.9%	/

Revenue and the EBIT margin of Non-core activities



Movement of profitability at the EBIT level

EURm	Development
EBIT January-June 2015	3.9
Contribution margin at the level of cost of goods and material	1.9
Cost of services	-0.6
Employee benefits expense	-0.2
Amortisation and depreciation expense	-0.1
Other operating expenses	0.2
Other operating income	-0.3
EBIT January-June 2016	4.8

⁷ Contribution margin at the level of difference between revenue and cost of goods and material.

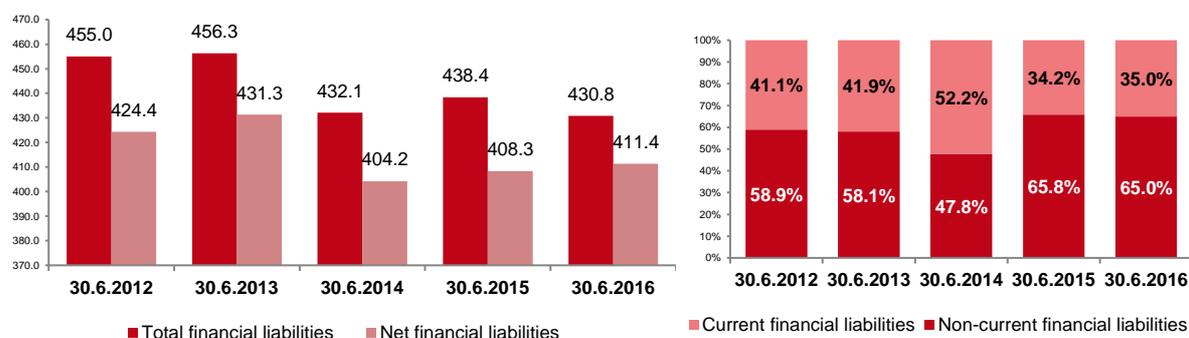
FINANCIAL OPERATIONS OF THE GORENJE GROUP

GROUP'S FINANCIAL PERFORMANCE

The primary source of the Group's liquidity for managing financial and other liabilities is provided through operative sales activities in the Home core activity and Non-core activities, and within these the free cash flow generated. The Group observes the policy of replacing currently due long-term financial sources by raising new long-term financial sources, based on which we strive to improve the relevant maturity structure. In addition, we are constantly renewing current loans or increasing them for the purpose of increasing the liquidity reserve.

In the second quarter of 2016, the Group repaid EUR 27.8m of currently due long-term borrowings. In May, the European Investment Bank (EIB) approved a borrowing to Gorenje, d. d. in the amount of EUR 50m. The EIB loan has a maturity of up to 7 years and will finance the Gorenje's 4-year research, development and innovation expenditure programme aimed at strengthening its innovative capacity by developing new domestic appliances and upgrading its existing product range. Half of the borrowing was not yet drawn.

Movement of total and net financial liabilities in H1 for the period 2012-2016 (EURm) and the maturity structure of financial liabilities



As at 30 June 2016, **total financial liabilities** amounted to EUR 430.8m, showing a decline of EUR 7.6m in comparison to the equivalent period in 2015. The movement of financial liabilities complies with the interim seasonal dynamics when most of the Group's negative cash flows from operating and investing activities are generated in the first six months of the financial year. As for the **maturity structure of financial liabilities**, 65.0% refer to non-current sources whereby the remaining stake represents current sources. Compared to the same period in 2015, the maturity structure worsened by 0.8 p.p.

As at 30 June 2016, **net financial liabilities** (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 411.4m and indicate an increase of EUR 3.1m over the same period in 2015.

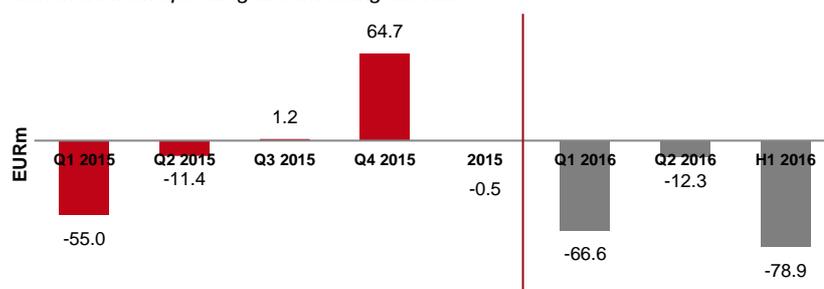
As at 30 June 2016, the Group disclosed a liquidity reserve in the amount of EUR 101.0m in form of approved but undrawn current and non-current borrowings in addition to bank balances, which may also be used to bridge payments on currently due liabilities.

Together with existing and new bank partners, the Group is engaged in activities to further servicing due financial liabilities and optimising the costs of financing, to an additional maintaining of the loans' maturity structure, and balancing the amount of the liquidity reserve. Results of these activities ensured sources of financing for servicing currently due long-term borrowings for 2016 and current balancing of cash flow requirements.

The Group incurred EUR 12.3m of negative cash flow from operating and investing activities in the second quarter of 2016, which is at the level of the previous year's comparable period.

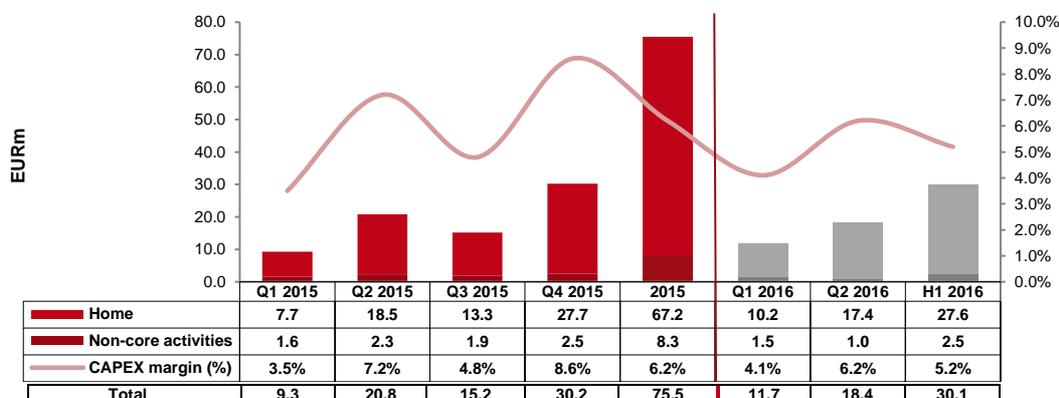
These dynamics are typical, as the Group generates most of its negative cash flows from operating and investing activities in the first six months of the year. The higher negative cash flow from operating and investing activities recorded in the first half-year is primarily attributable to the quite low balance of net working capital as at 31 December 2015, in particular trade receivables as a result of the additional launch of the permanent factoring in most of the countries.

Cash flows from operating and investing activities



Investments amounted to EUR 18.4m in Q2 2016 and indicate a decrease of EUR 2.3m over the same period in 2015. Investments in property, plant and equipment amounted to EUR 12.9m, the largest portion thereof in the amount of EUR 11.4m refers to investments in technological equipment, mostly for developing new products. The largest portion of investments made in Q2 2016 and recorded at EUR 17.4m refers to the Home Core activity. As for the total investments structure, EUR 5.5m relates to non-material investments which comprise capitalised costs of developing new products. Investments recorded by the Non-core activities amounted to EUR 1.0m in Q2 2016, and the largest portion thereof was invested in Ecology (EUR 0.6m).

Investments by business segment



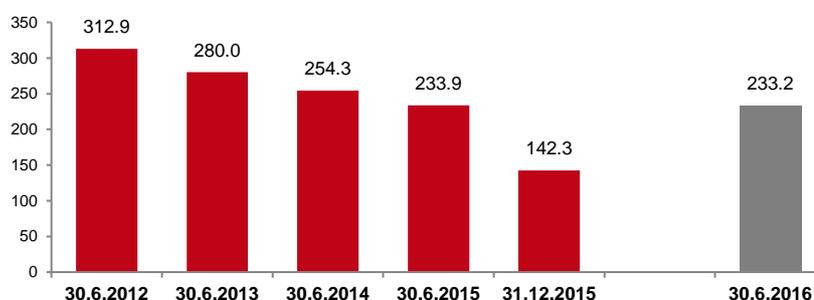
WORKING CAPITAL

As at 30 June 2016, Group's investments in net working capital⁸ amounted to EUR 233.2m and, compared to 31 December 2015 balance that is used as the basis for calculating the trends in cash flows from operating and investing activities for 2016, indicates an increase of EUR 90.9m. In comparison to H1 2015, the relevant investments slightly declined by EUR 0.7m.

Investments in net working capital

EURm	30 Jun 2012	30 Jun 2013	30 Jun 2014	30 Jun 2015	31 Dec 2015	30 Jun 2016
+ Inventories	255.0	267.5	256.0	248.8	225.9	245.7
+ Trade receivables	272.4	228.2	229.1	203.9	161.0	192.8
+ Other current assets	51.0	58.1	45.6	45.7	52.2	55.7
- Trade payables	-171.2	-183.3	-189.7	-177.6	-221.0	-171.2
- Other current liabilities	-94.3	-90.5	-86.7	-86.9	-75.8	-89.8
= Net working capital	312.9	280.0	254.3	233.9	142.3	233.2

Movement of net working capital in the 2012-2016 period (EURm)



As at 30 June 2016, **inventories** amounted to EUR 245.7m and show an increase over the 31 December 2015 balance by EUR 19.8m. However, they have declined by EUR 3.1m if compared to the last year's equivalent period. Inventory turnover amounted to 73 days, which is shorter by 3 days if compared to the H1 2015 balance.

