

2013

# Unaudited Interim Report January – March 2013

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



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## Performance Highlights of the Gorenje Group

### CORE FINANCIAL INDICATORS

- Consolidated revenue of EUR 289.4m (1.4% less than in the Q1 2012).
- EBITDA of EUR 16.1m, which is 11.3% more than planned according to the business plan for Q1 2013.
- EBIT of EUR 5.7m and exceeding the plans by twice the amount projected in the business plan for Q1 2013.
- Loss for the period of EUR -4.2m, which indicates an improvement over the projections in the business plan for Q1 2013.

### MARKETS

- Gorenje's market position in Europe was strengthened (+0.43% to 3.57%<sup>1</sup> in the first quarter of 2013).
- Compared to the comparable period in 2012, the highest growth was generated by the Business Segment Home, particularly in the markets of Ukraine (+45%), Russia (+7%), Slovenia (+23%), Croatia (+9%), Bosnia and Herzegovina (+12%), Bulgaria (+51%), Romania (+18%), and China (+140%).
- Lower volume of sales as compared to the equivalent period in 2012 was achieved on the markets of France (-22%), Italy (-6%), Belgium (-10%), the Netherlands (-5%), Serbia (-5%), and the Czech Republic (-15%).

### OPTIMISATION OF PRODUCTION FACILITIES

- The washing machine and dryer production was successfully transferred from Sweden to Slovenia, as well as the production of refrigerators and freezers from Slovenia to Serbia.
- The furniture manufacturing segment, which recorded no positive results in the past years, has been sold.

### INDEBTEDNESS

- Free cash flow is generally negative as this is usual for the first quarter of the year. This high negative cash flow (EUR -71.5m) is attributable primarily to the transfer of production facilities and the related increase in inventories, higher repayment of trade payables, and the negative operating result.
- The indebtedness is higher (gross financial debt increased by EUR 40.5m) if compared to the year-end of 2012, which is the result of lower total revenue and the negative free cash flows.
- Gorenje continued with the divestment of non-core and underperforming assets (EUR 9.3m).

### COST MANAGEMENT

- Gorenje successfully curbed the purchase costs of materials and raw materials (net price effect of -0.8 p.p.).
- Employee benefits expense declined over the last year's equivalent period by 1.5%. Without the conclusion of a social agreement at the production plant Velenje, the employee benefits expense would additionally be reduced by 2%.
- Cost of transport and logistics services grew by 10.1% over the previous year's comparable period as a result of new transport routes due to the production relocation and the changed geographical sales structure.

### DEVELOPMENT AND NEW PRODUCTS

- Following new products were launched, namely the ION generation refrigerator, dryers with a heat pump in the energy class A-40 and A-50, the washing machine of Brand Name ASKO, and the Gorenje ONE concept line (online sale).

### CORPORATE GOVERNANCE AND SOCIAL DIALOGUE

- The upgraded Corporate Governance system has been successfully introduced in all subsidiaries.
- The platform (common goals and rules) for reforming the existing collective agreement for companies in Slovenia has been set.

EURm	Q1 2013	Q1 2012	Index	Plan Q1 2013	Plan realisation	Plan 2013	Plan realisation
Consolidated revenue	289.4	293.3	98.6	300.1	96.4	1.339.6	21.6
EBITDA	16.1	23.8	67.7	14.5	111.3	96.7	16.7
EBITDA margin (%)	5.6%	8.1%	/	4.8%	/	7.2%	/
EBIT	5.7	11.6	49.3	2.7	214.8	48.9	11.7
EBIT margin (%)	2.0%	4.0%	/	0.9%	/	3.7%	/
Profit or loss before tax	-1.0	5.3	/	-7.0	14.2	9.4	/
Net profit or loss	-4.2	2.1	/	-8.0	53.1	4.2	/
ROS (%)	-1.5%	0.7%	/	-2.7%	/	0.3%	/
ROA (%)	-1.4%	0.7%	/	-2.8%	/	0.4%	/
ROE (%)	-4.3%	2.1%	/	-8.3%	/	1.0%	/
ROIC (%)	1.6%	3.2%	/	0.6%	/	2.7%	/
Free cash flow / narrow <sup>2</sup>	-71.5	-34.1	209.6	-16.2	442.0	10.9	/
Financial debt	473.2	467.3	101.3	432.0	109.5	365.3	129.6
Net financial debt <sup>3</sup>	451.9	425.5	106.2	398.4	113.4	333.8	135.4
Net financial debt / EBITDA <sup>4</sup>	5.3	4.9	/	5.0	/	3.5	/

<sup>1</sup> Source: CECED

<sup>2</sup> Net profit or loss + amortisation and depreciation expense - Capex + divestment + change in inventories → change in trade receivables → change in trade payables  
Items of free cash flow within the balance sheet for Q1 2013 are calculated based on the difference in balances without discontinued operations.

<sup>3</sup> Financial debt - cash

<sup>4</sup> Net financial debt / EBITDA for the past 12 months

## Events Impacting Business Performance

Gorenje is in the process of discontinuing/disposing/restructuring its activities (furniture programme, sales organisations), which has had a negative impact on the Group's profitability and the cash flow in the past. The classification of activities among discontinued operations is stipulated and defined by IFRS 5. Comparability of information was maintained by reclassifying the effects of the operation of companies, which are classified as discontinued operations within the Consolidated Income Statement for the period January – March 2013 and 2012, to a separate item i.e. *Profit or loss from discontinued operation*. In addition, assets and liabilities of companies classified as discontinued operations were reclassified among *assets/liabilities included in disposal groups* in the Group's Consolidated Balance Sheet as at 31 March 2013.

The planned values of the income statement and the balance sheet of discontinued operations were not reclassified in the business plan for 2013. The Group's planned values are disclosed in amounts as confirmed at the meeting of the Supervisory Board and published in December 2012.

## MANAGEMENT REPORT

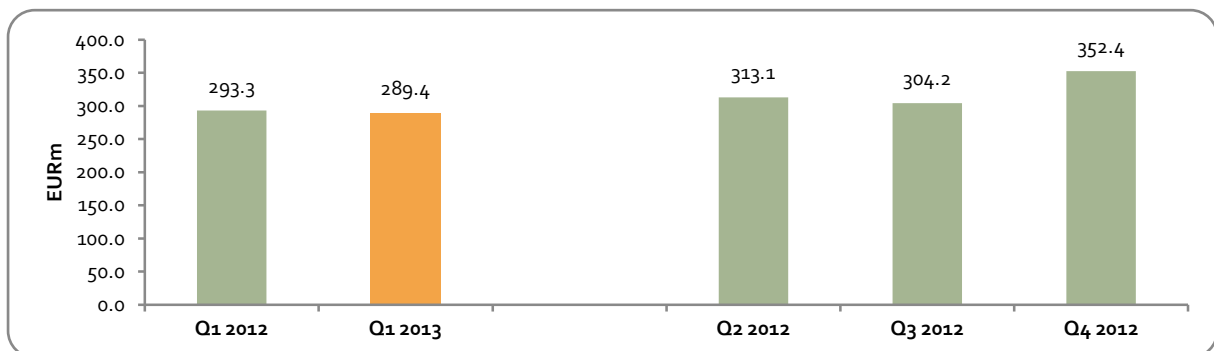
### Operating Performance of the Gorenje Group

EURm	Q1 2013	Q1 2012	Index	Plan 2013	Plan realisation
Consolidated revenue	289.4	293.3	98.6	1.339.6	21.6
CM <sup>5</sup>	127.0	127.6	99.5	577.6	22.0
CM (%)	43.9%	43.5%	/	43.1%	/
EBIT	5.7	11.6	49.3	48.9	11.7
EBIT margin (%)	2.0%	4.0%	/	3.7%	/
Profit or loss for the period	-4.2	2.1	/	4.2	/
ROS (%)	-1.5%	0.7%	/	0.3%	/

In the first quarter of 2013, the Group generated EUR 289.4m of **consolidated revenue**, which is 1.4% less than in the previous year's comparable period. The decline is attributable mostly to the lower volume of business activities of the Business Segment Ecology (-13.4%) and the Business Segment Portfolio Investments (-5.9%). The Business Segment Home achieved a 0.5% growth of revenue despite unforeseeable circumstances on the European markets (2.6% decline in sales volume in Europe; the Group's market share increased from 3.14% in the first quarter of 2012 to 3.57% in the first quarter of 2013).

Higher volume of business activities was generated on most of sales markets, in particular in Ukraine, Russia, Slovenia, Croatia, Bulgaria, Bosnia and Herzegovina, Romania, Scandinavia, and China. The number of markets with lower volume of business activities declined i.e. France, Czech Republic, the Netherlands, and Italy.

### Consolidated revenue of the Gorenje Group



<sup>5</sup> Contribution margin on the level of difference between revenue and cost of goods and material

**Consolidated revenue by geographical segments**

EURm	Q1 2013	%	Q1 2012	%	Change (%)
Western Europe	117.2	40.5	121.7	41.5	-3.7%
Eastern Europe	151.6	52.4	148.4	50.6	2.1%
Other	20.6	7.1	23.2	7.9	-11.1%
<b>Total Group</b>	<b>289.4</b>	<b>100.0</b>	<b>293.3</b>	<b>100.0</b>	<b>-1.4%</b>
Western Europe	116.4	48.3	120.3	50.1	-3.2%
Eastern Europe	104.0	43.1	96.4	40.2	7.8%
Other	20.6	8.6	23.2	9.7	-11.1%
<b>Total Home</b>	<b>241.0</b>	<b>100.0</b>	<b>239.9</b>	<b>100.0</b>	<b>0.5%</b>

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

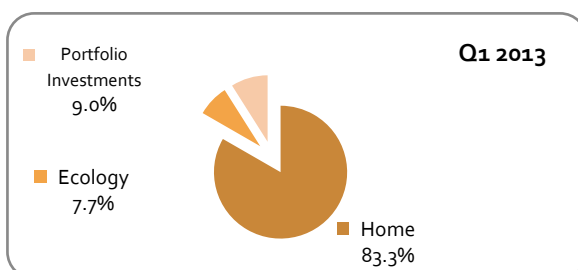
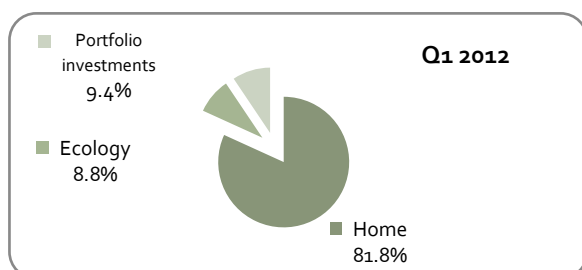
The geographical sales structure indicates that:

- sales volume decreased in Western Europe mostly due to the sales generated in the Netherlands , France, Italy, Austria and Belgium. Sales in Germany remained on the level of the previous year's comparable period, whereas in Scandinavia and Great Britain the sales have increased. According to data provided by CECED, the markets of Western Europe recorded a decline in sales volume by 3.1%, which is comparable to the movement of the Group's sales on the stated markets.
- sales volume increased in Eastern Europe, which is attributable to markets of Russia, Ukraine, Slovenia, Croatia, Bosnia and Herzegovina, Bulgaria, Romania and Croatia. Lower sales were generated on markets of the Czech Republic, Serbia, Slovakia and Poland.
- sales volume outside (i.e. other countries worldwide) decreased by 11.1%, primarily as a result of poor sales activities generated by the Business Segment Home on markets of Australia and USA, whereas sales in Asia increased.

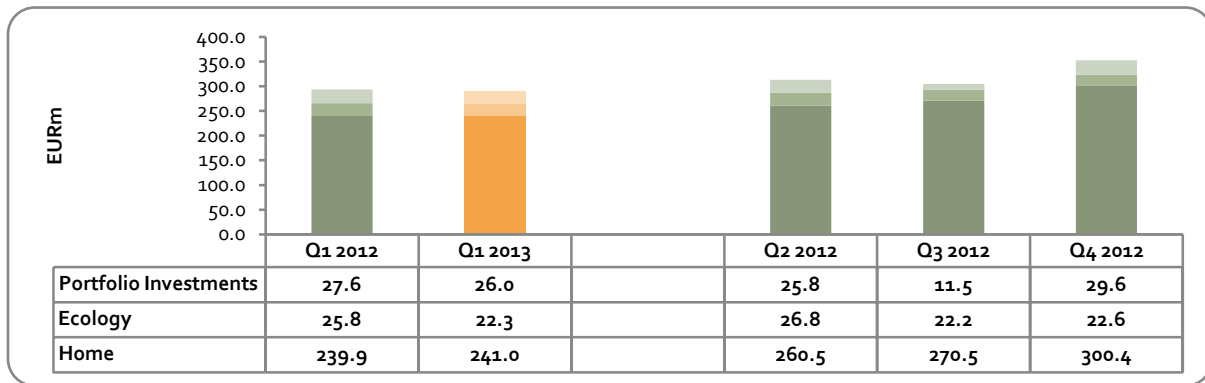
The revenue structure by business segments indicates that:

- significance of the core activity (Segment Home) strengthened in the Group's revenue structure due to lowering the share of sales within the Segment Ecology and the Segment Portfolio Investments. Thus, the Segment Home represents already 83.3% of total Group sales (which indicates an increase of 1.5 p.p. compared to the first quarter of 2012).

**Revenue of the Group by business segments**



Revenue by business segments



The **Business Segment Home** recorded consolidated revenue in the amount of EUR 241.0m, which is 0.5% more than in the previous year. The actual growth amounted to 1.1% but was, however, negatively impacted by changes in exchange differences (0.6%). The biggest growth of operations in Q1 2013 was recorded in the regions of Eastern Europe (7.8%). Sales volume in Western Europe declined by 3.2% if compared to the equivalent period in 2012, which is the result of the harsh market conditions. It is essential that the decline in sales volume does not exceed the decline recorded on the markets of Western Europe (3.1%, CECED). Sales in other countries worldwide decreased by 11.1%, which is mostly the result of lower sales generated on markets of Australia and USA. Sales volume on markets of Asia has doubled.

Growth of business activities on markets of Eastern Europe is essential due to the contribution margin at the level of covering fixed costs of the Business Segment Home, which is generated on these markets. Of total sales generated, 45% refers to the aforesaid geographical area, whereas in the structure of generated contribution margin at the level of covering fixed costs, these markets account for a share of 70%.