As at 30 June 2016, **trade receivables** were recorded at EUR 192.8m and show an increase of EUR 31.8m if compared to the 31 December 2015 balance, which is used as the basis for calculating the trends in cash flow. If compared the H1 2015 balance, the trade receivables declined by EUR 11.1m. The average turnover of receivables was 55 days, which is 7 days shorter than the average turnover of receivables in the previous year's equivalent period.

Trade payables amounted to EUR 171.2m as at 30 June 2016 and indicate a decline of EUR 49.9m over the 31 December 2015 balance. With respect to the 30 June 2015 balance, trade payables were reduced by EUR 6.4m. Turnover of liabilities was 79 days or 2 days more than in the same period in 2015.

Certain financial risks have a significant impact on the Group's cash flow management

The Group pays ongoing special attention to managing **financial risks**, in particular an efficient **credit risk** management. Credit risk is balanced through

⁸ Net working capital = inventories + trade receivables + other current assets – trade payables – other current liabilities

regular control of credit limits approved by credit insurance companies, the appropriate collection of receivables, and regular communication with credit insurance companies and business partners. The Group has also launched the system of permanent recourse-free factoring, which is carried out when costs of such activities do not exceed the Group's average costs of financing. The balance of bad debts is reviewed and analysed on an on-going basis, and proper measures are implemented (e.g. collection, mortgage collections, suspension of supplies to customers with weak credit ratings, etc.). We have a strict set of rules on what is deemed suitable collateral for the sale of goods, and a defined level of the maximum possible exposure to individual companies, customers, etc.

Currency risks are primarily managed by natural cash flow balancing for each currency that, mostly in the case of companies, is impossible to be fully implemented. The Group systematically applies forward exchange contracts for most of the currencies that are not part of the euro zone in order to hedge against currency risk. In addition, we are seeking additional possibilities for increasing the scope of natural hedging. In the medium term, we hedge against currency risk by adjusting sales prices on an on-going basis, by applying cost optimisation and by means of increasing natural hedging on the purchase/sale side.

In the first half-year of 2016, the Group recorded exchange gains amounting to EUR 1.4m or an improvement of EUR 6.2m if compared to the same period in 2015.

We are managing the **risk of short-term liquidity** by means of approved revolving credit lines per Group companies, approved bank account overdrafts, and bank balances. As at the end of 30 June 2016, the undrawn part of current and non-current credit lines amounted to EUR 81.6m and bank balances to an additional EUR 19.4m.

**SUMMARY OF THE OPERATING PERFORMANCE OF GORENJE,
D. D.**

Operating performance of Gorenje, d. d.

EURm	Q2 2015	Q2 2016	Index	H1 2015	H1 2016	Index
Revenue	155.5	165.1	106.2	316.1	336.0	106.3
CM⁹	50.7	54.0	106.5	100.8	108.1	107.3
CM (%)	32.6%	32.7%	/	31.9%	32.2%	/
EBITDA	8.0	9.3	115.8	15.9	19.4	122.1
EBITDA margin (%)	5.1%	5.6%	/	5.0%	5.8%	/
EBIT	2.0	3.2	161.3	4.0	7.3	182.9
EBIT margin (%)	1.3%	1.9%	/	1.3%	2.2%	/
Profit or loss before tax	-3.7	0.0	/	-2.4	1.6	/
Profit or loss for the period	-3.6	-0.4	11.6	-2.4	0.9	/
ROS (%)	-2.3%	-0.3%	/	-0.8%	0.3%	/
ROA (%)	-1.5%	-0.2%	/	-0.5%	0.2%	/
ROE (%)	-3.9%	-0.5%	/	-1.3%	0.5%	/
Employee / end of period	4,052	4,187	103.3	4,052	4,187	103.3
Employee / average	4,052	4,134	102.0	4,065	4,132	101.6

Revenue generated by the parent company amounted to EUR 336.0m in the first six months of 2016 and show an increase over the H1 2015 balance by EUR 19.9m or 6.3%.

Revenue generated through the Home Core activity within the parent company amounted to EUR 313.3m and show an increase of 7.0% over the H1 2015 balance, which is primarily the result of higher sales of home appliances via dealers (by 16.8%), which includes also the supplementary and Mora programme, as well as the heater system programme, and higher sales of product manufactured in-house (by 3.0%).

Revenue generated through sales beyond the Home Core activity was recorded at EUR 20.1m and increased by 2.7% relative to the H1 2015. The increase is attributable mostly to the sale of frames for gaming machines.

In comparison to H1 2015, the contribution margin (gross margin) increased by EUR 7.3m mainly as the result of higher revenue (6.3%) in view of higher direct costs of goods and material (5.9%) and successful curbing of material and raw material input prices.

Costs of services increased by EUR 0.9m or 2.6% if compared to the same period in 2015 and grew slower than revenue (6.3%).

Employee benefits expense increased by 4.8% if compared to the H1 2015 balance, in line with production requirements (number of employees increased in H1 2016 relative to the same period in 2015) and higher costs of retirement benefits.

In comparison to H1 2015, amortisation and depreciation expense grew in 2016 by 1.6% mainly due to the lines of the washing-dryer appliances capitalised in the first months of 2015 and the tools in the Mekom programme which were capitalised in May 2016.

⁹ Contribution margin at the level of difference between revenue and cost of goods and material

The result from financing activities improved by EUR 618k over the last year's same period, which is primarily attributable to lower expenses arising on valuation of unrealised derivatives used for hedging against currency risks.

The improved EBIT and profit for the period is mostly the result of higher income, which grew faster than direct costs of goods and material.

Movement of the parent company's profitability at the level of profit or loss for the period:

EURm	Development
Loss for January-June 2015	-2.4
Contribution margin at the level of cost of goods and material	7.3
Cost of services	-0.9
Employee benefits expense	-2.2
Amortisation and depreciation expense	-0.2
Other operating expenses	-1.0
Other operating income	0.3
Financial result	0.6
Income tax expense and deferred taxes	-0.6
Profit for January-June 2016	0.9

As at 30 June 2016, **trade receivables** were recorded at EUR 150.9m and show a decrease of EUR 19.8m in comparison to 30 June 2015. The average turnover of receivables was 79 days, which is 17 days shorter than the average turnover of receivables in the previous year's equivalent period. Most of the receivables refer to related entities (70.7%).

Inventories amounted to EUR 92.0m and with respect to 30 June 2015 show a decrease of EUR 1.5m. Inventory turnover amounted to 49 days, which is 5 days shorter than in H1 2015.

As at 30 June 2016, **trade payables** amounted to EUR 123.5m and show an increase of EUR 0.4m in comparison to 30 June 2015. Turnover of liabilities was longer by one day if compared to the same period in 2015 and was 96 days.

As at 30 June 2016, **total financial liabilities** amounted to EUR 441.7m, showing an increase of EUR 30.2m in comparison to the equivalent period in 2015. As for the **maturity structure of financial liabilities**, 59.5% refer to non-current sources whereby the remaining stake represents current sources. Compared to the same period in 2015, the maturity structure worsened by 3.4 p.p.

As at 30 June 2016, **net financial liabilities** (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 439.5m and indicate an increase of EUR 31.5m over the 30 June 2015 balance, which is the result of higher volume of financing through the parent company.

EUR 50.7m of negative cash flows from operating and investing activities was recorded in H1 2016, showing that the result worsened by EUR 20.8m over the comparable period in 2015. The negative cash flow complies with the interim dynamics, as most of positive cash flows is generated in the last quarter of the year.

Investments amounted to EUR 19.3m in H1 2016. Overall investments in property, plant and equipment amounted to EUR 11.2m, the largest portion thereof in the amount of EUR 10.5m refers to investments in technological equipment, mostly for developing new products. As for the total investments structure, EUR 8.1m refers to non-material investments which comprise capitalised costs of developing new products.

OWNERSHIP STRUCTURE AND THE GRVG SHARE

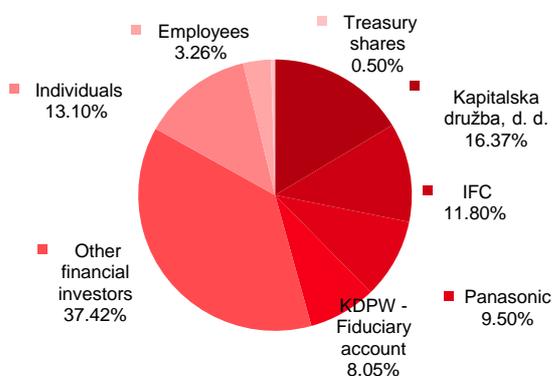
OWNERSHIP STRUCTURE

As at **30 June 2016**, **15,674 shareholders** were entered in the share register, indicating that the number of shareholders declined by 1.3% over the year-end balance of 2015 (16,248).

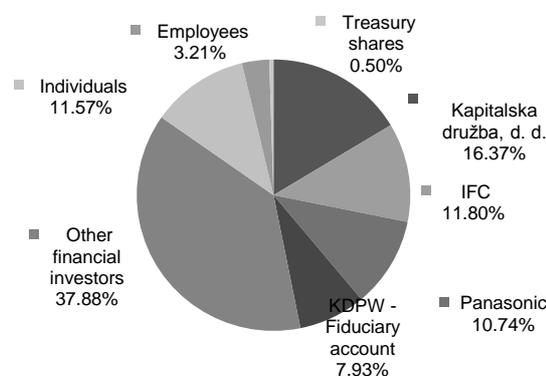
Gorenje's ten major shareholders and owners

Ten major shareholders	No. of shares (30 Jun 2016)	Share in %
KAPITALSKA DRUŽBA, D.D.	3,998,653	16.37%
IFC	2,881,896	11.80%
PANASONIC CORPORATION	2,623,664	10.74%
KDPW – FIDUCIARY ACCOUNT	1,937,282	7.93%
HOME PRODUCTS EUROPE B.V.	1,069,450	4.38%
Alpen.SI, mixed flexible sub-fund	981,188	4.02%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT	817,020	3.35%
ZAGREBAČKA BANKA D.D. – FIDUCIARY ACCOUNT	753,713	3.09%
AUERBACH GRAYSON & COMPANY LLC	647,165	2.65%
BNP PARIBAS SECURITIES SERVICES S.C.A.	620,000	2.54%
Total major shareholders	16,330,031	66.86%
Other shareholders	8,094,582	33.14%
Total	24,424,613	100%

Ownership structure as at 30 June 2015



Ownership structure as at 30 June 2016



The number of own shares or treasury shares equals the 2015 year-end balance i.e. at **121,311 treasury shares**, which accounts for **0.4967%** of total share capital.

The number of shares held by Supervisory Board and Management Board members

Supervisory Board	30 Jun 2015		30 Jun 2016	
Total:	3,508	0.0144%	3,508	0.0144%
Peter Kobal	1,355	0.0055%	1,355	0.0055%
Krešimir Martinjak	115	0.0005%	115	0.0005%
Jurij Slemenik	2,038	0.0083%	2,038	0.0083%

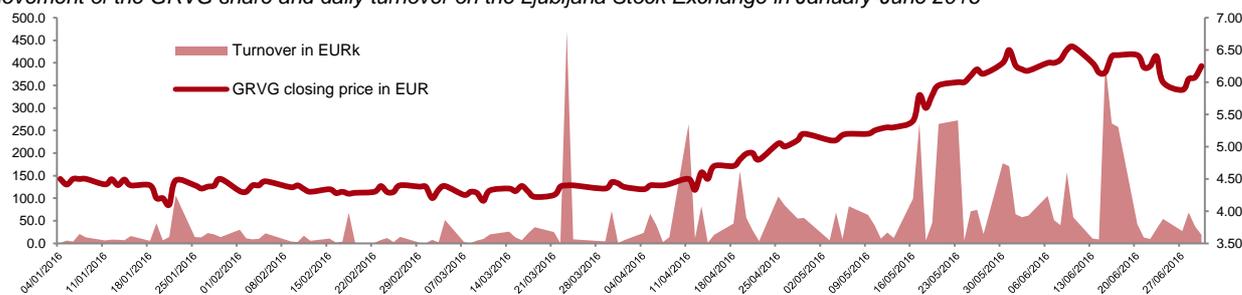
Management Board	30 Jun 2015		30 Jun 2016	
Total:	21,394	0.0876%	20,944	0.08575%
Franc Bobinac	4,096	0.0168%	4,096	0.0168%
Branko Apat	626	0.0026%	626	0.0026%
Drago Bahun	9,082	0.0372%	9,082	0.0372%
Marko Mrzel	450	0.0018%		
Peter Groznik	7,140	0.0292%	7,140	0.0292%

The number of the company's shares held by Supervisory Board and Management Board members has not changed in the period from 30 June 2016 to the date of this public announcement. As from 29 February 2016, Marko Mrzel no longer performs his duties as Management Board member and Chief Sales Officer, thus the total number of shares held by the Management Board declined to 20,944 shares.

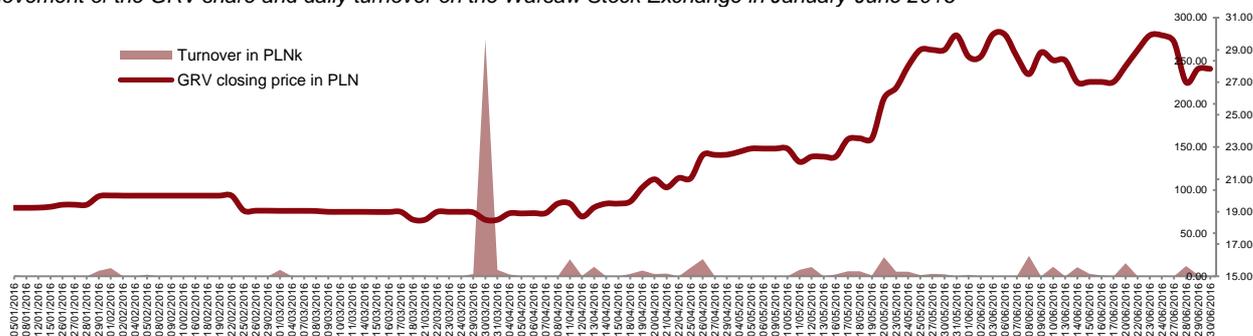
GRVG SHARE IN H1 2016

As at the last trading day in June 2016, the **closing price per share** on the Ljubljana Stock Exchange as the primary market was recorded at EUR 6.25 and shows an increase 35.9% in comparison to the last trading day in 2015 (EUR 4.60). The prime market index SBITOP decreased in the same period by 1.8%. Total turnover on the Ljubljana and Warsaw Stock Exchanges was 1,190,025 shares, indicating that the average daily turnover on the Ljubljana Stock Exchange was 9,379 shares and 271 shares on the Warsaw Stock Exchange. Compared to the year-end balance of 2015, the closing price of the share on the Warsaw Stock Exchange increased by 44.6% (from PLN 19.25/EUR 4.51 to PLN 27.83/EUR 6.29).

Movement of the GRVG share and daily turnover on the Ljubljana Stock Exchange in January-June 2016



Movement of the GRV share and daily turnover on the Warsaw Stock Exchange in January-June 2016



Basic and diluted earnings per share are calculated as the ratio between the profit or loss of the parent company's owners and the average number of shares issued, less the average balance of treasury shares (24,303,302 shares), amounts to EUR 0.08 (2015: EUR -0.34).

The book value of the GRVG share as at 30 June 2016 amounted to EUR 15.16 (EUR 15.14 as at 31 December 2015). It is calculated as the ratio between the book value of the Group's ordinary share capital and the number of issued shares, exclusive of the number of treasury shares as at 30 June 2016 (24,303,302 shares).

The ratio between the market value and the book value of the GRVG share is recorded at 0.41 (0.30 as at 31 December 2015).

Dividend policy: A dividend payout of EUR 0.06 gross per share was carried out for the 2014 financial year. Due to the economic crisis, which has had a fundamental impact on Gorenje Group's operations since the last quarter of 2008, no dividends were paid out for the years 2008, 2009, 2010, 2012 and 2013. As for the 2011 fiscal year, dividends were paid in the amount of EUR 0.15 gross per share. The parent company disclosed no accumulated profit in 2015 and the Shareholders' Meeting was informed in this respect on 8 July 2016.

The Group's new strategy for the period of up to 2020 is together with the dividend policy considered the generator of added value for all stakeholders: Gorenje generates added value for all its participants and enables its stakeholders a dividend yield in accordance with the results (dividends up to 1/3 of net profit). We provide for our employees and implement the corporation's sustainable development.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The 23rd Shareholders' Meeting was convened on 8 July 2016 at which 68.40% of total voting rights were present. The Shareholders' Meeting was among others acquainted with the resignation of the Supervisory Board member Keith Miles and the appointment of Miha Košak as the new Supervisory Board member.

On 25 July 2016 Gorenje, d.d., publicly announced that on 13 July 2016, Gorenje and Panasonic Corporation entered into a set of legal documents, which define various conditions under which Gorenje shall enable Panasonic Corporation to perform a due diligence of Gorenje Group in the time period until 30 September 2016. These activities may or may not lead to Panasonic's decision to launch a bid to increase its shareholding in Gorenje, but no decision on entering into any transaction has been made yet. Among the conditions for the execution of the due diligence, both parties also agreed on the strategic guidelines for the future role of Gorenje within Panasonic Group, should Panasonic through these activities obtain effective control of Gorenje.

No other significant events occurred after the date of compiling the balance sheet as of 30 June 2016.

SIGNIFICANT BUSINESS EVENTS IN 2016

JANUARY

Gorenje projekt, d.o.o. aims high with a warehouse commission in Russia



By the end of April, Gorenje Projekt built and launched an automated high-bay warehouse for an investor in Tver, 150 kilometres from Moscow. The project, worth EUR 11.65m, will involve some pioneering work as it will result in the tallest self-supporting crate system in the market.

Peter Prevc, the leading ski jumper in the world



Peter Prevc rounded up a series of great performances on the 64th Four Hills Tournament in Bischofshofen on 6 January 2016 and at the end proudly held up the Golden Eagle – the trophy in this prestigious competition. At the Four Hills Tournament, Prevc brought in three victories and one third place, with overall six first places in this season. Gorenje Group being a general sponsor of the Slovenian Nordic teams for as long as 25 golden and less golden years and we are proud to be supporting Peter and his team colleagues on their way to success. We are happy that on every ski jumping competition with Peter and the team our name flies high and far.

Peter Prevc rounded up a series of great performances on the 64th Four Hills Tournament in Bischofshofen on 6 January 2016 and at the end proudly held up the Golden Eagle – the trophy in this prestigious competition. At the Four Hills Tournament, Prevc brought in three victories and one third place, with overall six first places in this

Gorenje with ambitious plans in Iran



Gorenje opened on 11 January 2016 a new showroom in Tehran, located in a prestigious and very busy location in the centre of the Iranian capital. In the 350-square-meter showroom we will be presenting our entire range of the upper middle and premium class major household appliances.

Choice magazine recommends Asko dryer

Asko dryer got the highest ranking among 22 dryers tested by the biggest Australian consumer magazine Choice.