The **Business Segment Ecology** generated EUR 22.3m of consolidated revenue. Compared to the first quarter of 2012, the result shows a decrease of 13.4% or EUR 3.4m. This decrease was driven mostly by the expiry of a five-year contract concluded with a major industrial partner in Slovenia. The decline in business activities was also due to weather conditions in Q1 2013 that prevented the collection and sale of secondary raw materials.

In the first quarter of 2013, the **Business Segment Portfolio Investments** generated EUR 26.0m of consolidated revenue, which is 5.9% or EUR 1.6m less than in the comparable period in 2012. The decline in revenue was mostly impacted by the discontinued operation of a business partner in Slovenia. The volume of business activities was partly impacted also by the transfer of individual business deals from the field of medicinal and professional equipment to the second half of 2013. An increase of business activities and consequently higher level of revenue is recorded in the field of tool manufacture and engineering.

Movement of profitability at the level of EBIT:

EURm	Development
<b>EBIT January – March 2012</b>	<b>11.6</b>
Contribution margin at the level of cost of goods and material	-0.6
Cost of services	-1.4
Employee benefits expense	0.9
Amortisation and depreciation expense	1.8
Other operating expenses	-0.1
Other operating income	-6.5
<b>EBIT January – March 2013</b>	<b>5.7</b>

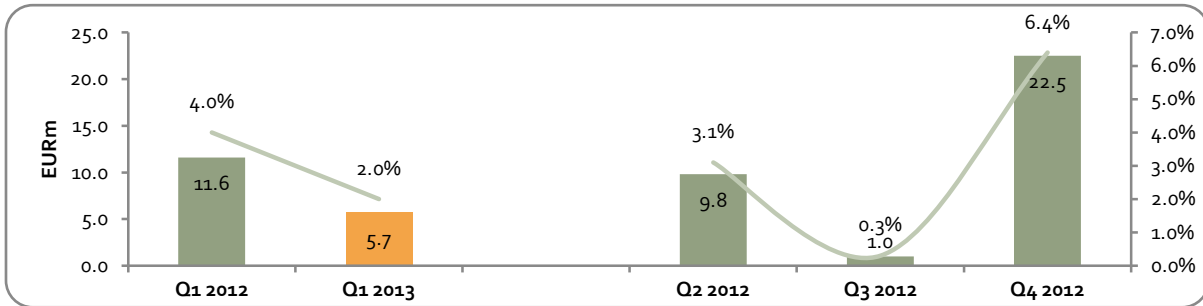
**Earnings before interest and taxes (EBIT):** the Group recorded in the first quarter of 2013 a positive EBIT in the amount of EUR 5.7m. Compared to the previous period, the EBIT declined by EUR 5.9m or 50.7%. The primary reasons behind the decrease are:

- lower level of other operating income by EUR 6.5m (revenue in Q1 2012 were higher due to reversal of provisions relating to the ASKO restructuring activities in Sweden, and subsidies received for creating new jobs in Serbia),

- higher cost of services, which grew by 2.9% or EUR 1.4m as a result of changed transport routes due to the movement of the production facilities,
- lower employee benefits expenses over the previous year's comparable period; the employee benefits expense could be even more lower but based on the concluded social agreement at the production location Velenje, there were in average 300 more staff employed in Q1 2013 than necessary (EUR 1.8m of additional employee benefits expense); additional employments were and will be made with the planned relocation of the washing and dryer production from Sweden in the second quarter of 2013 and the transfer of the dishwasher production from Sweden in the third quarter of 2013).

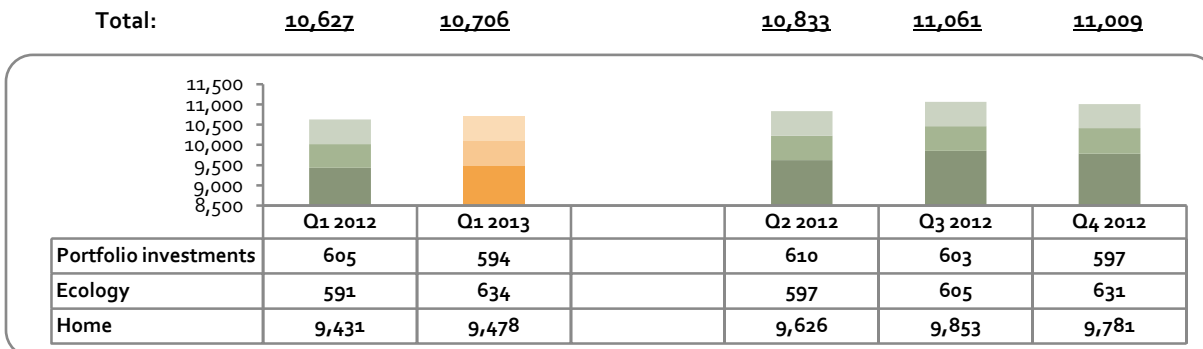
Irrespective of the stated trend, the operating result increased by EUR 3.1m as envisaged in the business plan for Q1 2013.

**EBIT and EBIT margin**



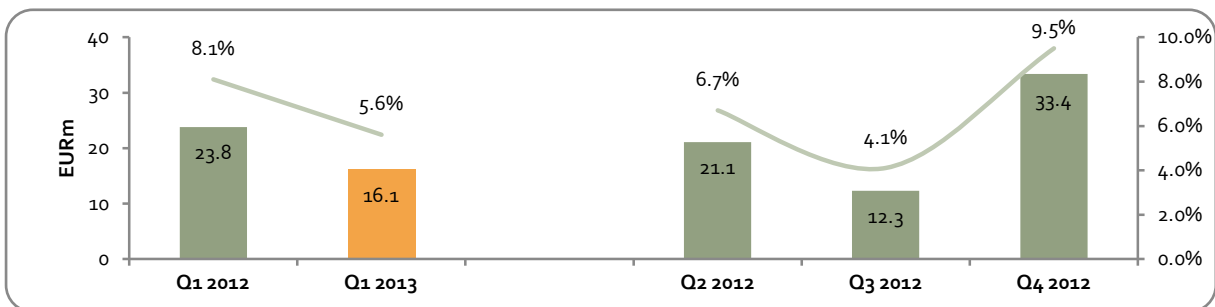
The **average number of employees** was recorded at 10,706. Compared to the comparable period in 2012, the average number of employees grew by 79 persons. Most of the increase is attributable to higher production activities in the Business Segment Home as a result of production relocation activities. The production locations in Valjevo in Serbia and Mora in the Czech Republic record the highest increase in employees. The number of employees in the Business Segment Ecology increased as a result of expanding activities to new markets (Serbia). The number of employees in the Business Segment Portfolio Investments declined by 11.

**Average number of employees by business segment**



The Group generated **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of EUR 16.1m, which is EUR 7.7m or 32.3% less than in the comparable period in 2012. The reasons for this development are in detail explained within the item of earnings before interest and taxes (EBIT). The EBITDA is higher by EUR 1.6m, as projected in the business plan for Q1 2013.

**EBITDA and EBITDA margin**

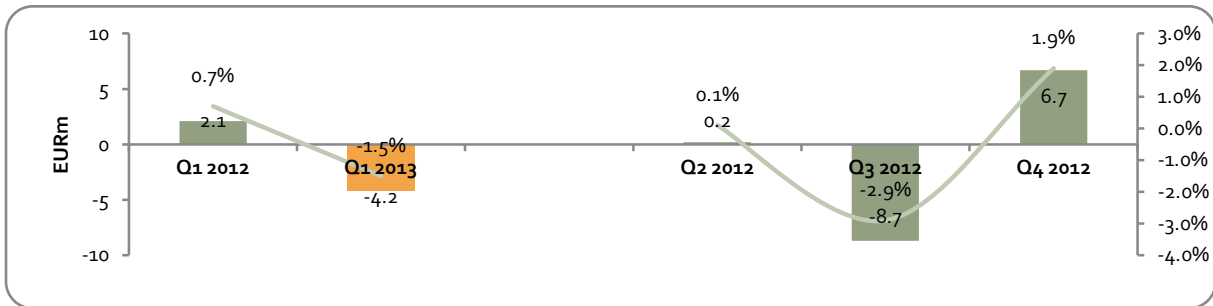


The negative **result from financing activities** in the amount of EUR 6.7m represents an increase of EUR 0.4m. The negative result from financing activities worsened due to lower finance income from exchange differences. Lower interest on borrowings are, however, a positive indicator.

**Income tax expense** of EUR 1.4m indicates a growth of EUR 0.6m or 90.3% compared to the equivalent period in 2012. The aforesaid increase is mostly due to the changed structure of generating profit before tax per companies and the recalculation of deferred tax assets to the expected tax rate.

The Group recorded a **net loss** in the amount of EUR -4.2m. This result is lower by EUR 6.4m considering the net result of the previous year's comparable period. The loss is lower by EUR 3.7m if taking into account the dynamics of the annual business plan.

**Net loss and ROS**

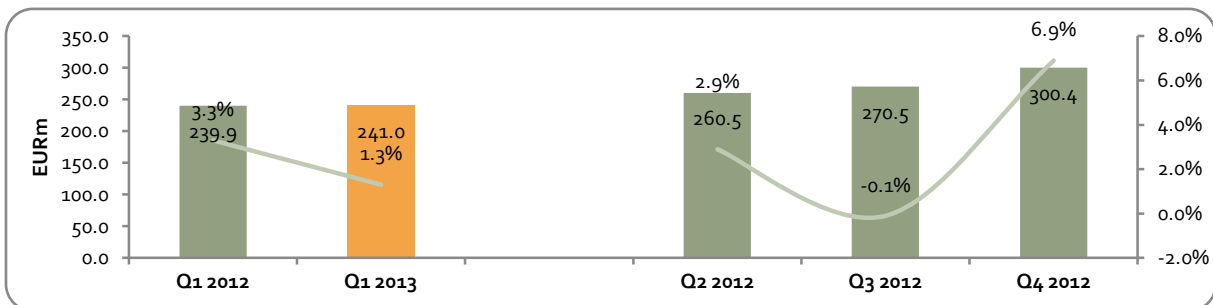


**Operating Performance by Business Segment**

**Home**

EURm	Q1 2013	Q1 2012	Index	Plan 2013	Plan realisation
Revenue	241.0	239.9	100.5	1,159.2	20.8
CM <sup>6</sup>	108.6	107.7	100.8	496.4	21.9
CM (%)	45.1%	44.9%	/	42.8%	/
EBIT	3.2	8.0	40.7	40.7	8.0
EBIT margin (%)	1.3%	3.3%	/	3.5%	/

**Revenue and the EBIT margin of the Business Segment Home**



**Cost of services** within the Business Segment Home reached the level of EUR 42.2m, which was by 3.4% or EUR 1.4m above the level recorded in the comparable period in 2012 considering the higher sales volume by 0.5%. This growth is mostly attributable to higher cost of transport services as the result of changed transport routes due to the movement of the production facilities.

<sup>6</sup> Contribution margin at the level of difference between revenue and cost of goods and materials



At EUR 9.1m, **depreciation and amortisation** declined by EUR 1.8m, which is the result of lower volume of investments made in the past two years and the extension of the useful lives of few property, plant and equipment already in 2010. Higher depreciation and amortisation expense is again expected within the Business Segment Home as the result of capitalising the investments relating to the production relocation activities.

**Other operating income** in the amount of EUR 3.4m decreased by EUR 6.8m compared to the equivalent period in 2012, which is attributable primarily to lower provision reversals for the Asko Group restructuring activities in Sweden, and to subsidies received for creating new jobs in Serbia.

The highest growth within the Business Segment Home was recorded by markets in Ukraine, Russia, Slovenia, Scandinavia, Bulgaria, Croatia, Romania and China. Lower scope of business activities was generated in the markets of the Netherlands and France, and also partly in Serbia and the Czech Republic.

In the first quarter of 2013, a positive **EBIT** was recorded in the amount of EUR 3.2m. Compared to previous year's comparable period, the EBIT declined by EUR 4.7m and is the result of:

- lower scope of other operating income by EUR 6.8m (reasons were already explained above),
- movement in cost of services, which grew by 3.4% or EUR 1.4m as the result of changed transport routes due to the relocation of the production facilities, and the changed geographical sales structure,
- movement of the employee benefits expense; due to the concluded social agreement, the production plant Velenje employed in average 300 more staff than necessary (EUR 1.8m of additional employee benefits expense); additional employments were and will be made with the planned relocation of the washing and dryer production from Sweden in the second quarter of 2013 and the transfer of the dishwasher production from Sweden in the third quarter of 2013.

It is important that irrespective of the cost pressure described, the EBIT in the Business Segment Home exceeded the level projected in the business plan for 2013 by EUR 2.5m, which is the result of:

- improved geographical (higher growth in Eastern European markets) and product sales structure (higher sales volume of small household appliances by 30% and cooking appliances by 13%),
- more favourable lease of materials and raw materials, and purchases of merchandise (products manufactured beyond own production facilities),
- successful divesting of non-core and underperforming assets,
- additional measures adopted in the cost-cutting area.

**Structure of profitability decline** at the level of EBIT:

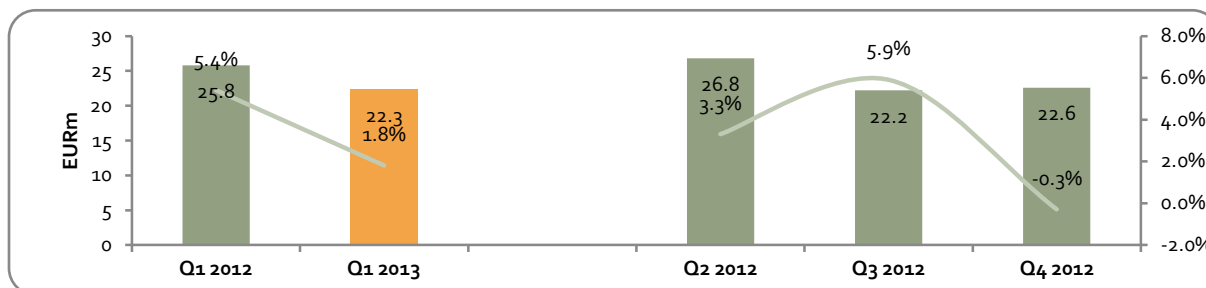
EURm	Development
<b>EBIT January – March 2012</b>	<b>8.0</b>
Contribution margin at the level of cost of goods and material	0.8
Cost of services	-1.4
Employee benefits expense	0.8
Amortisation and depreciation expense	1.8
Other operating expenses	0.0
Other operating income	-6.8
<b>EBIT January – March 2013</b>	<b>3.2</b>

## Ecology

EURm	Q1 2013	Q1 2012	Index	2013	Plan realisation
Revenue	22.3	25.8	86.6	97.2	23.0
CM <sup>7</sup>	10.9	11.1	98.2	46.6	23.4
CM (%)	48.8%	43.0%	/	47.9%	/
EBIT	0.4	1.4	28.5	4.7	8.5
EBIT margin (%)	1.8%	5.4%	/	4.8%	/

<sup>7</sup> Contribution margin at the level of difference between revenue and cost of goods and materials

**Revenue and the EBIT margin of the Business Segment Ecology**



In the first quarter of 2013, the **Business Segment Ecology** generated EUR 22.3m of consolidated revenue. Compared to equivalent period last year, the result shows a decline of EUR 3.4m or 13.4%. This decrease was driven mostly by the expiry of a five-year contract with a major industrial partner in Slovenia, and the decline in business activities due to less favourable weather conditions that prevented the collection and sale of secondary raw materials.

A positive EBIT in the amount of EUR 0.4m was generated, which is lower by EUR 1.0m over the previous year's comparable period.

**Cost of services** increased compared to the same period last year by EUR 0.9m or 20.1%. The increase is the result of the higher alternative fuel activity and the related increase of transport and logistics services, and higher costs of waste collection and waste management. Development-related activities and the expansion of the segment's activities in the territory of South-East Europe, resulted in higher costs, whereas added value in this relation is expected in the coming years.

Other categories of **operating expenses** or **income** had no material impact on lower profitability at the level of EBIT.

**Structure of profitability decline** at the level of EBIT:

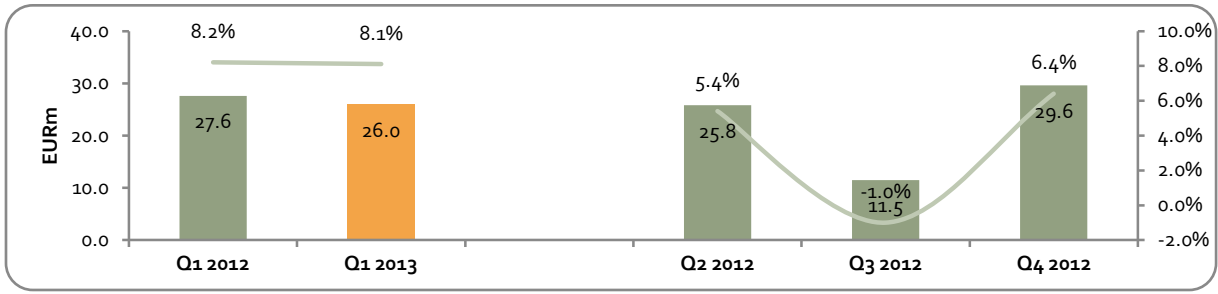
EURm	Development
<b>EBIT January – March 2012</b>	<b>1.4</b>
Contribution margin at the level of cost of goods and material	-0.2
Cost of services	-0.9
Employee benefits expense	0.0
Amortisation and depreciation expense	0.0
Other operating expenses	0.0
Other operating income	0.1
<b>EBIT January – March 2013</b>	<b>0.4</b>

**Portfolio Investments**

EURm	Q1 2013	Q1 2012	Index	Plan 2013	Plan realisation
Revenue	26.0	27.6	94.1	83.2	31.3
CM <sup>8</sup>	7.5	8.7	85.8	34.7	21.5
CM (%)	28.7%	31.5%	/	41.7%	/
EBIT	2.1	2.3	92.6	3.5	59.2
EBIT margin (%)	8.1%	8.2%	/	4.3%	/

<sup>8</sup> Contribution margin at the level of difference between revenue and cost of goods and materials

**Revenue and the EBIT margin of the Business Segment Portfolio investments**



Irrespective of lower consolidated revenue, the EBIT remained at the same level and amounted to EUR 2.1m, which is lower over the previous year's comparable period by EUR 0.2m. The lower EBIT is the result of:

- lower scope of business activities,
- higher cost of goods and material within the parent company's activities in the Business Segment Portfolio Investments, mostly relating to the sale of coal,
- lower cost of services relating to the discontinued operation of the business partner in Slovenia, and lower cost of production services within the tool manufacture, engineering and other activities, which is attributable to a more efficient business process management and the optimisation of own production resources.
- Other categories of **operating expenses** or **income** had no impact on the profitability at the level of EBIT.

**Structure of profitability decline** at the level of EBIT:

EURm	Development
<b>EBIT January – March 2012</b>	<b>2.3</b>
Contribution margin at the level of cost of goods and material	-1.2
Cost of services	1.0
Employee benefits expense	0.0
Amortisation and depreciation expense	0.0
Other operating expenses	-0.1
Other operating income	0.1
<b>EBIT January – March 2013</b>	<b>2.1</b>

## Financial Performance of the Gorenje Group

### Free Cash Flow Management

#### Free cash flow

EURm	Q1 2013	Q1 2012	Index	Plan 2013	Plan realisation
Net profit or loss	-4.2	2.1	/	4.2	/
+ Amortisation and depreciation expense	10.4	12.5	82.9	47.8	21.8
= Net cash flow	<b>6.2</b>	<b>14.6</b>	<b>42.0</b>	<b>52.0</b>	<b>11.8</b>
- Capex	-15.7	-5.2	300.6	-69.8	22.4
+ Divestment	9.3	0.8	/	13.5	68.8
- Investments in net current assets	-71.3	-44.3	160.8	15.2	/
- change in inventories	-16.9	-0.6	/	6.8	/
- change in trade receivables	-20.5	-3.4	595.8	17.7	/
- change in trade payables	-33.9	-40.3	84.1	-9.3	365.2
= <b>Free cash flow / narrow<sup>9</sup></b>	<b>-71.5</b>	<b>-34.1</b>	<b>209.6</b>	<b>10.9</b>	<b>/</b>

Negative free cash flow was generated in the amount of EUR 71.5m, which is a decline of EUR 37.4m if compared to the equivalent period last year. This result is mostly attributable to higher investments in net operating current assets and major investments made in this period.

Investments increased by EUR 10.5m over the comparable period in 2012, which is the result of intensive activities of relocating the refrigerator-freezer production from Slovenia to Serbia (Valjevo) and the movement of the washing machine and dryer production from Sweden (Vara) to Velenje. In connection with the relocation of the production facilities from Slovenia to Serbia, a new production hall was built and additional investments were made into a new line of free standing refrigerator-freezer appliances in Valjevo.

Underperforming assets were divested in the amount of EUR 9.3m and the biggest among properties sold is the business-distribution centre at Brnčičeva in Ljubljana.

At 31 March 2013, the balance of **net current assets** is recorded at EUR 324.8m, which is EUR 26.8m lower compared to the previous year's comparable quarter and EUR 71.3m higher than the 31 December 2012 balance.

Compared to year-end 2012 balance, **trade receivables** increased by EUR 20.5m in Q1 2013, which is attributable to their lower year-end balance of 2012 due to the customers' collection of annual bonuses, higher sales generated by the business Segment Home in Eastern Europe, as well as the fact that in contrast to the year-end 2012 one of the companies in Western Europe has not carried out factoring in the first quarter of 2013 worth approximately EUR 10m due to the optimisation of contractual terms. The factoring was activated again in mid April and is of permanent nature.

Compared to the 31 December 2012 balance, **inventories** increased by EUR 16.9m, particularly inventories of products and merchandise. The increase in inventories of products is the result of:

- manufacturing emergency stock due to the implementation of the remaining production relocation activities (relocating the dishwasher production from Sweden to Slovenia),
- manufacturing emergency stock of products due to already transferred production processes (washing machine and dryer production from Sweden to Slovenia, and the production of refrigerator-freezer appliances (600 mm) from Slovenia to Valjevo) and the possible temporary halts during the production launch (the launch of both productions was carried out in the second half of Q1 2013),
- higher volume of products manufactured at the production plant in Velenje, where otherwise more than 300 employees would be left without work in the first quarter of 2013. These employees have taken over their tasks within the production of the washing machines and dryers transferred from Sweden already in the second quarter, whereas in the third quarter they will assume also their tasks under the transferred production of dishwasher from Sweden.

<sup>9</sup> Items of free cash flow within the statement of financial position are for the period of Q1 2013 calculated based on the difference in balances without discontinued operations.

Inventories of merchandise have increased as a result of higher inventories recorded by sales companies within the CEE region, where Gorenje is increasing its operations in the sale of complementary programme products.

Inventories of raw material and materials achieved the level of the comparable period of 2012 and increased compared to the year-end balance of 2012. This result is attributable to the launch of the transferred production of refrigerator and freezer appliances ( 600 mm) at the production plant in Valjevo.

The increase in inventories in the first quarter of 2013 is attributable mostly to the movement of the production facilities. The increase was additionally impacted by weaker demand in the key European markets, unfavourable weather conditions, and the seasonally-conditioned increase in inventories. Inventories are expected to be optimised already in the second quarter of 2013, when the production relocation activities will be completed and there will be two production facilities less (Vara and Lahti) compared to the previous year's equivalent period.

In the first quarter of 2013, **trade payables** declined by EUR 33.9m compared to the year-end balance of 2012. Their decrease is attributable to the usual annual movement, as trade payables for the purchase of materials and merchandise of the complementary programme, which increased as the result of higher demand in Q4 2012, fall due.

According to the cumulative data below, the free cash flow worsened compared to Q1 2012 by EUR 21.8m, which is the result of managing the production relocation process. Other differences are outlined in the table below. Comparable free cash flow is recorded at EUR -52.9m, which indicates a decline of EUR 18.8m compared to Q1 2012.

The free cash flow worsened, which is attributable to the lower operating result and higher net current operating assets due to lower sales than planned.

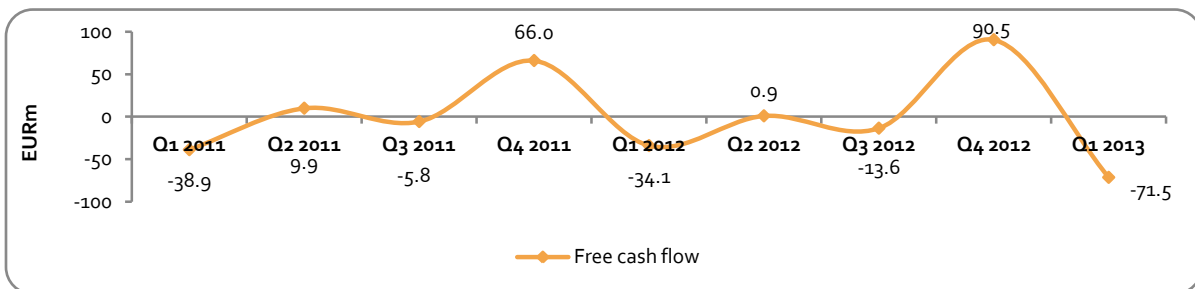
**Seasonally comparable movement of free cash flow in Q1 2013 compared to Q1 2012**

EURm	Development
<b>Free cash flow of Q1 2013</b>	<b>-71.5</b>
Production relocation*	21.8
Other effects **	-3.2
<b>Comparable cash flow of Q1 2013</b>	<b>-52.9</b>
<b>Free cash flow of Q1 2012</b>	<b>-34.1</b>
<b>Difference between comparable cash flows of Q1 2013 and Q1 2012</b>	<b>-18.8</b>

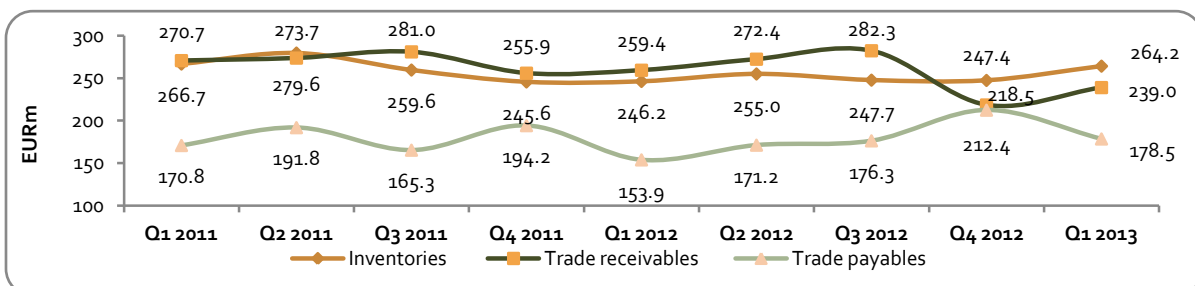
\* Inclusive of: higher CAPEX, net current operating assets, employee benefits expense due to redundant workers at the production location Velenje

\*\* Inclusive of: lower level of factoring at the end of Q1 2013 and value of divesting

**Free cash flow**



**Investments in net current operating assets**



## Other Financial Management Activities

With regard to **financial risks**, the severe macroeconomic situation led the Group to pay particular attention to efficient **credit risk management**, namely by stricter controls of credit limits approved by credit insurance companies and more disciplined collection of receivables. Accordingly, the balance of bad debts is reviewed and analysed on an ongoing basis and adequate measures are adopted (e.g. collection, mortgage collections, suspension of supplies to problematic customers, etc.).

**Currency risks** to which the Group is exposed are hedged and minimised predominantly by natural cash flow balancing/hedging for each currency. The Group also applies, on a selective basis, mostly forward exchange contracts particularly for European countries that are not part of the euro area.

**Risk of short-term liquidity** of the Group is managed by revolving credit lines approved for Group companies and cash deposits in bank accounts. The undrawn part of current and non-current credit lines at the end of the first quarter of 2013 amounted to EUR 54.1m, and bank balances amounted to an additional EUR 21.4m.