FEBRUAR

The fourth issue of GRV04 commercial paper

As at 12 February 2016, Gorenje, d. d. successfully completed its fourth consecutive issue of commercial paper in the amount of EUR 28.9m. The commercial paper, with the start of its interest accrual period on 3 February 2016 and date of maturity on 22 December 2016, has the lowest interest rate to date i.e. 2.00% p.a. The purpose of the commercial paper's issue is to disperse sources of short-term financing, mostly to obtain funds for seasonal financing of its operations, in compliance with the interim dynamics of the cash flow movement and optimizing costs of financing.

Resignation of a Management Board member

At the 17th correspondence session, the Supervisory Board of Gorenje, d.d., was informed about the statement of resignation handed in by the Management Board member and Chief Sales Officer Marko Mrzel. The Supervisory Board accepted his resignation. The Management Board will temporary continue to work with five members. Until the appointment of a new

Chief Sales Officer, sales will be managed by Suad Hadžić, executive director of the Eastern European region.

Atag the most successful company of the Netherlands in 2015

Gorenje Group's daughter company Atag Netherland was chosen by the National Business Success Awards Institute as the most successful company of the Netherlands in 2015.



Gorenje a symbol of quality for Slovenians in 2016

The QUDAL – Quality Medal research, performed in Slovenia in January 2016 by the Zürich based international organization Icertas, shows that in terms of quality Slovenians see Gorenje home appliances as the best. In the QUDAL – Quality Medal research Slovenians were asked which white goods and home appliance manufacturers in their opinion guarantees the absolute highest level of quality. In this category Slovenians have placed Gorenje on the top of the list. The Slovenians placed Gorenje on the first place, whereby they recognise the quality of domestic brands also in other research sub-groups.



Gorenje Create Academy brings together business and universities to develop innovative products

Gorenje Group presented diplomas to the first generation of graduates of the Gorenje Create Academy – Gorenje's academy for new product development. This is a unique international educational program, a part of the Gorenje Corporate University, designed to encourage innovation at the company and upgrade and extend knowledge and skills for new product development. The program had Gorenje Group working with renowned universities from Ljubljana, the Netherlands, and Sweden.



MARCH

Gorenje the most trusted brand in Slovenia for a decade



It has been ten years since Slovenia first took part in the Trusted Brand research - one of the most extensive European consumer researches and Gorenje won the cherished title of the most trusted home appliance brand in Slovenia for the 10th consecutive time. The research, organized all over the world by the Reader's Digest magazine, aims to establish which brands earn the most trust with the Europeans; which are the most trusted domestic

and foreign brands, the most trusted brands in ecology and the most trusted public figures.

The Gorenje by Starck design line fascinated Zagreb



In the company of numerous architects, interior designers and eminent Croatians, Gorenje presented its new designer collection created in cooperation with the French design star Philippe Starck, in the gorgeous ambiance of the French Pavilion in Zagreb.

APRIL

Gorenje Group presenting its premium brand Asko for the first time at the EuroCucina fair

Gorenje Group is for the first time presenting its premium home appliance brand ASKO at the EuroCucina fair in Milan which specialises in built-in appliances for the high end kitchen. This is a promising step for the Asko brand into the high end kitchen market in Italy.



» The decision to present Gorenje Group on EuroCucina for the first time with our premium brand Asko was well thought out and considering the first enthusiastic responses of business visitors also a very justified one. Acquiring the Asko brand we gained a brand with tradition in Scandinavia, Australia and the USA, specialised for

dishwasher and laundry appliances, which we upgraded with premium cooking appliances. Doing so we built a firm foundation for a gradual but bold global growth of Asko as a full range supplier of the highest price segment, «
Franjo Bobinac, President of the Management Board.

MAY

EIB provides EUR 50 million to Gorenje to develop a new generation of domestic appliances



The European Investment Bank (EIB) is lending EUR 50m to Gorenje Gospodinjski aparati d.d. The EIB loan has a maturity of up to 7 years and will finance the Gorenje's 4-year research, development and innovation expenditure programme aimed at strengthening its innovative capacity by developing new domestic appliances and

upgrading its existing product range.

Gorenje brand dishwasher production launched in Velenje

Gorenje launched the production of its first dishwashers under the Gorenje brand on 12 May 2016. This will considerably extend their offer of major home appliances. Innovative SmartFlex dishwashers are a result of several years of development and a EUR 8m investment that includes a new automated assembly line.

Gorenje and BTC will bring back the legendary Rog Pony bicycle

Management Board President Franjo Bobinac and BTC Management Board President Jože Mermal signed on 25 May 2016 a letter of intent by which both companies announce their cooperation in reviving the bicycle brand Rog. Thus, the legendary Pony will hit the Slovenian streets again next spring with a fresh, improved look.



Gold award for the smart and economical washing machine designed by Gorenje's innovators



The Chamber of Commerce of the Savinja and Šalek Region presented on 26 May 2016 the awards for best innovations in the region for the past year. Gorenje's innovators won awards for all three entries, namely golden award for the Panasonic AutoCare washing machine, a result of joint development with the partner Panasonic Group; silver medal for the FiltrationSupreme glass door dryer, and Style Line flat water heater. This qualifies our innovators for the national best innovation contest of the Slovenian Chamber of Commerce and Industry.

JUNE

Gorenje and HIS sign agreement on divestment of majority shareholding in Publicus

Ekoinvest, d.o.o. as a subsidiary of Gorenje, d.d. and the company HIS gradbeništvo in inženiring, d.o.o., which holds a 35% equity interest in the company Publicus, d.o.o., signed an agreement to divest their majority shareholding in the company Publicus, d.o.o., Ljubljana, including the subsidiary Ekogor, d.o.o., Jesenice.

Information regarding the process of Gorenje Surovina divestment

The transaction was not carried out.

JULY

Gorenje's products firmly anchored among the design elite

Gorenje Group products won four prestigious Red Dot design awards this year. The 41-member jury believed they represent the current pinnacle of design in the home appliance industry. Gorenje's products have been

constantly among the award-winning design elite for a good decade. In 2005, we were the first Slovenian enterprise to earn the Red Dot award for the design of its products. To date, the award was won with 35 products. This bear witness to Gorenje Group's excellence in design, innovation, and high quality of the products marketed under our brands.



Gorenje Group added four more Red Dots to its extensive collection of these awards. This year, they were won by the Gorenje compact built-in oven with a TFT display and touch control; Atag Evolve kitchen hood; Atag Matrix compact multifunction oven; and Atag steam oven in graphite black. Since

2005 when we became the first Slovenian enterprise to win this coveted award, we have thus won Red Dots for 35 of our products and proudly earned our place among the design elite of home appliance manufacturers. Year in, year out, these awards bear witness to the excellence of our design, innovation, and high quality of products under the Gorenje Group brands.

ACCOUNTING REPORT

Reporting entity

Gorenje, d.d., is a company headquartered in Slovenia. The address of the registered head office is at Partizanska 12, SI-3320 Velenje.

Consolidated financial statements of Gorenje, d.d., for the period January-June that ended 30 June 2016 include the parent company and its subsidiaries (hereinafter jointly referred to as 'the Group'), equity interests in jointly controlled companies, and equity interests in associated companies. The Group's core activity is manufacturing and sale of home appliances.

Basis of preparation

(a) Statement of compliance

Consolidated interim financial statements are compiled pursuant to IAS 34 – Interim Financial Reporting, and pursuant to provisions of the Companies Act. The financial statements do not include all information required by the entire IFRSs. The selected explanatory information is included in the report in order to clarify the business events and transactions material for the understanding of the changes in the financial position and income or results of the Gorenje Group in the period since the compilation of the latest annual consolidated financial statements.

The Management Board of Gorenje, d.d., confirmed these interim financial statements on 21 July 2016.

(b) Use of estimates and judgements

In the course of drawing up these interim financial statements, the company management made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Material estimates of uncertainty and critical judgements or evaluations made by the management in the process of pursuing the accounting policies, which have the strongest effect on the amounts in the financial statements are similar to those used by the management when drawing up the consolidated financial statements as at 31 December 2015.

Fundamental Accounting Policies and Significant Notes to the Financial Statements

Accounting policies applied in these interim financial statements are identical to those used in the consolidated financial statements compiled as at 31 December 2015.

Comparable information is in a material scope harmonised with the presentation of information during the current year. Where necessary, comparable information was adjusted in such a way that it matched the presentation of information for the current year.

Changes in the Composition of Gorenje Group

Changes that occurred in the composition of the Gorenje Group up to and including 30 June 2016 were as follows:

- As at 5 February 2016, the company Gorenje EKOINVEST, d.o.o., Velenje sold its investment in Gorenje Surovina Fotoreciklaža, d.o.o., Maribor.
- As at 16 February 2016, the company Kemis SRS, d.o.o., Bosnia and Herzegovina started liquidation procedures, which were concluded on 30 May 2016.
- As at 3 May 2016, the company Gorenje design studio, d.o.o., started liquidation procedures.
- As at 10 May 2016, the company GOR Kolesa, d.o.o., was established with its registered office in Velenje. Gorenje d.d., Velenje is the sole (100%) owner of this company.
- As at 28 June 2016, the equity interest (51%) in the company »Euro Lumi & Surovina« SH.P.K., Kosovo was sold to this company's other owner.
- As at 29 June 2016, a contract on the sale of equity interests in PUBLICUS, d.o.o., Ljubljana and EKOGOR, d.o.o., Jesenice was concluded.
- As at 29 June 2016, the liquidation procedure for the company Gorenje OY, Finland, which was fully (100%) owned by Gorenje Group Nordic A/S from Denmark, was completed.