### Balance sheet of the Gorenje Group

EURm	Q1 2013	Q1 2012	Plan 2013	EURm	Q1 2013	Q1 2012	Plan 2013
<b>Non-current assets</b>	<b>475.4</b>	<b>465.7</b>	<b>478.1</b>	<b>Equity</b>	<b>389.4</b>	<b>397.3</b>	<b>433.6</b>
Inventories	264.3	246.2	232.4	Non-current financial liabilities	270.5	291.4	232.8
Trade receivables	239.0	259.4	238.1	Current financial liabilities	202.8	175.9	132.4
Trade payables	-178.5	-153.9	-176.2	Cash and cash equivalents	-21.4	-41.8	-31.4
Other operating assets / liabilities	-4.0	-42.5	-35.6	<b>Net debt equity</b>	<b>451.9</b>	<b>425.5</b>	<b>333.8</b>
<b>Net working capital</b>	<b>320.8</b>	<b>309.2</b>	<b>258.7</b>	Investments	-45.1	-47.9	-30.6
<b>NET ASSETS</b>	<b>796.2</b>	<b>774.9</b>	<b>736.8</b>	<b>NET EQUITY INVESTED</b>	<b>796.2</b>	<b>774.9</b>	<b>736.8</b>

**Total financial liabilities** amounted at 31 March 2013 to EUR 473.2m, which is EUR 40.5m more than at the end of 2012. They increased significantly less than the recorded negative free cash flow. The reason for this development are higher bank balances, which at the year-end of 2012 amounted to EUR 53.5m and exceeded the optimum level. It represented a significant source for repaying due operating and financial liabilities in the first quarter of 2013. Total financial liabilities increased by EUR 5.9m over the equivalent period in 2012, which is primarily the result of higher investments relating to the production relocation activities.

**Net financial liabilities** (measured as the difference between financial liabilities and cash and cash equivalents) amounted to EUR 451.9m and indicate an increase of EUR 72.6m over the 31 December 2012 balance due to unfavourable movement of free cash flow. Net financial liabilities increased by EUR 26.4m if compared to the equivalent period in 2012 as a result of managing the relocation of the production facilities in the period between the Q1 2012 and the first quarter of 2013, as well as the fact that the divestment-related payment was made in April, upon the expiry of the first quarter. The aforesaid also negatively impacted the balance of total financial liabilities in the first quarter.

**Maturity structure of financial liabilities** declined by 6.8% compared to the year-end balance of 2012. This decline is attributable to the seasonally financing of net working capital in the first quarter, predominantly by means of current financing sources. Payment of investments and other expenses relating to the production relocation activities had a significant impact as well. The maturity structure already shows improvement in the second quarter, which is attributable to the divestment-related inflows, as well as the utilisation of the non-current loan in connection with financing the construction of the plant in Valjevo. At 31 March 2013, non-current financial liabilities account for 57.2% in the total liabilities structure, which is 5.2% less than at the end of the previous year's comparable period.

## Investments by Business Segments

### Investments by business segments

EURm	Q1 2013	Q1 2012	Index	Plan 2013	Plan realisation
Home	15.0	3.8	398.1	64.5	23.3
Ecology	0.3	0.7	33.4	3.8	6.2
Portfolio investments	0.4	0.7	57.5	1.5	28.0
<b>Total</b>	<b>15.7</b>	<b>5.2</b>	<b>300.6</b>	<b>69.8</b>	<b>22.4</b>

Investments amounted to EUR 15.7m and indicate an increase of EUR 10.5m over the equivalent period in 2012. Most of the investments were as usual implemented within the Business Segment Home i.e. EUR 15.0m, whereof EUR 9.2m by the parent company, primarily for relocating the production of ASKO washing machines, tumble dryers and dishwashers from Sweden to Velenje. Also, investments were made in the development and manufacture of new products, the purchase of diverse technological equipment, the purchase of the HW equipment and SW products for the informatics and IT department. Other investments relate to the new building in Valjevo and the related equipment for manufacturing refrigerator-freezer appliances.

The Business Segment Ecology implemented investments in the amount of EUR 0.3m. These investments include predominantly technological equipment within the framework of simple re-production.

The Business Segment Portfolio Investments implemented investments in the amount of EUR 0.4m for the purpose of replacing the old equipment.

## Summary of the Operating Performance of Gorenje, d.d.

### Operating performance of Gorenje, d.d.

EURm	Q1 2013	Q1 2012	Index	Plan 2013	Plan realisation
<b>Revenue</b>	<b>166.8</b>	<b>151.4</b>	<b>110.2</b>	<b>699.2</b>	<b>23.8</b>
<b>CM<sup>10</sup></b>	<b>51.3</b>	<b>47.4</b>	<b>108.2</b>	<b>234.2</b>	<b>21.9</b>
<b>CM (%)</b>	<b>30.8%</b>	<b>31.3%</b>	<b>/</b>	<b>33.5%</b>	<b>/</b>
<b>EBITDA</b>	<b>7.7</b>	<b>5.5</b>	<b>140.0</b>	<b>35.4</b>	<b>21.7</b>
<b>EBITDA margin (%)</b>	<b>4.6%</b>	<b>3.7%</b>	<b>/</b>	<b>5.1%</b>	<b>/</b>
<b>EBIT</b>	<b>3.3</b>	<b>0.0</b>	<b>/</b>	<b>14.4</b>	<b>23.0</b>
<b>EBIT margin (%)</b>	<b>2.0%</b>	<b>0.0%</b>	<b>/</b>	<b>2.1%</b>	<b>/</b>
<b>Profit or loss before tax</b>	<b>1.5</b>	<b>0.1</b>	<b>/</b>	<b>7.9</b>	<b>19.1</b>
<b>Net profit or loss</b>	<b>1.2</b>	<b>0.1</b>	<b>/</b>	<b>7.3</b>	<b>16.8</b>
<b>ROS (%)</b>	<b>0.7%</b>	<b>0.1%</b>	<b>/</b>	<b>1.0%</b>	<b>/</b>
<b>ROA (%)</b>	<b>0.6%</b>	<b>0.1%</b>	<b>/</b>	<b>0.9%</b>	<b>/</b>
<b>ROE (%)</b>	<b>1.5%</b>	<b>0.2%</b>	<b>/</b>	<b>2.4%</b>	<b>/</b>
<b>Employee / end of period</b>	<b>4.191</b>	<b>4.453</b>	<b>94.1</b>	<b>4.367</b>	<b>96.0</b>
<b>Employee / average</b>	<b>4.190</b>	<b>4.463</b>	<b>93.9</b>	<b>4.367</b>	<b>95.9</b>

**Revenue** of the parent company amounted to EUR 166.8m and indicate an increase of EUR 15.4m or 10.2% compared to Q1 2012.

Revenue generated by the Business Segment Home amounted to EUR 148.6m, which is an increase of 11.7% compared to the previous year's comparable period and mostly the result of:

- higher volume of orders of own production (better utilisation of production capacities within the programmes of cooking appliances and washing machines and dryers),
- increased sales of small household appliances within the complementary programme,
- increased sales of large household appliances within the complementary programme (transfer of the complementary programme marketing from Sweden to the parent company in Slovenia).

Revenue generated in sales beyond the Business Segment Home amounted to EUR 18.2m and achieved the level of the previous year's comparable period, mostly because of the increased sales of coal.

As for the structure of costs, cost of services increased as a result of the changed transport routes due to the movement of the production facilities, and the changed parent company's geographical structure of sales to individual companies. Irrespective of lower employee benefits expense it should be emphasised that due to the concluded social agreement, the production plant Velenje employed in average 300 more staff than necessary (EUR 1.8m of additional employee benefits expense). Additional employments were and will be made with the planned relocation of the washing and dryer production from Sweden in the second quarter of 2013 and the transfer of the dishwasher production from Sweden in the in the third quarter of 2013.

Improvement of **EBIT** is attributable primarily to:

- better utilisation of production capacities and increased volume of operations,
- better product and geographical structure, and
- changed model of accounting and transfer of costs of the parent company's central administration units (research and development, sales, IT) to locations, where the production was partly shifted.

### Structure of the parent company's profitability change at the level of net profit or loss

EURm	Development
<b>Net profit or loss for January – March 2012</b>	<b>0.1</b>
Contribution margin at the level of cost of goods and material	4.2
Cost of services	-1.5
Employee benefits expense	1.6
Amortisation and depreciation expense	1.1
Other operating expenses	-2.9
Other operating income	0.8
Financial result	-1.9
Income tax expense and deferred taxes	-0.3
<b>Net profit or loss for January – March 2013</b>	<b>1.2</b>

<sup>10</sup> Contribution margin at the level of difference between revenue and cost of goods and materials



## Ownership Structure and the GRVG Share

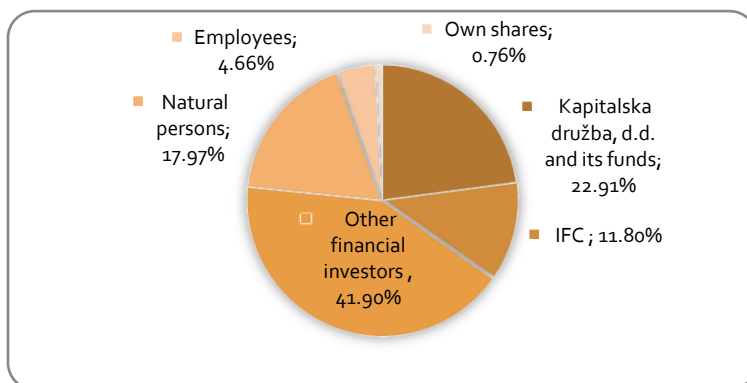
The Articles of Association of Gorenje, d.d. do not contain any provisions invalidating the proportionality of rights arising from share ownership, such as the rights of minority shareholders or restrictions of voting rights, and has not adopted any resolutions on the conditional increase of capital.

**17,903 shareholders** were entered in the share register as of **31 March 2013**, which is 1.9 percent less than at the end of 2012 (18,261).

### Gorenje's ten major shareholders and owners

Ten major shareholders	No. of shares (31 Mar 2013)	Share in %	No. of shares (31 Dec 2012)	Share in %
KAPITALSKA DRUŽBA, D.D.	3,534,615	22.22%	3,534,615	22.22%
IFC	1,876,876	11.80%	1,876,876	11.80%
HOME PRODUCTS EUROPE B.V.	1,070,000	6.73%	1,070,000	6.73%
NFD 1, equity sub-fund	930,802	5.85%	996,388	6.26%
INGOR, d.o.o., & co. k.d.	794,473	4.99%	794,473	4.99%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT	469,760	2.95%	550,587	3.46%
EECF AG	411,727	2.59%	411,727	2.59%
PROBANKA, d.d.	297,061	1.87%	297,061	1.87%
ERSTE GROUP BANK AG – FIDUCIARY ACCOUNT	216,678	1.36%	216,197	1.36%
EATON VANCE PARAMETRIC STRUCTURED EMERGI	169,265	1.06%	/	/
TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIGLAV	/	/	257,628	1.62%
<b>Total major shareholders</b>	<b>9,771,257</b>	<b>61.43%</b>	<b>10,005,552</b>	<b>62.90%</b>
Other shareholders	6,135,619	38.57%	5,901,324	37.10%
<b>Total</b>	<b>15,906,876</b>	<b>100%</b>	<b>15,906,876</b>	<b>100%</b>

### Ownership structure as at 31 Mar 2013



The number of own shares or treasury shares as at **31 March 2013** remains unchanged compared to the year-end balance of 2012 i.e. at **121,311 shares**, which is **0.7626 percent** of total share capital.

The number of **shares held by Supervisory Board members (3,208)** did not change compared to 31 December 2012, and the same applies for the number of shares held by **Management Board members (11,754)**.

The **closing price per share** as at the last trading day in March 2013 was recorded at EUR 4.48 and was by 18.2% higher than recorded on the last trading day in 2012 (EUR 3.79). The prime market index SBITOP declined in the same period by 6.7%.

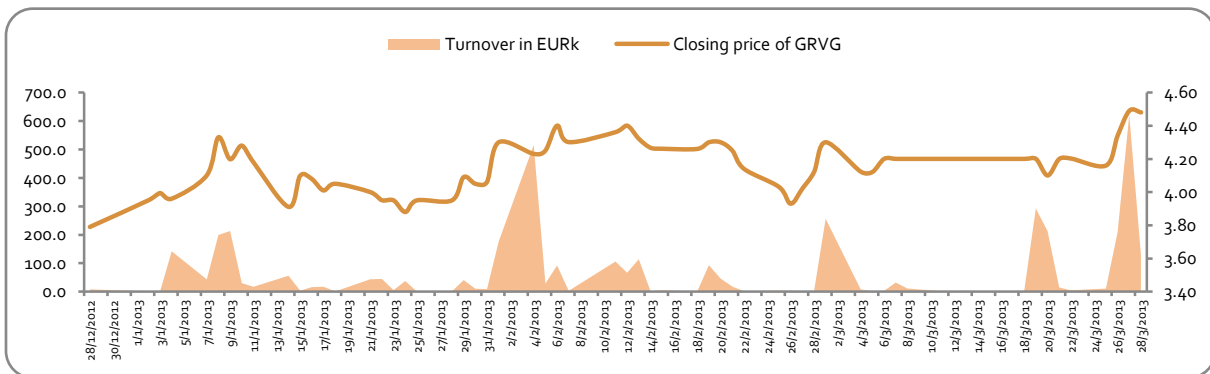
**Net earnings per share** calculated as the ratio between the Group's net profit / loss (annually) and the number of shares issued, less average number of treasury shares held by the company (15,785,565 shares) amounts to EUR -1.10 (2012: EUR 0.57).

**Book value of the GRVG share** as at 31 March 2013 amounted to EUR 24.67 (EUR 24.84 as at 31 December 2012). It is calculated as the ratio between book value of ordinary share capital of the Group and the number of shares issued less the number of treasury shares as at 31 March 2013 (15,785,565 shares).

**The ratio between the market value and the carrying amount per GRVG share** amounts to 0.18 (0.15 as at 31 December 2012).

**The dividend policy** of the Gorenje Group and its parent company shall in the strategic period 2012 - 2015 follow the policy that applied prior to 2009. Thus, up to one-third of the Gorenje Group's net income shall be allocated for dividend payout each year. Due to the onset of the economic crisis, which has had a strong impact on Gorenje's operations since the last quarter of 2008, no dividends were paid out for the years 2008, 2009, and 2010. A dividend payout in the amount of EUR 0.15 gross per share was conducted for the financial year 2011.

**Development of the closing price for GRVG and daily turnover for the period January – March 2013**



**Significant Events after the Balance Sheet Date**

During its 35<sup>th</sup> session held on 18 April 2013, the Supervisory Board adopted the Annual Report of the parent company Gorenje, d.d. and the Consolidated Annual Report of the Gorenje Group, and endorsed the proposal on the use of the accumulated profit for the financial year 2012. The Supervisory Board adopted the Report on the revision of the Annual Report, which will be submitted to the Shareholders' Meeting. Moreover, a new member of the Supervisory Board was proposed to succeed Dr. Peter Kraljič, who resigned as member of Gorenje's Supervisory Board in late August 2012 on his own wish. During its session, the Supervisory Board supported the proposal of the Nomination Committee to appoint Mr. Bachtiar Djalil as the new Supervisory Board member. The shareholders will decide on the Supervisory Board's proposal during the Shareholders' Meeting on 5 July 2013. Mr. Bachtiar Djalil is the acting President of the Management Board of Kapitalska družba, d.d.

As of 25 April 2013, Gorenje, d.d. successfully issued 8-month commercial papers in the total par value of EUR 21m and bearing interest at 4.45%, which were listed on the regulated market on 7 May 2013. By issuing the commercial papers, Gorenje diversifies its short-term sources of financing and manages interim oscillations in generating free cash flow.

No other significant events occurred after the date preparing the balance sheet as of 31 March 2013.

## Significant Business Events

### Awards



Gorenje's premium iChef+ GO 896 X oven with the unique touch-and-slide colour TFT screen was in Germany awarded the prestige German Design Award – Special Mention 2013. This award is presented by the German Design Council.



Gorenje emerged as winner in the Best Buy Survey that was conducted in Croatia. The consumers were asked to list manufacturers with the best price-quality relationship. Gorenje has scored highest in seven out of eight categories, namely in the category of home appliances (in general), refrigerators and freezers, washing machines and tumble dryers, kitchens and kitchen furniture, dishwashers, cooking appliances and small household appliances.



For the seventh consecutive year, Gorenje is the most trusted brand among home appliances in Slovenia. In the survey conducted by the magazine Reader's Digest, as many as 69% of its correspondents chose Gorenje as the leading brand among all household appliances trademarks. This award ranks Gorenje as one of the most trusted Slovene trademarks.



reddot design award  
winner 2013

The Gorenje Group won five prestigious Red Dot Design Awards at the red dot international contest 2013. Among the nominated products, the award went to the outdoor unit of the Gorenje Aerogor heat pump and the SensoCare NGPS12 washing machine, both designed by the Gorenje Design Studio. Another three awards went to Atag cooking hobs including the Atag Puzello modular gas hob and the Atag Magna gas hob, both featuring the innovative Fusion Volcano wok burner, and the Atag induction hob with ground glass and matte finish. The Red Dot Award is deemed a reward and honour for our pursuit of design excellence, innovation and high quality of products.

### Other events

#### Production facility optimisation

Regular production in the new refrigerator-freezer plant in Valjevo, Serbia was launched on 15 February 2013. This is already Gorenje's second refrigerator-freezer plant in Valjevo, as the first production facility was opened there in 2006. According to Gorenje's plans, around 800,000 appliances are to be manufactured in Valjevo this year. The investment in the new production plant is worth around EUR 21m, whereas the launch of production went according to plans.

#### **Restructuring of production locations underway as planned**

Gorenje started a major production restructuring programme last year aimed at increasing profitability and improving its competitive position. Up to the present, the entire production of cooking appliances was transferred from Finland to the Czech Republic, whereby activities of shifting the production of washing machines and tumble dryers from Sweden to Velenje are underway as well. The entire production of dishwashers is planned to be moved from Sweden to Velenje in the summer and is to resume in September. Once all restructuring activities are completed, Gorenje's household appliances will be manufactured solely on three locations, namely in Slovenia, Serbia and the Czech Republic.

#### **The production of dishwashers will be moved from Sweden in the second half of 2013**

Relocating the production of washing machine and tumble dryers from Sweden to Velenje was completed and production in Velenje was launched according to plans. The relocation project was successfully completed and the launch of the washing machine and dryer production under the Asko trademark in Velenje's plant was symbolically marked on 18 April

2013 by employees and members of the Management and Supervisory Board with starting the automated washing machine tub.

#### **Gorenje sold the furniture manufacturing segment to CoBe Capital**

As of 27 February 2013, Gorenje signed an agreement with CoBe Capital, a global private investment firm engaged in managing non-core and underperforming business units, for the sale of the companies Gorenje Kuhinje and Gorenje Notranja oprema, thus withdrawing from the furniture manufacturing segment. Manufacturing operations in Maribor, Velenje and Nazarje will be maintained under the new owner, which means that jobs will be kept in the future. Furthermore, the kitchen furniture produced by the companies under the new owner will remain a part of Gorenje's offer of home products. The disposal of both companies in the furniture segment will improve the Gorenje Group's profitability and increase the balance of free cash flow.

#### **Gorenje makes an appearance at the LivingKitchen @ IMM 2013**



Gorenje participated in the LivingKitchen 2013 Exhibition (14 – 20 January), which has taken place parallel to the established IMM Cologne 2013 fair. The LivingKitchen event is a trade fair focusing on all aspects of kitchens, offering both trade visitors and the general public an opportunity to experience the home interiors of the future. Gorenje presented a selection of novelties from brands Gorenje, Gorenje+ and ATAG, with the emphasis on the Gorenje+ exclusive built-in appliances premiering the IQcook innovative induction hob with the IQ sensor technology and the unique IQsteam cooking programme for healthy cooking, and the prototype of the iChef+ oven with the Wi-Fi technology.

#### **Gorenje opens its first showroom in Israel**



In cooperation with its Israeli business partner H.Y.Group, Gorenje opened its first showroom in an elite location near Tel Aviv at the end of January. The showroom boasts of a great selection of Gorenje's designer home appliances of the premium price range. The solemn event was attended also by the renowned designer Ora-Itó, with whom Gorenje cooperates since 2007. The opening of the showroom symbolically marks Gorenje's launch of operations on the Israeli market where high-end appliances will primarily address the affluent consumers.

#### **Gorenje Orodjarna completes an extensive technological upgrade**



Gorenje's subsidiary Gorenje Orodjarna completed an extensive technological upgrade of the production last year. Investments were made in three new machines such as the high-speed three-axis vertical CNC milling machine, the electric discharge machine, and the five-axis vertical CNC milling machine. The new machinery has already provided a boost to competitiveness as their productivity was improved by 8% last year, whereby cooperation-related costs declined by 50% compared to 2011. Moreover, the upgraded equipment will allow the company to take new commissions, including those from the aerospace industry. The total value of investments exceeds EUR 900k.

#### **Education**



Under the patronage of the Corporate University Gorenje, the 1st module of the new training programme of the Internal Business Academy Gorenje was implemented in the period from 10 and 13 April 2013 within our premises and at the Hotel Paka. The International Business Academy Gorenje (IBAG) aims at developing knowledge in the field of business strategy, international marketing and group policies, and is earmarked for key employees at home and abroad, who are engaged in the international environment.

## ACCOUNTING REPORT

### Fundamental Accounting Policies and Significant Notes to the Financial Statements

Unaudited consolidated financial statements of the Gorenje Group for the period January-March 2013 have been prepared in accordance with provisions of the Companies Act, the International Financial Reporting Standards as announced by the International Accounting Standards Boards (IASB), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union.

Unaudited financial statements of Gorenje, d.d., for the period January-March 2013 have been prepared in accordance with provisions of the Companies Act and the International Financial Reporting Standards (IFRSs). Transition to and implementation of IFRSs was confirmed by Gorenje's Shareholders' Meeting at its 9th regular session held on 29 June 2006.

In accordance with accounting policies, Gorenje, d.d., does not report by Business Segments as these are outlined and reported in the consolidated report of the Gorenje Group.

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 the Gorenje Group

Changes that occurred in the composition of the Gorenje Group up to and including the last day of March were as follows:

- As of 11 January 2013, the company Gorenje Surovina Fotoreciklaža, d.o.o., was established. Gorenje Surovina, d.o.o., is the sole owner (100%) of this company.
- As of 27 February 2013, Gorenje, d.d., sold the companies Gorenje Kuhinje, d.o.o., and Gorenje Notranja oprema, d.o.o., to the investment company CoBe Capital.
- Kemis Valjevo, d.o.o., acquired from Mikica Vasić an equity interest in the company Cleaning system S. Kemis Valjevo, d.o.o., accordingly holds a 62.00% interest in this company.
- As of 5 March 2013, the company Gorenje Solarna energija Solago, d.o.o., Valjevo was established. Gorenje aparati za domačinstvo, d.o.o., Valjevo is the sole owner (100%) of this company.
- As of 12 March 2013, the company Gorenje Sola-Home, d.o.o., Valjevo was established. Gorenje aparati za domačinstvo, d.o.o., Valjevo is the sole owner (100%) of this company.

In addition to the parent company Gorenje, d.d., 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	BSH
2. Gorenje GTI, d.o.o., Velenje	100.00	BSPI
3. Gorenje Gostinstvo, d.o.o., Velenje	100.00	BSPI
4. Energygor, d.o.o., Velenje	100.00	BSPI
5. Kemis, d.o.o., Vrhnika	99.984	BSE
6. Gorenje Orodjarna, d.o.o., Velenje	100.00	BSPI
7. ZEOS, d.o.o., Ljubljana	51.00	BSE
8. Gorenje Surovina, d.o.o., Maribor	99.984	BSE
9. Indop, d.o.o., Šoštanj	100.00	BSPI
10. ERICo, d.o.o., Velenje	51.00	BSE
11. Gorenje design studio, d.o.o., Velenje	52.00	BSH
12. PUBLICUS, d.o.o., Ljubljana	50.992	BSE
13. EKOGOR, d.o.o., Jesenice	99.984	BSE
14. Gorenje GAIO, d.o.o., Šoštanj	100.00	BSPI
15. Gorenje GSI, d.o.o., Ljubljana	100.00	BSH
16. Gorenje Keramika, d.o.o., Velenje	100.00	BSH
17. Gorenje Surovina Fotoreciklaža, d.o.o., Maribor	99.984	BSE

Foreign operations		Equity interest in %	Business Segment
1.	Gorenje Beteiligungs GmbH, Austria	100.00	BSH
2.	Gorenje Austria Handels GmbH, Austria	100.00	BSH
3.	Gorenje Vertriebs GmbH, Germany	100.00	BSH
4.	Gorenje Körting Italia S.r.l., Italy	100.00	BSH
5.	Gorenje France S.A.S., France	100.00	BSH
6.	Gorenje Belux S.a.r.l., Belgium	100.00	BSH
7.	Gorenje Espana, S.L., Spain	100.00	BSH
8.	Gorenje UK Ltd., Great Britain	100.00	BSH
9.	Gorenje Group Nordic A/S, Denmark	100.00	BSH
10.	Gorenje AB, Sweden	100.00	BSH
11.	Gorenje OY, Finland	100.00	BSH
12.	Gorenje AS, Norway	100.00	BSH
13.	Gorenje spol. s r.o., Czech Republic	100.00	BSH
14.	Gorenje real spol. s r.o., Czech Republic	100.00	BSH
15.	Gorenje Slovakia s.r.o., Slovakia	100.00	BSH
16.	Gorenje Magyarország Kft., Hungary	100.00	BSH
17.	Gorenje Polska Sp. z o.o., Poland	100.00	BSH
18.	Gorenje Bulgaria EOOD, Bulgaria	100.00	BSH
19.	Gorenje Zagreb, d.o.o., Croatia	100.00	BSH
20.	Gorenje Skopje, d.o.o., Macedonia	100.00	BSH
21.	Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00	BSH
22.	Gorenje, d.o.o., Serbia	100.00	BSH
23.	Gorenje Podgorica, d.o.o., Montenegro	99.972	BSH
24.	Gorenje Romania S.r.l., Romania	100.00	BSH
25.	Gorenje aparati za domaćinstvo, d.o.o., Serbia	100.00	BSH
26.	Mora Moravia s r.o., Czech Republic	100.00	BSH
27.	Gorenje - kuchyně spol. s r.o., Czech Republic	100.00	BSH
28.	KEMIS-Termoclean, d.o.o., Croatia	99.984	BSE
29.	Kemis - BH, d.o.o., Bosnia and Herzegovina	99.984	BSE
30.	Gorenje Studio, d.o.o., Serbia	100.00	BSH
31.	Gorenje Gulf FZE, United Arab Emirates	100.00	BSH
32.	Gorenje Tiki, d.o.o., Serbia	100.00	BSH
33.	Gorenje Istanbul Ltd., Turkey	100.00	BSH
34.	Gorenje TOV, Ukraine	100.00	BSH
35.	ST Bana Nekretnine, d.o.o., Serbia	100.00	BSPI
36.	Kemis Valjevo, d.o.o., Serbia	99.984	BSE
37.	Kemis – SRS, d.o.o., Bosnia and Herzegovina	99.984	BSE
38.	ATAG Europe BV, The Netherlands	100.00	BSH
39.	ATAG Nederland BV, The Netherlands	100.00	BSH
40.	ATAG België NV, Belgium	100.00	BSH
41.	ATAG Financiële Diensten BV, The Netherlands	100.00	BSH
42.	ATAG Financial Solutions BV, The Netherlands	100.00	BSH
43.	ATAG Special Product BV, The Netherlands	100.00	BSH
44.	Intell Properties BV, The Netherlands	100.00	BSH
45.	Gorenje Nederland BV, The Netherlands	100.00	BSH
46.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	BSH
47.	Gorenje kuhinje, d.o.o., Ukraine	70.00	BSH

48.	»Euro Lumi & Surovina« SH.P.K., Kosovo	50.992	BSE
49.	OOO Gorenje BT, Russia	100.00	BSH
50.	Gorenje GTI, d.o.o., Belgrade, Serbia	100.00	BSPI
51.	Asko Appliances AB, Sweden	100.00	BSH
52.	Asko Hvitvarer AS, Norway	100.00	BSH
53.	AM Hvidevarer A/S, Denmark	100.00	BSH
54.	Asko Appliances Inc, USA	100.00	BSH
55.	Asko Appliances Pty, Australia	100.00	BSH
56.	Asko Appliances OOO, Russia	100.00	BSH
57.	»Gorenje Albania« SHPK, Albania	100.00	BSH
58.	Gorenje Home d.o.o., Zaječar, Serbia	100.00	BSH
59.	ORSES d.o.o., Belgrade, Serbia	100.00	BSE
60.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	99.992	BSE
61.	Gorenje Corporate GmbH, Austria	100.00	BSH
62.	Cleaning system S, d.o.o., Serbia	61.99	BSE
63.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	99.00	BSE
64.	Solarna energija Solago, d.o.o., Valjevo	100.00	BSE
65.	Gorenje Sola - Home, d.o.o., Valjevo	100.00	BSE
66.	Gorenje do Brasil Ltda., Brazil	100.00	BSH
67.	Gorenje Asia Ltd., China	100.00	BSH

BSH – Business Segment Home

BSE – Business Segment Ecology

BSPI – Business Segment Portfolio Investments

Associates:

- Gorenje Projekt, d.o.o., Velenje
- GGE družba za izvajanje energetskih storitev, d.o.o. (GGE d.o.o.), Ljubljana
- RCE – Razvojni center energija d.o.o. (RCE d.o.o.), Velenje
- Econo Projektiranje d.o.o., Ljubljana
- ENVITECH D.O.O., Belgrade

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

- in Moscow (Russian Federation),
- in Krasnoyarsk (Russian Federation),
- in Kiev (Ukraine),
- in Athens (Greece),
- in Shanghai (China),
- in Almaty (Kazakhstan), and
- in Kishinev (Moldova).