In addition to the parent company Gorenje, d.d., the following companies were included in the consolidated financial statements of the Gorenje Group:

Companies operating in Slovenia		Equity interest in %	Business segment
1.	Gorenje I.P.C., d.o.o., Velenje	100.00	CAH
2.	Gorenje GTI, d.o.o., Velenje	100.00	NCA
3.	Gorenje Gostinstvo, d.o.o., Velenje	100.00	NCA
4.	Energygor, d.o.o., Velenje	100.00	NCA
5.	Kemis, d.o.o., Vrhnika	100.00	NCA
6.	Gorenje Orodjarna, d.o.o., Velenje	100.00	NCA
7.	ZEOS, d.o.o., Ljubljana	51.00	NCA
8.	Gorenje Surovina, d.o.o., Maribor	100.00	NCA
9.	Indop, d.o.o., Šoštanj	100.00	NCA
10.	ERICo, d.o.o., Velenje	51.00	NCA
11.	Gorenje design studio, d.o.o. – in liquidation, Velenje	52.00	CAH
12.	Gorenje GAIO, d.o.o., Šoštanj	100.00	NCA
13.	Gorenje GSI, d.o.o., Ljubljana	100.00	CAH
14.	Gorenje Keramika, d.o.o., Velenje	100.00	NCA
15.	Gorenje Studio, d.o.o., Ljubljana	100.00	CAH
16.	Gorenje EKOINVEST, d.o.o., Velenje	100.00	NCA
17.	GOR Kolesa, d.o.o., Velenje	100.00	NCA

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Foreign operations	Equity interest in %	Business segment
1. Gorenje Beteiligungs GmbH, Austria	100.00	CAH
2. Gorenje Austria Handels GmbH, Austria	100.00	CAH
3. Gorenje Vertriebs GmbH, Germany	100.00	CAH
4. Gorenje Körting Italia S.r.l., Italy	100.00	CAH
5. Gorenje France S.A.S., France	100.00	CAH
6. Gorenje Espana, S.L., Spain	100.00	CAH
7. Gorenje UK Ltd., Great Britain	100.00	CAH
8. Gorenje Group Nordic A/S, Denmark	100.00	CAH
9. Gorenje spol. s r.o., Czech Republic	100.00	CAH
10. Gorenje real spol. s r.o., Czech Republic	100.00	CAH
11. Gorenje Slovakia s.r.o., Slovakia	100.00	CAH
12. Gorenje Magyarország Kft., Hungary	100.00	CAH
13. Gorenje Polska Sp. z o.o., Poland	100.00	CAH
14. Gorenje Bulgaria EOOD, Bulgaria	100.00	CAH
15. Gorenje Zagreb, d.o.o., Croatia	100.00	CAH
16. Gorenje Skopje, d.o.o., Macedonia	100.00	CAH
17. Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00	CAH
18. Gorenje, d.o.o., Serbia	100.00	CAH
19. Gorenje Podgorica , d.o.o., Montenegro	99.975	CAH
20. Gorenje Romania S.r.l., Romania	100.00	CAH
21. Gorenje aparati za domaćinstvo, d.o.o., Serbia	100.00	CAH
22. Mora Moravia s r.o., Czech Republic	100.00	CAH
23. Gorenje - kuchyně spol. s r.o., Czech Republic	100.00	CAH
24. KEMIS-Termoclean, d.o.o., Croatia	100.00	NCA
25. Kemis - BH, d.o.o., Bosnia and Herzegovina	100.00	NCA
26. Gorenje Studio, d.o.o., Serbia	100.00	CAH
27. Gorenje Gulf FZE, United Arab Emirates	100.00	CAH
28. Gorenje Tiki, d.o.o., Serbia	100.00	CAH
29. Gorenje Istanbul Ltd., Turkey	100.00	CAH
30. Gorenje TOV, Ukraine	100.00	CAH
31. ST Bana Nekretnine, d.o.o., Serbia	100.00	NCA
32. Kemis Valjevo, d.o.o, Serbia	100.00	NCA
33. ATAG Nederland BV, the Netherlands	100.00	CAH
34. ATAG België NV, Belgium	100.00	CAH
35. Intell Properties BV, the Netherlands	100.00	CAH
36. Gorenje Nederland BV, the Netherlands	100.00	CAH
37. Gorenje Kazakhstan, TOO, Kazakhstan	100.00	CAH
38. OOO Gorenje BT, Russia	100.00	CAH
39. Gorenje GTI, d.o.o., Beograd, Serbia	100.00	NCA
40. Asko Appliances AB, Sweden	100.00	CAH
41. Gorenje North America, Inc., USA	100.00	CAH
42. Asko Appliances Pty, Australia	100.00	CAH

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43.	Asko Appliances OOO, Russia	100.00	CAH
44.	»Gorenje Albania« SHPK, Albania	100.00	CAH
45.	Gorenje Home d.o.o., Zaječar, Serbia	100.00	CAH
46.	ORSES d.o.o., Beograd, Serbia	100.00	NCA
47.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	100.00	NCA
48.	Gorenje Corporate GmbH, Austria	100.00	CAH
49.	Cleaning system S, d.o.o., Serbia	100.00	NCA
50.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	49.45	NCA
51.	Gorenje do Brasil Ltda., Brasil	100.00	CAH
52.	Gorenje Asia Ltd., China	100.00	CAH
53.	Gorenje MDM d. o. o. Kragujevac, Serbia	100.00	NCA
54.	Gorenje Chile SpA, Chile	100.00	CAH

CAH – Core activity Home
NCA – Non-core activities

Associates:

- Gorenje Projekt, d.o.o., Velenje
- GGE družba za izvajanje energetske storitve, d.o.o. (GGE d.o.o.), Ljubljana
- Econo Projektiranje d.o.o., Ljubljana
- ENVITECH D.O.O., Belgrade, Serbia
- Gorenje Electronics Trading LLC, Dubai, United Arab Emirates
- Gorenje Projekt, d.o.o., Belgrade, Serbia
- EKON ELEKTRON Ltd. Skopje, Macedonia
- K.Tivoli, inženiring, gradnja, d.o.o., Ljubljana
- GGE EOL družba za izvajanje energetske storitve, d.o.o., Ljubljana
- GGE društvo s ograničenom odgovornostjo za svetovanje i usluge, Zagreb, Croatia
- Društvo za proizvodnju i promet »GGE Montenegro« sa ograničenom odgovornostju – Podgorica, Montenegro
- Društvo za izvođenje energetske usluge GGE ESCO d.o.o. Beograd-Stari Grad, Serbia
- GGE Bulgaria OOD, Sofia, Bulgaria
- GGE Netherlands B.V., the Netherlands

Representative offices of Gorenje, d.d., abroad:

- in Kiev (Ukraine),
- in Athens (Greece),
- in Shanghai (China),
- in Almaty (Kazakhstan), and
- in Kishinev (Moldova)

Unaudited Condensed Consolidated Financial Statements of
the Gorenje Group

Condensed Consolidated Balance Sheet of the Gorenje Group

EURk	Balance at 30 Jun 2015	%	Balance at 31 Dec 2015	%	Balance at 30 Jun 2016	%
ASSETS	1,144,049	100.0%	1,101,274	100.0%	1,133,813	100.0%
Non-current assets	596,725	52.2%	614,125	55.8%	608,149	53.6%
Intangible assets	186,945	16.4%	196,032	17.8%	200,000	17.6%
Property, plant and equipment	355,130	31.1%	366,210	33.3%	357,306	31.5%
Investment property	17,461	1.5%	17,148	1.6%	14,814	1.3%
Non-current investments	4,591	0.4%	2,942	0.3%	6,675	0.6%
Investments in associates	1,174	0.1%	1,570	0.1%	2,438	0.2%
Non-current trade receivables	7,017	0.6%	5,743	0.5%	2,979	0.3%
Deferred tax assets	24,407	2.1%	24,480	2.2%	23,937	2.1%
Current assets	547,324	47.8%	487,149	44.2%	525,664	46.4%
Non-current assets held for sale	1,660	0.1%	309	0.0%	317	0.0%
Inventories	248,823	21.8%	225,906	20.5%	245,670	21.7%
Current investments	18,844	1.6%	16,370	1.5%	12,098	1.1%
Trade receivables	203,876	17.8%	161,020	14.6%	192,825	17.0%
Other current assets	44,035	3.9%	51,934	4.7%	55,367	4.9%
Cash and cash equivalents	30,086	2.6%	31,610	2.9%	19,387	1.7%
EQUITY AND LIABILITIES	1,144,049	100.0%	1,101,274	100.0%	1,133,813	100.0%
Equity	360,801	31.6%	368,062	33.4%	368,411	32.5%
Share capital	101,922	8.9%	101,922	9.2%	101,922	9.0%
Share premium	175,698	15.4%	174,502	15.8%	174,502	15.3%
Revenue reserves	99,301	8.7%	99,301	9.0%	99,301	8.8%
Treasury shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Retained earnings	3,361	0.3%	1,943	0.2%	3,874	0.3%
Translation reserve	-12,846	-1.1%	-19,049	-1.7%	-17,178	-1.5%
Fair value reserve	-6,528	-0.6%	9,485	0.9%	7,382	0.7%
Equity of holders of the parent	357,738	31.3%	364,934	33.1%	366,633	32.3%
Equity of non-controlling interests	3,063	0.3%	3,128	0.3%	1,778	0.2%
Non-current liabilities	368,708	32.2%	345,298	31.4%	353,473	31.2%
Provisions	65,063	5.7%	62,269	5.7%	61,281	5.4%
Deferred income	5,435	0.4%	5,350	0.5%	5,323	0.5%
Non-current operating liabilities	6,797	0.6%	4,178	0.4%	4,418	0.4%
Deferred tax liabilities	2,993	0.3%	2,515	0.2%	2,585	0.2%
Non-current financial liabilities	288,420	25.2%	270,986	24.6%	279,866	24.7%
Current liabilities	414,540	36.2%	387,914	35.2%	411,929	36.3%
Current financial liabilities	150,012	13.1%	91,038	8.2%	150,921	13.3%
Trade payables	177,571	15.5%	221,027	20.1%	171,172	15.1%
Other current liabilities	86,957	7.6%	75,849	6.9%	89,836	7.9%