## Unaudited Consolidated Financial Statements of the Gorenje Group

### Consolidated Balance Sheet of the Gorenje Group

EURk	Balance at 31 Mar 2013	%	Balance at 31 Dec 2012	%	Balance at 31 Mar 2012	%
<b>ASSETS</b>	<b>1,206,350</b>	<b>100.0%</b>	<b>1,197,324</b>	<b>100.0%</b>	<b>1,184,486</b>	<b>100.0%</b>
<b>Non-current assets</b>	<b>557,451</b>	<b>46.2%</b>	<b>550,965</b>	<b>45.9%</b>	<b>555,624</b>	<b>46.9%</b>
Intangible assets	158,356	13.1%	159,607	13.3%	157,543	13.3%
Property, plant and equipment	350,628	29.1%	341,171	28.5%	350,267	29.6%
Investment property	21,249	1.7%	23,276	1.9%	15,176	1.3%
Non-current investments	8,120	0.7%	7,193	0.6%	11,076	0.9%
Investments in associates	1,246	0.1%	1,298	0.1%	961	0.1%
Deferred tax assets	17,852	1.5%	18,420	1.5%	20,601	1.7%
<b>Current assets</b>	<b>648,899</b>	<b>53.8%</b>	<b>646,359</b>	<b>54.1%</b>	<b>628,862</b>	<b>53.1%</b>
Non-current assets held for sale	899	0.1%	893	0.1%	1	0.0%
Inventories	264,248	21.8%	247,365	20.7%	246,182	20.8%
Current investments	35,781	3.0%	32,769	2.7%	35,883	3.0%
Trade receivables	239,036	19.8%	218,516	18.3%	259,355	21.9%
Other current assets	80,233	6.7%	66,107	5.5%	45,582	3.9%
Cash and cash equivalents	21,358	1.8%	53,488	4.5%	41,859	3.5%
Assets included in disposal groups	7,344	0.6%	27,221	2.3%	0	/
<b>EQUITY AND LIABILITIES</b>	<b>1,206,350</b>	<b>100.0%</b>	<b>1,197,324</b>	<b>100.0%</b>	<b>1,184,486</b>	<b>100.0%</b>
<b>Equity</b>	<b>389,437</b>	<b>32.3%</b>	<b>392,145</b>	<b>32.7%</b>	<b>397,303</b>	<b>33.5%</b>
Share capital	66,378	5.5%	66,378	5.5%	66,378	5.6%
Share premium	175,575	14.6%	175,575	14.7%	175,575	14.8%
Legal and statutory reserves	22,719	1.9%	22,719	1.9%	22,719	1.9%
Retained earnings	109,122	9.0%	113,454	9.5%	117,728	9.9%
Own shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Translation reserve	7,045	0.6%	5,861	0.5%	7,594	0.7%
Fair value reserve	9,378	0.8%	8,976	0.7%	8,633	0.7%
<b>Equity of holders of the parent</b>	<b>387,047</b>	<b>32.1%</b>	<b>389,793</b>	<b>32.5%</b>	<b>395,457</b>	<b>33.3%</b>
<b>Equity of non-controlling interests</b>	<b>2,390</b>	<b>0.2%</b>	<b>2,352</b>	<b>0.2%</b>	<b>1,846</b>	<b>0.2%</b>
<b>Non-current liabilities</b>	<b>343,165</b>	<b>28.4%</b>	<b>349,411</b>	<b>29.2%</b>	<b>369,254</b>	<b>31.2%</b>
Provisions	65,337	5.4%	65,020	5.4%	72,086	6.1%
Deferred income	3,172	0.3%	3,145	0.3%	504	0.0%
Deferred tax liabilities	4,193	0.3%	4,366	0.4%	5,275	0.5%
Non-current financial liabilities	270,463	22.4%	276,880	23.1%	291,389	24.6%
<b>Current liabilities</b>	<b>473,748</b>	<b>39.3%</b>	<b>455,768</b>	<b>38.1%</b>	<b>417,929</b>	<b>35.3%</b>
Current financial liabilities	202,768	16.8%	155,846	13.0%	175,939	14.9%
Trade payables	178,510	14.8%	212,430	17.8%	153,922	13.0%
Other current liabilities	89,778	7.5%	79,170	6.6%	88,068	7.4%
Liabilities included in disposals groups	2,692	0.2%	8,322	0.7%	0	/



### Consolidated Income Statement of the Gorenje Group

EURk	Jan-Mar 2013	%	Plan 2013	%	Jan-Mar 2012	%	13/12	Plan realisation
Revenue	289,366	94.9%	1,339,590	99.5%	293,349	93.7%	98.6	21.6
Change in inventories	11,258	3.7%	-8,212	-0.6%	9,169	2.9%	122.8	/
Other operating income	4,164	1.4%	15,214	1.1%	10,700	3.4%	38.9	27.4
<b>Operating profit</b>	<b>304,788</b>	<b>100.0%</b>	<b>1,346,592</b>	<b>100.0%</b>	<b>313,218</b>	<b>100.0%</b>	<b>97.3</b>	<b>22.6</b>
Cost of goods, materials and services	-223,156	-73.2%	-972,457	-72.2%	-223,098	-71.2%	100.0	22.9
Employee benefits expense	-60,922	-20.0%	-258,828	-19.2%	-61,843	-19.8%	98.5	23.5
Amortisation and depreciation expense	-10,392	-3.4%	-47,762	-3.5%	-12,188	-3.9%	85.3	21.8
Other operating expenses	-4,582	-1.5%	-18,621	-1.4%	-4,464	-1.4%	102.6	24.6
<b>Operating profit</b>	<b>5,736</b>	<b>1.9%</b>	<b>48,924</b>	<b>3.7%</b>	<b>11,625</b>	<b>3.7%</b>	<b>49.3</b>	<b>11.7</b>
Finance income	1,005	0.3%	3,396	0.2%	2,784	0.9%	36.1	29.6
Finance expenses	-7,679	-2.5%	-43,285	-3.2%	-9,084	-2.9%	84.5	17.7
<b>Net finance expenses</b>	<b>-6,674</b>	<b>-2.2%</b>	<b>-39,889</b>	<b>-3.0%</b>	<b>-6,300</b>	<b>-2.0%</b>	<b>105.9</b>	<b>16.7</b>
Share in profits or losses in associates	-53	0.0%	342	0.0%	-36	0.0%	147.2	/
<b>Profit or loss before tax</b>	<b>-991</b>	<b>-0.3%</b>	<b>9,377</b>	<b>0.7%</b>	<b>5,289</b>	<b>1.7%</b>	<b>/</b>	<b>/</b>
Income tax expense	-1,359	-0.5%	-5,167	-0.4%	-714	-0.2%	190.3	26.3
<b>Profit or loss without discounted operation</b>	<b>-2,350</b>	<b>-0.8%</b>	<b>4,210</b>	<b>0.3%</b>	<b>4,575</b>	<b>1.5%</b>	<b>/</b>	<b>/</b>
<b>Profit or loss from discounted operation</b>	<b>-1,884</b>	<b>-0.6%</b>	<b>0</b>	<b>0.0%</b>	<b>-2,440</b>	<b>-0.8%</b>	<b>77.2</b>	<b>/</b>
<b>Profit or loss for the period</b>	<b>-4,234</b>	<b>-1.4%</b>	<b>4,210</b>	<b>0.3%</b>	<b>2,135</b>	<b>0.7%</b>	<b>/</b>	<b>/</b>
<b>Attributable to non-controlling interests</b>	<b>98</b>	<b>0.0%</b>	<b>474</b>	<b>0.0%</b>	<b>25</b>	<b>0.0%</b>	<b>392.0</b>	<b>20.7</b>
<b>Attributable to equity holders of the parent</b>	<b>-4,332</b>	<b>-1.4%</b>	<b>3,736</b>	<b>0.3%</b>	<b>2,110</b>	<b>0.7%</b>	<b>/</b>	<b>/</b>
Basic or diluted earnings per share (in EUR)	-1.1		0.24		0.53		/	/

### Consolidated Statement of Comprehensive Income of the Gorenje Group

EURk	Jan-Mar 2013	Jan-Mar 2012
<b>Profit or loss for the period</b>	<b>-4,234</b>	<b>2,135</b>
<b>Other comprehensive income</b>		
Net change in fair value of available-for-sale financial assets	-10	40
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	151	-483
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	310	127
Income tax on other comprehensive income	-49	63
Translation reserve	1,184	-2,396
<b>Other comprehensive income for the period</b>	<b>1,586</b>	<b>-2,649</b>
<b>Total comprehensive income for the period</b>	<b>-2,648</b>	<b>-514</b>
Attributable to equity holders of the parent	-2,746	-539
Attributable to non-controlling interests	98	25

Significant items in the consolidated statement of comprehensive income are outlined in the accompanying notes to the accounting report of the Gorenje Group.

### Consolidated Statement of Cash Flows of the Gorenje Group

EURk	Jan-Mar 2013	Jan-Mar 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit or loss for the period	-4,234	2,135
Adjustments for:		
Depreciation of property, plant and equipment	8,889	10,901
Amortisation of intangible assets	1,713	1,629
Investment income	-1,005	-2,785
Finance expenses	7,691	9,109
Gain on sale of property, plant and equipment	-145	-222
Income tax expense	1,359	722
<b>Operating profit before changes in net operating current assets and provisions</b>	<b>14,268</b>	<b>21,489</b>
Change in trade and other receivables	-24,215	-905
Change in inventories	-16,269	-574
Change in provisions	347	-4,348
Change in trade and other liabilities	-23,228	-45,528
<b>Cash generated from operations</b>	<b>-63,365</b>	<b>-51,355</b>
Interest paid	-5,465	-7,915
Taxes paid	-1,078	-749
<b>Net cash from operating activities</b>	<b>-55,640</b>	<b>-38,530</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	182	977
Interest received	585	511
Dividends received	0	0
Acquisition of property, plant and equipment	-14,796	-4,470
Other investments	-3,887	-2,634
Acquisition of intangible assets	-852	-735
<b>Net cash used in investing activities</b>	<b>-18,768</b>	<b>-6,351</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	41,184	-14,880
<b>Net cash used in financing activities</b>	<b>41,184</b>	<b>-14,880</b>
Net change in cash and cash equivalents	-33,224	-59,761
Cash and cash equivalents at beginning of period	54,588	101,620
Cash and cash equivalents at end of period	21,364	41,859

Consolidated Statement of Changes in Equity

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
Opening balance at 1 Jan 2013	66,378	175,575	22,719	113,454	-3,170	5,861	8,976	389,793	2,352	392,145
Total comprehensive income for the period										
Profit or loss for the period				-4,332				-4,332	98	-4,234
Total other comprehensive income						1,184	402	1,586		1,586
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4,332</b>	<b>0</b>	<b>1,184</b>	<b>402</b>	<b>-2,746</b>	<b>98</b>	<b>-2,648</b>
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Equity increase								0		0
Dividends								0	0	0
Unpaid dividends								0		0
<b>Total contributions by owners and distribution to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Changes in ownership interests in subsidiaries that do not result in a loss of control										
<b>Change in equity interests</b>								0	-60	-60
<b>Total changes in ownership interests in subsidiaries</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-60</b>	<b>-60</b>
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-60</b>	<b>-60</b>
Closing balance at 31 Mar 2013	66,378	175,575	22,719	109,122	-3,170	7,045	9,378	387,047	2,390	389,437

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
<b>Opening balance at 1 Jan 2012</b>	66,378	175,575	22,719	115,618	-3,170	9,990	8,886	395,996	1,823	397,819
Total comprehensive income for the period										
Profit or loss for the period				2,110				2,110	25	2,135
Total other comprehensive income						-2,396	-253	-2,649		-2,649
<b>Total comprehensive income for the period</b>	0	0	0	2,110	0	-2,396	-253	-539	25	-514
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Equity increase								0		0
Dividends								0	0	0
<b>Total contributions by owners and distribution to owners</b>	0	0	0	0	0	0	0	0	0	0
Changes in ownership interests in subsidiaries that do not result in a loss of control										
<b>Change in equity interests</b>									-2	-2
<b>Total changes in ownership interests in subsidiaries</b>	0	0	0	0	0	0	0	0	-2	-2
<b>Total transactions with owners</b>	0	0	0	0	0	0	0	0	-2	-2
<b>Closing balance at 31 Mar 2012</b>	66,378	175,575	22,719	117,728	-3,170	7,594	8,633	395,457	1,846	397,303

## Notes to the Consolidated Financial Statements of the Gorenje Group

### Consolidated Income Statement

**Revenue** decreased in the first quarter of 2013 by EUR 3,983k or 1.4% as compared to the equivalent period last year. Most of the comparable lag of EUR 3,443k or 13.4% was incurred by the Business Segment Ecology, where the highest decrease is attributable to the company Gorenje Surovina, d.o.o., (unfavourable weather conditions in the first quarter of 2013 that prevented the collection and sale of secondary raw materials and the loss of business deals for a major partner in Slovenia). The Business Segment Portfolio Investments recorded lower sales by EUR 1,623k or 5.9% and most of this decline refers to the company Gorenje GTI, d.o.o., Velenje (winding-up of a business partner in Slovenia and transfer of individual business deals from the field of medical and professional equipment to the second half of 2013). The Business Segment Home, however, recorded higher revenue by EUR 1,083k or 0.5% if compared to the equivalent period in 2012. The sales structure in terms of geographical segments indicates that the volume of sales increased in Eastern Europe (major increase in the markets of Russia and Ukraine). Lower demand and a less favourable product structure contributed to lower sales in countries of Western Europe (significant decline in the markets of the Netherlands, Germany and Italy) and other countries (major decline in the markets of Australia and USA).

**Other operating income** in the amount of EUR 4,164k include revenue from provisions used and reversal (EUR 1,264k, of which EUR 928k refers to the company Gorenje IPC, d.o.o.), revenue from subsidies (EUR 493k), lease and rental income (EUR 470k), gain on disposal of property, plant and equipment (EUR 144k), income from compensation for damages (EUR 78k), income relating to the Directive on Waste Electrical and Electronic Equipment (EUR 60k), and other operating income (EUR 1,655k).

The growth dynamics in **cost of materials** was slightly higher from the growth of revenue, which is mostly attributable to the sales structure reforms in the Business Segment Home in view of its products and markets and the implementation of the production relocation, whereas **cost of goods** grew slower than the scope of business activities.

Compared to the equivalent period last year, **cost of services** increased by EUR 1.374k or 2.9%, which is attributable to higher cost of logistics as a result of the changed geographical sales structure and the changed transport routes due to the movement of the production facilities.

Considering comparable data, **employee benefits expense** decreased over the last year's same period by EUR 921k or 1.5%, which is attributable primarily to the implementation of measures introduced by the management in the third quarter of 2012 in connection with the cost adjustment of employee benefits expense when production capacities are not fully utilised, as well as the effects of the relocation of production from Finland to the Czech Republic. Their share in gross profit structure grew from 19.7% to 20.0%. Employee benefits expense per employee declined over last year's equivalent period by 4.2%.

**Amortisation and depreciation expense** decreased by EUR 1,796k compared to last year's equivalent period, which is mainly the result of extended useful lives of few property, plant and equipment referring to production companies of the Business Segment Home.

Most of **other operating expenses** refer to costs that were incurred in connection with the Directive on Waste Electrical and Electronic Equipment (EUR 1,730k), charges independent of the result for the period (EUR 810k), and expenses referring to allowances for inventories (EUR 397k).

**Value added per employee** declined by 12.6% in last year's comparable term and amounted to EUR 7,399.

Compared to the equivalent period in 2012, the **negative result from financing activities** is higher by EUR 374k. This figure was negatively affected by a poor result from exchange differences and positively affected by a lower negative result relating to interest and other financial movement.

EURk	Jan-Mar 2013	Jan-Mar 2012	2013/2012
Dividend income	0	0	/
Interest income	585	693	84.4
Income from revaluation due to value maintenance (foreign exchange gains) *	101	2,043	4.9
Other finance income **	319	48	664.6
<b>Total finance income</b>	<b>1,005</b>	<b>2,784</b>	<b>36.1</b>
Interest expenses	4,649	6,257	74.3

Expenses from revaluation due to value maintenance (foreign exchange losses) *	470	362	129.8
Other finance expenses **	2,560	2,465	103.9
<b>Total finance expenses</b>	<b>7,679</b>	<b>9,084</b>	<b>84.5</b>
Dividend result	0	0	/
Interest result	-4,064	-5,564	73.0
Revaluation result	-369	1,681	/
Result from other financing activities	-2,241	-2,417	92.7
<b>Total financial result</b>	<b>-6,674</b>	<b>-6,300</b>	<b>105.9</b>

\* including income (expenses) on foreign currency hedging

\*\* including income (expenses) on interest rate hedging

**Income tax expense** is recorded at EUR 1,359k and is higher by EUR 645k or 90.3% if compared to last year's equivalent period. The aforesaid result is mostly due to the changed structure of generating profit before tax per companies and the recalculation of deferred tax receivable to the expected tax rate.

### Consolidated Statement of Comprehensive Income

The consolidated statement of comprehensive income includes the negative effect of impairments of available-for-sale financial assets in the amount of EUR 10k, and the positive impact of interest rate hedging in the amount of EUR 151 (effect of interest rate swaps), and in the amount of EUR 310k a part of interest rate hedging (interest rate swaps) that has already been included in the income statement in the period January – March, pursuant to provisions of IAS 1 required to be recorded separately in the statement of comprehensive income, and thus creating a positive value.

### Consolidated Balance Sheet

**Balance sheet total** amounted to EUR 1,206,350k at the end of March 2013 and indicates an increase over the balance at the end of 2012, which is mostly attributable to the higher level of non-current assets. Non-current assets increased as a result of higher investments relating to the restructuring of the production facilities. As at 31 March 2013, the share of non-current assets within the asset structure was 46.2% and shows an increase of 0.2 p.p. compared to the 31 December 2012 balance.

Compared to the year-end of 2012, **total inventories** grew by EUR 16,883k or 6.8%. Inventories of products and material increased in the Business Segment Home due to the year-on-year dynamics in production and sales activities and as a result of higher emergency stock in the new plant in Valjevo, as well as the result of still existing emergency stock of products at the production facilities due to the planned relocation of the production.

EURk	31 Mar 2013	31 Dec 2012	31 Mar 2012	31 Mar 2013/ 31 Mar 2012	31 Mar 2013/ 31 Dec 2012
Materials	63,464	59,808	63,877	99.4	106.1
Work in progress	14,973	13,586	16,985	88.2	110.2
Products	146,968	134,419	132,151	111.2	109.3
Merchandise	36,245	38,068	30,756	117.8	95.2
Advances	2,598	1,484	2,413	107.7	175.1
<b>Total</b>	<b>264,248</b>	<b>247,365</b>	<b>246,182</b>	<b>107.3</b>	<b>106.8</b>

Compared to the entire year 2012, the turnover of inventories of products is seven days longer and five days longer compared to the equivalent period last year.

	Jan-Mar 2013	Jan-Dec 2012	Jan-Mar 2012
Turnover of products	44	37	39
Turnover of trade receivables	71	67	78
Turnover of trade payables	79	76	69

The major portion of increases in **current investments** refers to the increase in current loans at the company Gorenje, d.d.

Considering the year-end balance of 2012, **trade receivables** increased by EUR 20,520k. The increase is predominantly the result of trade receivable's lower balance at the end of last year due to the customers' collection of annual bonuses, higher sales generated by the business Segment Home in Eastern Europe, as well as the fact that in contrast to the year-end 2012 one of the companies in Western Europe has not carried out factoring in the first quarter of 2013 worth approximately EUR 10m due to the optimisation of contractual terms. The factoring was activated again in mid April and is of permanent nature.

Turnover of trade receivables indicates a decline from 78 to 71 days compared to the equivalent period in 2012; the turnover grew by four days compared to 2012.

**Other current assets** grew by EUR 14,126k compared to the year-end balance of 2012, which is mostly due to higher deferred costs, advances given and other current receivables, whereas input VAT receivables and accrued revenue of operations decreased.

As at 31 March 2013, **equity** amounted to EUR 389,437k, which is EUR 2,708k or 0.7% less than at the year-end of 2012. The decrease is a result of the loss for the period, lower fair value reserve relating to accounted deferred tax liabilities and the fair value of available-for-sale financial assets. However, the equity increased by the amount of exchange gains arising on the translation of financial statements of foreign operations, and the change in the value of cash flow hedge.

**Provisions** increased by EUR 317k compared to the year-end of 2012; this is mostly the result of forming provisions for costs relating to dismantling activities in the company ZEOS, d.o.o.

Considering the figures at the end of 2012, **financial liabilities** increased by EUR 40,505k or 9.4%, which is mostly attributable to the year-on-year dynamics in production and sales activities that resulted in an increase of net current assets and higher investments due to the production restructuring activities. As at 31 March 2013, financial liabilities represented 39.2% of total liabilities, which is 3.1 p.p. more than at the year-end of 2012.

**Trade payables** decreased by EUR 33,920k compared to figures at the end of 2012; this is primarily the result of adjusting the purchase volume to the production requirements, and higher costs of suppliers accounted for but not yet charged and disclosed among other current liabilities.

Turnover of trade payables increased from 76 to 79 compared to the entire year 2012 and increased by ten days in terms of last year's comparable period.

**Other current liabilities**, including mostly payables to employees and payables to state and other institutions, payables for advances received and accrued costs and expenses, increased by EUR 10,608k or 13.4% compared to the year-end of 2012. This is mostly the result of higher accrued costs and expenses.

#### Consolidated Statement of Cash Flows

**Cash flow from operating activities** was negative. It was positively affected by amortisation and depreciation expense, whereas the loss for the period and the increase in net current assets had a negative impact.

**Cash flow from investing activities** was negative mostly as a result of acquiring property, plant and equipment and intangible assets.

**Cash flow from financing activities** was positive due to rising of loans.

Business and Geographical Segments of the Gorenje Group

EURk	Home		Ecology		Portfolio Investments		Group	
	Jan-Mar 2013	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2012
	Revenue from sale to third parties	241,031	239,948	22,328	25,771	26,007	27,630	289,366
Inter-segment sale	790	627	153	296	2,870	2,608	3,813	3,531
Interest income	548	658	22	24	15	11	585	693
Interest expenses	4,573	6,108	64	114	12	35	4,649	6,257
Amortisation and depreciation expense	9,077	10,893	939	932	376	363	10,392	12,188
Operating profit or loss before tax	-3,383	1,998	312	1,233	2,080	2,058	-991	5,289
Income tax expense							1,359	714
Profit or loss for the period							-4,234	2,135

EURk	Western Europe		Eastern Europe		Other		Group	
	Jan-Mar 2013	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2012
	Revenue from sales to third parties	117,201	121,742	151,536	148,393	20,629	23,214	289,366



## Financial Indicators

	Jan-Mar 2013	Plan 2013	Jan-Mar 2012
<b>INDICATORS OF PROFITABILITY</b>			
Net return on sales (ROS)	-1.5%	0.3%	0.7%
Net return on assets (ROA)	-1.4%	0.4%	0.7%
Net return on equity (ROE)	-4.3%	1.0%	2.1%
<b>ASSET INDICATORS</b>			
Asset turnover ratio	0.96	1.17	0.98
Inventory turnover ratio	4.52	5.68	4.87
Current trade receivables turnover ratio	5.06	5.42	4.64
<b>INVESTMENT INDICATORS</b>			
Fixed assets (PPE) to total assets	0.42	0.47	0.43
Current assets to total assets	0.46	0.50	0.47
<b>INDICATORS OF FINANCIAL COMPOSITION</b>			
Long-term coverage of non-current assets	1.31	1.31	1.38
Equity to total liabilities	0.32	0.38	0.34
Long-term to total liabilities	0.61	0.66	0.65
Equity to fixed assets (carrying value)	0.77	0.82	0.78
Quick ratio (liquid assets to current liabilities)	0.12	0.12	0.19
(Liquid assets + current receivables) to current liabilities	0.79	0.85	0.92
Current ratio	1.37	1.45	1.50
Net financial liabilities to equity	1.07	0.73	0.98
<b>OPERATING PERFORMANCE INDICATORS</b>			
Operating income to operating expenses	1.02	1.04	1.04
Revenue per employee (EUR)	27,786	123,693	28,976
Value added per employee (EUR)	7,399	32,827	8,461

**Unaudited Financial Statements of Gorenje, d.d.**

**Balance Sheet of Gorenje, d.d.**

EURk	Balance at 31 Mar 2013	%	Balance at 31 Dec 2012	%	Balance at 31 Mar 2012	%
<b>ASSETS</b>	<b>857,110</b>	<b>100.0%</b>	<b>847,894</b>	<b>100.0%</b>	<b>850,211</b>	<b>100.0%</b>
<b>Non-current assets</b>	<b>434,976</b>	<b>50.7%</b>	<b>422,272</b>	<b>49.8%</b>	<b>439,876</b>	<b>51.7%</b>
Intangible assets	13,041	1.5%	14,270	1.7%	14,918	1.7%
Property, plant and equipment	153,824	18.0%	146,748	17.3%	148,637	17.5%
Investment property	23,422	2.7%	16,147	1.9%	15,217	1.8%
Investments in subsidiaries	232,447	27.1%	232,447	27.4%	246,685	29.0%
Investments in associates	976	0.1%	976	0.1%	976	0.1%
Other non-current investments	650	0.1%	661	0.1%	693	0.1%
Deferred tax assets	10,616	1.2%	11,023	1.3%	12,750	1.5%
<b>Current assets</b>	<b>422,134</b>	<b>49.3%</b>	<b>425,622</b>	<b>50.2%</b>	<b>410,335</b>	<b>48.3%</b>
Inventories	81,047	9.5%	84,217	9.9%	84,430	9.9%
Current investments	107,430	12.5%	110,083	13.0%	117,127	13.8%
Trade receivables	213,479	24.9%	194,043	22.9%	180,879	21.3%
Other current assets	19,502	2.3%	18,307	2.2%	14,564	1.7%
Cash and cash equivalents	676	0.1%	18,972	2.2%	13,335	1.6%
<b>EQUITY AND LIABILITIES</b>	<b>857,110</b>	<b>100.0%</b>	<b>847,894</b>	<b>100.0%</b>	<b>850,211</b>	<b>100.0%</b>
<b>Equity</b>	<b>321,091</b>	<b>37.5%</b>	<b>319,466</b>	<b>37.7%</b>	<b>335,204</b>	<b>39.4%</b>
Share capital	66,378	7.7%	66,378	7.8%	66,378	7.8%
Share premium	157,712	18.4%	157,712	18.6%	157,712	18.6%
Legal and statutory reserves	22,719	2.7%	22,719	2.7%	22,719	2.7%
Retained earnings	74,435	8.7%	73,212	8.6%	89,652	10.5%
Own shares	-3,170	-0.4%	-3,170	-0.3%	-3,170	-0.4%
Fair value reserve	3,017	0.4%	2,615	0.3%	1,913	0.2%
<b>Non-current liabilities</b>	<b>249,415</b>	<b>29.1%</b>	<b>250,247</b>	<b>29.5%</b>	<b>256,377</b>	<b>30.2%</b>
Provisions	21,347	2.5%	21,632	2.5%	26,209	3.1%
Deferred tax liabilities	1,210	0.1%	1,288	0.2%	1,398	0.2%
Non-current financial liabilities	226,858	26.5%	227,327	26.8%	228,770	26.9%
<b>Current liabilities</b>	<b>286,604</b>	<b>33.4%</b>	<b>278,181</b>	<b>32.8%</b>	<b>258,630</b>	<b>30.4%</b>
Current financial liabilities	122,525	14.3%	108,349	12.8%	124,088	14.6%
Trade payables	135,231	15.8%	152,164	17.9%	114,780	13.5%
Other current liabilities	28,848	3.3%	17,668	2.1%	19,762	2.3%