Condensed Consolidated Income Statement of the Gorenje Group

EURk	Q2 2015	%	Q2 2016	%	Jan-Jun 2015	%	Jan-Jun 2016	%
Revenue	289,835	96.1%	295,823	95.8%	557,760	92.8%	581,284	95.0%
Change in inventories of products and work in progress	7,726	2.6%	9,704	3.1%	35,794	6.0%	20,511	3.4%
Other operating income	4,024	1.3%	3,398	1.1%	7,508	1.2%	9,763	1.6%
Gross profit	301,585	100.0%	308,925	100.0%	601,062	100.0%	611,558	100.0%
Cost of goods, materials and services	-223,006	-73.9%	-224,002	-72.5%	-446,511	-74.3%	-446,403	-73.0%
Employee benefits expense	-55,972	-18.6%	-58,475	-19.0%	-111,388	-18.5%	-115,063	-18.8%
Amortisation and depreciation expense	-11,609	-3.8%	-11,785	-3.8%	-22,927	-3.8%	-23,495	-3.8%
Other operating expenses	-4,722	-1.6%	-4,702	-1.5%	-9,504	-1.6%	-9,870	-1.6%
Operating profit	6,276	2.1%	9,961	3.2%	10,732	1.8%	16,727	2.8%
Finance income	-1,454	-0.5%	1,502	0.5%	3,081	0.5%	3,634	0.6%
Finance expenses	-9,400	-3.1%	-8,362	-2.7%	-19,082	-3.2%	-15,592	-2.6%
Net finance expenses	-10,854	-3.6%	-6,860	-2.2%	-16,001	-2.7%	-11,958	-2.0%
Share in profits or losses in associates	13	0.0%	-87	0.0%	-79	0.0%	-121	0.0%
Profit or loss before tax	-4,565	-1.5%	3,014	1.0%	-5,348	-0.9%	4,648	0.8%
Income tax expense	-261	-0.1%	-1,495	-0.5%	-1,580	-0.3%	-2,559	-0.4%
Profit or loss for the period	-4,826	-1.6%	1,519	0.5%	-6,928	-1.2%	2,089	0.4%
Attributable to non-controlling interests	15	0.0%	66	0.0%	76	0.0%	158	0.0%
Attributable to equity holders of the parent	-4,841	-1.6%	1,453	0.5%	-7,004	-1.2%	1,931	0.4%
Basic and diluted earnings per share (in EUR)	-0.20		0.06		-0.29		0.08	

Condensed Consolidated Statement of Other Comprehensive Income of the Gorenje Group

EURk	Jan-Jun 2015	Jan-Jun 2016
Profit or loss for the period	-6,928	2,089
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	0	0
Change in fair value of land		
Items that may be reclassified subsequently to profit or loss	-12,686	-232
Net change in fair value of available-for-sale financial assets	13	-20
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-17,911	-2,702
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	495	347
Income tax on other comprehensive income	-37	272
Translation reserve	4,754	1,871
Other comprehensive income for the period	-12,686	-232
Total comprehensive income for the period	-19,614	1,857
Attributable to equity holders of the parent	-19,690	1,699
Attributable to non-controlling interests	76	158

Condensed Consolidated Statement of Cash Flows of the
Gorenje Group

EURk	Jan-Jun 2015	Jan-Jun 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	-6,928	2,089
Adjustments for:		
-Depreciation of property, plant and equipment	18,501	19,048
-Amortisation of intangible assets	4,426	4,447
-Investment income	-3,081	-3,634
-Finance expenses	19,161	15,713
-Gain on sale of property, plant and equipment	-561	-71
-Income tax expense	1,580	2,559
Operating profit before changes in net operating current assets and provisions	33,098	40,151
Change in trade and other receivables	-18,542	-35,061
Change in inventories	-29,024	-19,770
Change in provisions	1,103	-857
Change in trade and other payables	-10,817	-30,402
Cash generated from operations	-57,280	-86,090
Interest paid	-9,310	-8,096
Income tax paid	-1,508	-1,987
Net cash from operating activities	-35,000	-56,022
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	5,184	2,448
Interest received	763	313
Dividends received	-79	-121
Acquisition of property, plant and equipment	-20,262	-19,681
Acquisition of the associate	0	-1,130
Other investments	85	397
Acquisition of intangible assets	-9,866	-10,440
Net cash used in investing activities	-24,175	-28,214
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings / Repayment of borrowings	53,199	72,013
Net cash used in financing activities	53,199	72,013
Net change in cash and cash equivalents	-5,976	-12,223
Cash and cash equivalents at beginning of period	36,062	31,610
Cash and cash equivalents at end of period	30,086	19,387

Condensed Consolidated Statement of Change in Equity of the Gorenje Group

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves		Profit or loss from previous periods	Profit or loss for the period					
Opening balance at 1 Jan 2015	101,922	175,698	12,896	7,556	3,170	75,679	-3,170	12,829	-2,464	-17,600	10,912	377,428	2,839	380,267
Total comprehensive income for the period														
Profit or loss for the period									-7,004			-7,004	76	-6,928
Total other comprehensive income										4,754	-17,440	-12,686	0	-12,686
Total comprehensive income for the period	0	0	0	0	0	0	0	0	-7,004	4,754	-17,440	-19,690	76	-19,614
Transactions with owners (when acting as owners) recognised directly in equity														
Contributions by owners and distribution to owners														
Transfer of profit or loss from previous period to retained earnings or losses								-2,464	2,464			0		0
Dividend payout												0		0
Total contributions by owners and distributions to owners	0	0	0	0	0	0	0	-2,464	2,464	0	0	0	0	0
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0	148	148
Total changes in equity interests in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	148	148
Total transactions with owners	0	0	0	0	0	0	0	-2,464	2,464	0	0	0	148	148
Closing balance at 30 Jun 2015	101,922	175,698	12,896	7,556	3,170	75,679	-3,170	10,365	-7,004	-12,846	-6,528	357,738	3,063	360,801

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EURK	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves		Profit or loss from previous periods	Profit or loss for the period					
Opening balance at 1 Jan 2016	101,922	174,502	12,896	7,556	3,170	75,679	-3,170	6,145	-4,202	-19,049	9,485	364,934	3,128	368,062
Total comprehensive income for the period														
Profit or loss for the period									1,931			1,931	158	2,089
Total other comprehensive income										1,871	-2,103	-232	0	-232
Total comprehensive income for the period	0	0	0	0	0	0	0	0	1,931	1,871	-2,103	1,699	158	1,857
Transactions with owners (when acting as owners) recognised directly in equity														
Contributions by owners and distribution to owners														
Capital increase												0		0
Transfer of profit or loss from previous period to retained earnings or losses								-4,202	4,202			0		0
Total contributions by owners and distributions to owners	0	0	0	0	0	0	0	-4,202	4,202	0	0	0	0	0
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0	-1,508	-1,508
Total changes in equity interests in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	-1,508	-1,508
Total transactions with owners	0	0	0	0	0	0	0	-4,202	4,202	0	0	0	-1,508	-1,508
Closing balance at 30 Jun 2016	101,922	174,502	12,896	7,556	3,170	75,679	-3,170	1,943	1,931	-17,178	7,382	366,633	1,778	368,411

Notes to the Condensed Consolidated Financial Statements of the Gorenje Group

Fair Value

Fair values and book values of assets and liabilities

EURk	Book value	Fair value	Book value	Fair value
	31 Dec 2015	31 Dec 2015	30 Jun 2016	30 Jun 2016
Available-for-sale investments	3,700	3,700	3,716	3,716
Land and investment property	59,418	59,418	55,841	55,841
Non-current loans and deposits	2,063	2,063	2,058	2,058
Non-current trade receivables	5,743	5,743	2,979	2,979
Current loans and deposits	11,688	11,688	8,134	8,134
Derivatives	-296	-296	-2,702	-2,702
Trade receivables	161,020	161,020	192,825	192,825
Other current assets	42,479	42,479	44,795	44,795
Cash and cash equivalents	31,610	31,610	19,387	19,387
Non-current financial liabilities (variable interest rate)	-216,983	-216,983	-207,891	-207,891
Non-current financial liabilities (fixed interest rate)	-54,003	-46,998	-71,975	-64,409
Non-current operating liabilities	-4,178	-4,178	-4,418	-4,418
Current financial liabilities	-89,825	-89,825	-148,014	-148,014
Trade payables	-221,027	-221,027	-171,172	-171,172
Other current payables	-41,727	-41,727	-41,904	-41,904
Total	-310,318	-303,313	-318,341	-310,775

Fair Value Scale

31 December 2015

(EURk)	Level 1 ¹⁰	Level 2 ¹¹	Level 3 ¹²	Total
Available-for-sale financial assets	663	88	2,949	3,700
Derivatives – assets	-	917	-	917
Derivatives – liabilities	-	-1,213	-	-1,213
Land and investment property	-	-	59,418	59,418

30 June 2016

(EURk)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	571	85	3,060	3,716
Derivatives – assets	-	205	-	205
Derivatives – liabilities	-	-2,907	-	-2,907
Land and investment property	-	-	55,841	55,841

Related Party Transactions

EURk	Value of transaction		Balance	
	Jan-Jun 2015	Jan-Jun 2016	30 Jun 2015	30 Jun 2016
Revenue				
Gorenje Group companies	962	129	953	539
Costs				
Gorenje Group companies	204	125	93	90

¹⁰ Level 1: stock price (unadjusted) on the active market of identical assets and liabilities.

¹¹ Level 2: data differing from stock price data (these are included in Level 1) monitored with the intention of direct or indirect valuation of assets and liabilities.

¹² Level 3: data on the value of assets and liabilities not based on the active market.

Significant events after the balance sheet date

The 23rd Shareholders' Meeting was convened on 8 July 2016 at which 68.40% of all voting rights were present. The Shareholders' Meeting was among others acquainted with the resignation of the Supervisory Board member Keith Miles and the appointment of Miha Košak as the new Supervisory Board member.

On 25 July 2016 Gorenje, d.d., publicly announced that on 13 July 2016, Gorenje and Panasonic Corporation entered into a set of legal documents, which define various conditions under which Gorenje shall enable Panasonic Corporation to perform a due diligence of Gorenje Group in the time period until 30 September 2016. These activities may or may not lead to Panasonic's decision to launch a bid to increase its shareholding in Gorenje, but no decision on entering into any transaction has been made yet. Among the conditions for the execution of the due diligence, both parties also agreed on the strategic guidelines for the future role of Gorenje within Panasonic Group, should Panasonic through these activities obtain effective control of Gorenje.

No other significant events occurred after the date of compiling the balance sheet as of 30 June 2016.

Business and Geographical Segments of the Gorenje Group

EURk	Core activity		Non-core activities		Group	
	Home					
	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016
Revenue from sales to third parties	472,827	499,469	84,933	81,815	557,760	581,284
Inter-segment sale	2,431	3,246	5,596	9,045	8,027	12,291
Interest income	674	271	89	42	763	313
Interest expenses	-8,499	-7,491	-316	-259	-8,815	-7,750
Amortisation and depreciation expense	-20,335	-20,804	-2,592	-2,691	-22,927	-23,495
Operating profit or loss before tax	-8,877	-909	3,529	5,557	-5,348	4,648
Income tax expense	-1,211	-2,148	-369	-411	1,580	-2,559
Profit or loss for the period	-10,088	-3,057	3,160	5,146	-6,928	2,089
Total assets *	991,142	1,030,472	110,132	103,341	1,101,274	1,133,813
Total liabilities *	676,533	716,128	56,679	49,274	733,212	765,402

* Note: data used for 2015 were recorded as at 31 December 2015

EURk	Western Europe		Eastern Europe		Other		Group	
	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Jun 2016
	Revenue from sales to third parties	224,724	231,958	281,395	298,403	51,641	50,923	557,760

Financial Indicators

	Jan-Jun 2015	Jan-Jun 2016
INDICATORS OF PROFITABILITY		
Net return on sales (ROS)	-1.2%	0.4%
Net return on assets (ROA)	-1.2%	0.4%
Net return on equity (ROE)	-3.7%	1.1%
ASSET INDICATORS		
Asset turnover ratio	0.99	1.04
Inventory turnover ratio	4.76	4.93
Current trade receivables turnover ratio	5.77	6.57
INVESTMENT INDICATORS		
Fixed assets (PPE) to total assets	0.47	0.49
Current assets to total assets	0.52	0.54
INDICATORS OF FINANCIAL COMPOSITION		
Long-term coverage of non-current assets	1.22	1.19
Equity to total liabilities	0.32	0.32
Long-term to total liabilities	0.64	0.64
Equity to fixed assets (carrying value)	0.67	0.66
Quick ratio (liquid assets to current liabilities)	0.12	0.08
(Liquid assets + current receivables) to current liabilities	0.72	0.68
Current ratio	1.32	1.28
Net financial liabilities to equity	1.08	1.08
OPERATING PERFORMANCE INDICATORS		
Operating income to operating expenses	1.02	1.03
Revenue per employee (EUR)	53,900	54,647
Value added per employee (EUR)	14,017	14,599

Unaudited Condensed Financial Statements of Gorenje, d.d.
Condensed Balance Sheet of Gorenje, d.d.

EURk	Balance at 30 Jun 2015	%	Balance at 31 Dec 2015	%	Balance at 30 Jun 2016	%
ASSETS	952,470	100.0%	959,570	100.0%	969,731	100.0%
Non-current assets	503,000	52.8%	520,038	54.2%	527,334	54.4%
Intangible assets	38,215	4.0%	44,509	4.6%	50,738	5.2%
Property, plant and equipment	183,128	19.2%	193,572	20.2%	194,506	20.1%
Investment property	15,343	1.6%	15,276	1.6%	12,985	1.3%
Investments in subsidiaries	246,864	25.9%	246,863	25.7%	248,453	25.6%
Investments in associates	509	0.1%	509	0.1%	1,639	0.2%
Other non-current investments	1,690	0.2%	1,690	0.2%	1,690	0.2%
Deferred tax assets	17,251	1.8%	17,619	1.8%	17,323	1.8%
Current assets	449,470	47.2%	439,532	45.8%	442,397	45.6%
Inventories	93,501	9.8%	91,986	9.6%	91,995	9.5%
Current investments	168,017	17.7%	182,911	19.1%	181,070	18.7%
Trade receivables	170,721	17.9%	145,322	15.1%	150,889	15.5%
Other current assets	13,701	1.4%	11,714	1.2%	16,188	1.7%
Cash and cash equivalents	3,530	0.4%	7,599	0.8%	2,255	0.2%
EQUITY AND LIABILITIES	952,470	100.0%	959,570	100.0%	969,731	100.0%
Equity	363,656	38.2%	358,914	37.5%	358,479	37.0%
Share capital	101,922	10.7%	101,922	10.6%	101,922	10.5%
Share premium	157,835	16.6%	156,639	16.4%	156,639	16.2%
Revenue reserves	99,301	10.4%	99,301	10.4%	99,301	10.2%
Treasury shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Retained earnings	1,785	0.2%	0	0.0%	892	0.1%
Fair value reserve	5,983	0.6%	4,222	0.4%	2,895	0.3%
Non-current liabilities	279,043	29.3%	271,101	28.2%	282,724	29.1%
Provisions	20,195	2.1%	21,418	2.2%	19,696	2.0%
Non-current financial liabilities	258,848	27.2%	249,683	26.0%	263,028	27.1%
Current liabilities	309,771	32.5%	329,555	34.3%	328,528	33.9%
Current financial liabilities	152,700	16.0%	144,470	15.1%	178,705	18.4%
Trade payables	123,092	12.9%	167,363	17.4%	123,526	12.8%
Other current liabilities	33,979	3.6%	17,722	1.8%	26,297	2.7%

Condensed Income Statement of Gorenje, d.d.

EURk	Q2 2015	%	Q2 2016	%	Jan-Jun 2015	%	Jan-Jun 2016	%
Revenue	155,520	98.7%	165,088	97.5%	316,059	96.4%	336,022	98.3%
Change in inventories of products and work in progress	199	0.1%	2,163	1.3%	7,780	2.4%	1,705	0.5%
Other operating income	1,928	1.2%	1,961	1.2%	3,808	1.2%	4,061	1.2%
Gross profit	157,647	100.0%	169,212	100.0%	327,647	100.0%	341,788	100.0%
Cost of goods, materials and services	-125,547	-79.6%	-134,078	-79.2%	-262,508	-80.1%	-271,575	-79.4%
Employee benefits expense	-22,795	-14.5%	-24,541	-14.5%	-46,531	-14.2%	-48,769	-14.3%
Amortisation and depreciation expense	-6,010	-3.8%	-6,058	-3.6%	-11,866	-3.6%	-12,057	-3.5%
Other operating expenses	-1,315	-0.8%	-1,341	-0.8%	-2,740	-0.8%	-2,066	-0.6%
Operating profit	1,980	1.3%	3,194	1.9%	4,002	1.3%	7,321	2.2%
Finance income	3,097	2.0%	2,087	1.2%	7,382	2.2%	4,016	1.2%
Finance expenses	-8,777	-5.6%	-5,301	-3.2%	-13,752	-4.2%	-9,768	-2.9%
Net finance expenses	-5,680	-3.6%	-3,214	-2.0%	-6,370	-2.0%	-5,752	-1.7%
Profit or loss before tax	-3,700	-2.3%	-20	-0.1%	-2,368	-0.7%	1,569	0.5%
Income tax expense	132	0.1%	-393	-0.2%	-67	-0.1%	-677	-0.2%
Profit or loss for the period	-3,568	-2.2%	-413	-0.3%	-2,435	-0.8%	892	0.3%
Basic and diluted earnings per share (in EUR)	-0.15		-0.02		-0.10		0.04	

Condensed Statement of Other Comprehensive Income of Gorenje, d.d.

EURk	Jan-Jun 2015	Jan-Jun 2016
Profit or loss for the period	-2,435	892
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	0	0
Change in fair value of land	0	0
Items that may be reclassified subsequently to profit or loss	181	-1,327
Net change in fair value of available-for-sale financial assets	13	-20
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-290	-1,926
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	495	347
Income tax on other comprehensive income	-37	272
Other comprehensive income for the period	181	-1,327
Total comprehensive income for the period	-2,254	-435

Condensed Statement of Cash Flows of Gorenje, d.d.

EURk	Jan-Jun 2015	Jan-Jun 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	-2,435	892
Adjustments for:		
-Depreciation of property, plant and equipment	9,623	9,945
-Amortisation of intangible assets	2,243	2,112
-Investment income	-7,382	-4,016
-Finance expenses	13,752	9,768
-Gain on sale of property, plant and equipment	-94	-81
-Income tax expense	67	677
Operating profit before changes in net operating assets and provisions	15,774	19,297
Change in trade and other receivables	-5,499	-10,203
Change in inventories	2,637	-9
Change in provisions	-1,734	-1,722
Change in trade and other payables	-21,749	-35,863
Cash generated from operations	-26,345	-47,797
Interest paid	-7,055	-5,410
Net cash from operating activities	-17,626	-33,910
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	3,250	36
Proceeds from sale of investment property	0	912
Interest received	1,670	1,988
Dividends received	920	260
Acquisition of associate	0	-1,130
Acquisition of subsidiary	-8,500	-1,850
Acquisition of property, plant and equipment	-13,688	-10,937
Other investments	-29,420	3,459
Acquisition of intangible assets	-7,212	-8,398
Net cash used in investing activities	-52,980	-15,660
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing / Repayment of borrowings	63,882	44,226
Net cash used in financing activities	63,882	44,226
Net change in cash and cash equivalents	-6,724	-5,344
Cash and cash equivalents at beginning of period	10,254	7,599
Cash and cash equivalents at end of period	3,530	2,255

Condensed Statement of Changes in Equity of Gorenje, d.d.

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Fair value reserve	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other re-venue reserves		Profit or loss from previous periods	Profit or loss for the period		
Opening balance at 1 Jan 2015	101,922	157,835	12,896	7,556	3,170	75,679	-3,170	1,369	2,851	5,802	365,910
Total comprehensive income for the period											
Profit or loss for the period									-2,435		-2,435
Total other comprehensive income										181	181
Total comprehensive income for the period	0	0	0	0	0	0	0	0	-2,435	181	-2,254
Transactions with owners (when acting as owners) recognised directly in equity											0
Contributions by owners and distribution to owners											0
Capital increase											0
Total contributions by owners and distribution to owners	0	0	0	0	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0	0	0	0	0
Closing balance at 30 Jun 2015	101,922	157,835	12,896	7,556	3,170	75,679	-3,170	1,369	416	5,983	363,656

Unaudited Consolidated Financial Statements
January - June 2016

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Fair value reserve	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other re-venue reserves		Profit or loss from previous periods	Profit or loss for the period		
Opening balance at 1 Jan 2016	101,922	156,639	12,896	7,556	3,170	75,679	-3,170	0	0	4,222	358,914
Total comprehensive income for the period											
Profit or loss for the period									892		892
Total other comprehensive income										-1,327	-1,327
Total comprehensive income for the period	0	0	0	0	0	0	0	0	892	-1,327	-435
Transactions with owners (when acting as owners) recognised directly in equity											0
Contributions by owners and distribution to owners											0
Capital increase											0
Total contributions by owners and distribution to owners	0	0	0	0	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0	0	0	0	0
Closing balance at 30 Jun 2016	101,922	156,639	12,896	7,556	3,170	75,679	-3,170	0	892	2,895	358,479

Notes to the Condensed Financial Statements of Gorenje, d.d.

Fair values and book values of assets and liabilities

EURk	Book value	Fair value	Book value	Fair value
	31 Dec 2015	31 Dec 2015	30 Jun 2016	30 Jun 2016
Available-for-sale investments	2,927	2,927	2,918	2,918
Land and investment property	37,078	37,078	34,787	34,787
Non-current loans	1,018	1,018	1,018	1,018
Current loans	178,361	178,361	174,895	174,895
Derivatives	-900	-900	-2,136	-2,136
Trade receivables	145,322	145,322	150,889	150,889
Other current assets	9,863	9,863	11,617	11,617
Cash and cash equivalents	7,599	7,599	2,255	2,255
Non-current financial liabilities	-198,254	-198,254	-191,150	-191,150
Non-current financial liabilities (fixed interest rate)	-51,429	-44,604	-71,878	-64,342
Current financial liabilities	-142,779	-142,779	-175,754	-175,754
Trade payables	-167,363	-167,363	-123,526	-123,526
Other current liabilities	-12,423	-12,423	-11,705	-11,705
Total	-190,980	-184,155	-197,770	-190,234

Fair Value Scale

31 December 2015

EURk	Level 1 ¹³	Level 2 ¹⁴	Level 3 ¹⁵	Total
Available-for-sale financial assets	168	-	2,759	2,927
Derivatives - assets	-	791	-	791
Derivatives - liabilities	-	-1,691	-	-1,691
Land and investment property	-	-	37,078	37,078

30 June 2016

EURk	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	148	-	2,770	2,918
Derivatives - assets	-	815	-	815
Derivatives - liabilities	-	-2,951	-	-2,951
Land and investment property	-	-	34,787	34,787

Related Party Transactions

EURk	Value of transaction		Balance	
	Jan-Jun 2015	Jan-Jun 2016	30 Jun 2015	30 Jun 2016
Revenue	240,200	235,706		
Trade receivables			136,850	106,687
Trade payables			24,264	25,748
Loans granted			153,453	169,954
Borrowings raised			55,112	63,423

¹³ Level 1: stock price (unadjusted) on the active market of identical assets and liabilities.

¹⁴ Level 2: data differing from stock price data (these are included in Level 1) monitored with the intention of direct or indirect valuation of assets and liabilities.

¹⁵ Level 3: data on the value of assets and liabilities not based on the active market.

Financial Indicators

	Jan-Jun 2015	Jan-Jun 2016
INDICATORS OF PROFITABILITY		
Net return on sales (ROS)	-0.77%	0.27%
Net return on assets (ROA)	-0.52%	0.18%
Net return on equity (ROE)	-1.34%	0.50%
ASSET INDICATORS		
Asset turnover ratio	0.68	0.70
Inventory turnover ratio	6.67	7.31
Current trade receivables turnover ratio	3.74	4.54
INVESTMENT INDICATORS		
Fixed assets (PPE) to total assets	0.25	0.27
Current assets to total assets	0.53	0.54
INDICATORS OF FINANCIAL COMPOSITION		
Long-term coverage of non-current assets	1.28	1.22
Equity to total liabilities	0.38	0.37
Long-term to total liabilities	0.67	0.66
Equity to fixed assets (carrying value)	1.54	1.39
Quick ratio (liquid assets to current liabilities)	0.55	0.56
(Liquid assets + current receivables) to current liabilities	1.15	1.07
Current ratio	1.45	1.35
Net financial liabilities to equity	0.66	0.72
OPERATING PERFORMANCE INDICATORS		
Operating income to operating expenses	1.01	1.02
Revenue per employee (EUR)	77,751	81,322
Value added per employee (EUR)	15,350	16,492

INFORMATION REGARDING THE REPORT AND ITS PUBLIC ANNOUNCEMENT

Pursuant to provisions of the Code of Warsaw Stock Exchange, Rules and Regulations of the Ljubljana Stock Exchange and the applicable legislation, the company Gorenje, d.d., Partizanska 12, SI-3320 Velenje, hereby announces the **unaudited non-consolidated financial statements of Gorenje, d.d., and unaudited consolidated financial statements of the Gorenje Group for the period January–June 2016**. The unaudited financial statements of Gorenje, d.d., and the Gorenje Group were presented to the Supervisory Board at its **27th regular session** held on **22 August 2016**. The financial statements are available for review at the headquarters of Gorenje, d.d., at Partizanska 12, SI-3320 Velenje, whereas announcements shall be available in the Ljubljana Stock Exchange electronic info system, the SEOnet (www.ljse.si), the Warsaw Stock Exchange via the ESPI system (www.gpw.pl), and the company's web site at www.gorenjegroup.com, **on 22 August 2016**.

Forward-looking Statements

This announcement includes forward-looking information and forecasts – i.e. statements regarding the future, rather than the past, and regarding events within the framework and in relation to the currently effective legislation on publicly traded companies and securities and pursuant to the Rules and Regulations of the Ljubljana and Warsaw Stock Exchange. These statements can be identified by the words such as "expected", "anticipated", "forecast", "intended", "planned or budgeted", "probable or likely", "strive/invest effort to", "estimated", "will", "projected", or similar expressions. These statements include, among others, financial goals and targets of the parent company Gorenje, d.d., and the Gorenje Group for the upcoming periods, planned or budgeted operations, and financial plans. These statements are based on current expectations and forecasts and are subject to risk and uncertainty, which may affect the actual results, which may in turn differ from the information stated herein for various reasons. Various factors, many of which are beyond reasonable control by Gorenje, affect the operations, performance, business strategy, and results of Gorenje. Thus actual results, performance, or achievements of Gorenje may differ materially from the expected results, performance, or achievements as stated in these forward-looking statements. These factors include but are not necessarily limited to following: consumer demand and market conditions in geographical segments or regions and in industries in which the Gorenje Group is conducting its operating activities; effects of exchange rate fluctuations; competitive downward pressure on downstream prices; major loss of business with a major account/customer; the possibility of late payment on the part of customers; decrease in prices as a result of persistently harsh market conditions, in an extent much higher than currently expected by Gorenje's Management Board; success of development of new products and their implementation in the market; development of manufacturer's liability for the product; progress of attainment of operative and strategic goals regarding efficiency; successful identification of opportunities for growth and mergers and acquisitions, and integration of such opportunities into the existing operations; further volatility and aggravation of circumstances in capital markets; progress in attainment of goals regarding structural reorganisation and reorganisation in purchasing. If one or more risks or uncertainties are in fact materialised or if the said assumptions are proven wrong, actual results may deviate materially from those stated as expected, hoped for, forecast, projected, planned, probable, estimated, or anticipated in this announcement. Gorenje allows any update or revision of these forecasts in light of development differing from the expected events.