### Income Statement of Gorenje, d.d.

EURk	Jan-Mar 2013	%	Plan 2013	%	Jan-Mar 2012	%	2013/ 2012	Plan realisation
Revenue	166,758	102.0%	699,203	98.9%	151,350	97.2%	110.2	23.8
Change in inventories	-5,695	-3.5%	0	0.0%	2,646	1.7%	/	/
Other operating income	2,499	1.5%	7,778	1.1%	1,730	1.1%	144.5	32.1
<b>Operating profit</b>	<b>163,562</b>	<b>100.0%</b>	<b>706,981</b>	<b>100.0%</b>	<b>155,726</b>	<b>100.0%</b>	<b>105.0</b>	<b>23.1</b>
Cost of goods, materials and services	-132,113	-80.8%	-564,490	-79.9%	-124,974	-80.3%	105.7	23.4
Employee benefits expense	-22,534	-13.8%	-102,629	-14.5%	-24,137	-15.5%	93.4	22.0
Amortisation and depreciation expense	-4,370	-2.7%	-21,024	-3.0%	-5,515	-3.5%	79.2	20.8
Other operating expenses	-1,240	-0.7%	-4,471	-0.6%	-1,090	-0.7%	113.8	27.7
<b>Operating profit</b>	<b>3,305</b>	<b>2.0%</b>	<b>14,367</b>	<b>2.0%</b>	<b>10</b>	<b>0.0%</b>	<b>/</b>	<b>23.0</b>
Finance income	5,651	3.5%	13,890	2.0%	6,047	3.9%	93.5	40.7
Finance expenses	-7,452	-4.6%	-20,403	-2.9%	-5,957	-3.8%	125.1	36.5
<b>Net finance income or expenses</b>	<b>-1,801</b>	<b>-1.1%</b>	<b>-6,513</b>	<b>-0.9%</b>	<b>90</b>	<b>0.1%</b>	<b>/</b>	<b>27.7</b>
<b>Profit before tax</b>	<b>1,504</b>	<b>0.9%</b>	<b>7,854</b>	<b>1.1%</b>	<b>100</b>	<b>0.1%</b>	<b>/</b>	<b>19.1</b>
Income tax expenses	-281	-0.2%	-593	-0.1%	31	0.0%	/	47.4
<b>Profit for the period</b>	<b>1,223</b>	<b>0.7%</b>	<b>7,261</b>	<b>1.0%</b>	<b>131</b>	<b>0.1%</b>	<b>933.6</b>	<b>16.8</b>
<b>Basic or diluted earnings per share (in EUR)</b>	<b>7.75</b>		<b>45.99</b>		<b>0.03</b>			

### Statement of Comprehensive Income of Gorenje, d.d.

EURk	Jan-Mar 2013	Jan-Mar 2012
<b>Profit for the period</b>	<b>1,223</b>	<b>131</b>
<b>Other comprehensive income</b>		
Net change in fair value of available-for-sale financial assets	-10	40
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	151	-483
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	310	127
Income tax on other comprehensive income	-49	63
<b>Other comprehensive income for the period</b>	<b>402</b>	<b>-253</b>
<b>Total comprehensive income for the period</b>	<b>1,625</b>	<b>-122</b>

Significant items in the statement of comprehensive income are outlined and explained in the accompanying notes to the accounting report of the Gorenje Group (page 30 of the report).

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

EURk	Jan-Mar 2013	Jan-Mar 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit or loss for the period	1,223	131
Adjustments for:		
Depreciation of property, plant and equipment	3,631	4,819
Amortisation of intangible assets	739	696
Investment income	-5,651	-6,047
Finance expenses	7,452	5,957
Gain on sale of property, plant and equipment	-351	-20
Income tax expense	281	-31
<b>Operating profit before changes in net operating current assets and provisions</b>	<b>7,324</b>	<b>5,505</b>
Change in trade and other receivables	-19,705	13,492
Change in inventories	3,170	-3,312
Change in provisions	-285	-18
Change in trade and other liabilities	-5,998	-24,824
<b>Cash generated from operations</b>	<b>-22,818</b>	<b>-14,662</b>
Interest paid	-4,478	-5,554
<b>Net cash from operating activities</b>	<b>-19,972</b>	<b>-14,711</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	354	295
Interest received	2,379	903
Dividends received	3,382	0
Acquisition of subsidiary	0	-6,013
Acquisition of property, plant and equipment	-11,046	-863
Acquisition of investment property	-7,275	0
Loans	-116	-17,986
Other investments	-92	-3,434
Acquisition of intangible assets	-91	-159
<b>Net cash used in investing activities</b>	<b>-12,505</b>	<b>-27,257</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	14,181	-2,787
<b>Net cash used in financing activities</b>	<b>14,181</b>	<b>-2,787</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Net change in cash and cash equivalents	-18,296	-44,755
Cash and cash equivalents at beginning of period	18,972	58,090
Cash and cash equivalents at end of period	676	13,335

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

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
<b>Opening balance at 1 Jan 2013</b>	66,378	157,712	22,719	73,212	-3,170	2,615	319,466
<b>Total comprehensive income for the period</b>							0
Profit for the period				1,223			1,223
Total other comprehensive income						402	402
<b>Total comprehensive income for the period</b>	0	0	0	1,223	0	402	1,625
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distribution to owners							0
Dividends							0
Unpaid dividends							0
Formation of statutory reserves							0
<b>Total contributions by owners and distribution to owners</b>	0	0	0	0	0	0	0
<b>Total transactions with owners</b>	0	0	0	0	0	0	0
<b>Closing balance at 31 Mar 2013</b>	66,378	157,712	22,719	74,435	-3,170	3,017	321,091

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
<b>Opening balance at 1 Jan 2012</b>	66,378	157,712	22,719	89,521	-3,170	2,166	335,326
<b>Total comprehensive income for the period</b>							0
Profit for the period				131			131
Total other comprehensive income						-253	-253
<b>Total comprehensive income for the period</b>	0	0	0	131	0	-253	-122
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distribution to owners							0
Equity increase							0
Formation of statutory reserves							0
<b>Total contributions by owners and distribution to owners</b>	0	0	0	0	0	0	0
<b>Total transactions with owners</b>	0	0	0	0	0	0	0
<b>Closing balance at 31 Mar 2012</b>	66,378	157,712	22,719	89,652	-3,170	1,913	335,204

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

### Income Statement

As for the total sales structure, **sales of home products produced in-house** amounted to EUR 91.266k and recorded a share of 54.73%; compared to the result of the previous year's equivalent period, the figure **increased by 2.4%**.

**Other sales** were recorded at EUR 75,492k and show an increase of 21.3% over the comparable period in 2012. The result was positively affected by higher revenue from sale of home products via dealers (sale of home products beyond own production) by 16.1%, and higher revenue from sales of other home products by 63.6% (sales of the Services programme, marketing of materials, work in progress and services) compared to the same period last year.

Revenue generated by the Business Segment Portfolio Investments, which includes the Point programme, the ecology programme, the energy and environment programme, and the Solar programme, declined by 0.9% compared to the equivalent period in 2012.

Compared to the equivalent period in 2012, **other operating income** grew by 44.5% as a result of higher subsidies and the sale of equipment to the subsidiary Gorenje Aparati za domačinstvo, d.o.o., Valjevo.

**Cost of goods, materials and services** grew by 5.7% over the last year's equivalent period as a result of increased business activities. **Cost of goods and materials sold** increased by 15.5% considering the same period in 2012, which is attributable to higher sale of home appliances, brokerage activities and higher sale of other home appliances. Lower cost of materials is attributable to the favourable prices of metal in the last quarter of 2012. **Cost of services** grew by 9.4% if compared to the equivalent period last year.

EURk	Jan-Mar 2013	Jan-Mar 2012	2013/2012
Cost of goods, materials and services	132,113	124,974	105.7
- cost of goods and materials sold	52,043	45,065	115.5
- cost of materials	63,137	64,430	98.0
- cost of services	16,933	15,479	109.4
Employee benefits expense	22,534	24,137	93.4
Amortisation and depreciation expense	4,370	5,515	79.2
Other operating expenses	1,240	1,090	113.8
<b>Total operating expenses</b>	<b>160,257</b>	<b>155,716</b>	<b>102.9</b>

**Employee benefits expense** declined by 6.6%, compared to the same period in 2012, which is the result of a lower number of employee by 6.1% and the implementation of measures introduced by the management in the third quarter of 2012 in connection with the cost adjustment of employee benefits expense when production capacities are not fully utilised.

Considering last year's equivalent period, **amortisation and depreciation expense** declined by 20.8%, which is primarily the result of the extended useful lives of certain appliances and equipment in the previous year, and the movement of equipment to the new production facility in Valjevo.

**Other operating expenses** increased by 13.8%, compared to the equivalent period last year, due to the write-off of inventories of obsolete material.

**Value added per employee** was recorded at EUR 7.210 which is 8.5% more than in the first quarter of 2012.

**Financing activities** are negative compared to the previous year's equivalent period, mostly due to lower dividends received from subsidiaries.

EURk	Jan-Mar 2013	Jan-Mar 2012	2013/2012
Interest income	1,282	1,401	91.5
Income from revaluation due to value maintenance *	0	515	/
Other finance income **	4,369	4,131	105.8
<b>Total finance income</b>	<b>5,651</b>	<b>6,047</b>	<b>93.5</b>
Interest expenses	-3,430	-4,382	78.3
Expenses from revaluation due to value maintenance *	-228	-1,111	20.5
Other finance expenses **	-3,794	-464	817.7
<b>Total finance expenses</b>	<b>-7,452</b>	<b>-5,957</b>	<b>125.1</b>

Interest result	-2,148	-2,981	72.1
Revaluation result	-228	-596	38.3
Result from other financing activities	575	3,667	15.7
<b>Total financial result</b>	<b>-1,801</b>	<b>90</b>	<b>/</b>

\* including income (expenses) on foreign currency hedging

\*\* including income (expenses) on interest rate hedging

**Income tax expense** includes deferred taxes in the amount of EUR 281k that lower the operating result due to the formation and utilisation of deferred taxes.

### Statement of Comprehensive Income

Disclosures of items in the parent company's statement of comprehensive income already form a constituent part of notes to the statement of comprehensive income of the Gorenje Group.

### Balance Sheet

As at 31 March 2013, the **balance sheet total** amounted to EUR 857,110k and is higher by 1.1% compared to the year-end result of 2012; the increase is attributable to higher balance of property, plant and equipment.

Compared to the year-end of 2012, the **asset** structure indicates a shift towards non-current assets, which account for 50.7% among total assets; their share was at 49.8% at the end of 2012.

**Value of investment property** grew by 45.1% compared to figures at the end of 2012, which is the result of additional purchase of investment property.

Considering the previous year's results, **inventories of materials** declined by 7.3% as a result of adjusting the purchase volume to the production requirements; the average inventory turnover of material is longer by 5 days from the average recorded in 2012 (taking account of the first three months of 2012, the average inventory turnover of material is shorter by 3 days). **Inventories of products** declined by 28.9% compared to the year-end balance of 2012, which is the result of achieved interim dynamics in production and sales activities; average inventory turnover of products was recorded at 21 days and is shorter by 1 day from the average reported in 2012 (the average inventory turnover of products is shorter by 4 days if taking account of the first three months of 2012). **Inventories of merchandise** in the amount of EUR 13,146k declined by 9.3% compared to the year-end balance of 2012.

Considering the year-end balance of 2012, **current investments** are lower by 2.4%.

The balance of **trade receivables** is higher by 10.0% compared to the result recorded at the end of 2012, which is mostly attributable to receivables past due in the markets of South-Eastern and Central Europe. The average turnover of receivables increased by 5 days over the average recorded in 2012 (the average turnover of receivables is shorter by 3 days if compared to the equivalent period in 2012).

Compared to the average of 2012, the **turnover of trade payables** grew by 4 days in the first three months of 2013 (the average turnover of trade payables is longer by 4 days if compared to the equivalent period in 2012).

**Other current assets** record an increase of 6.5% if compared to the year-end result of 2012, which is primarily due to the equipment not yet charged and relating to the movement of the production to Valjevo.

As for the total **liabilities** structure, the non-current liabilities exceed the coverage of non-current assets by 31.2% as at 31 March 2013. Equity (share capital and long-term provisions) accounts for 40.0% (40.2% as at 31 December 2012) of total liabilities.

Compared to the end of 2012, changes in the company's **equity** refer to following:

- increase due to the profit for the period in the amount of EUR 1,223k,
- lower fair value reserve by the revaluation of available-for-sale financial assets to the market value in the amount of EUR 10k,
- higher fair value reserve by changes in the cash flow hedge in the amount of EUR 461k, and
- lower fair value reserve by liabilities referring to deferred taxes in the amount of EUR 49k.

**Provisions** are below the level recorded at the end of 2012 by 1.3%.

**Non-current financial liabilities** decreased by 0.21% over the previous year as a result of repaying past due borrowings, whose value is higher from the value of new borrowings.

**Current financial liabilities** grew by 13.1% compared to the previous year's results, which is mostly due to the higher short-term borrowing.

**Trade payables** are lower by 11.1% compared to the year-end result of 2012, which is mostly attributable to year-on-year dynamics and adjusting the purchase volume to production and sales requirements.

**Other current liabilities** include mostly payables to employees and payables to state and other institutions, payables for advances received in connection with services, and accrued costs and expenses. They increased by 63.3% compared to the year-end balance of 2012, which is the result of higher liabilities relating to equipment under construction in the amount of EUR 5.4m and referring to the movement of production from Sweden to Slovenia.

#### **Statement of Cash Flows**

**Cash flows from operating activities** were negative predominantly as a result of higher trade and other receivables. Conversely, they were positively affected by amortisation and depreciation expense and the profit for the period.

**Cash flows from investing activities** were negative as a result of acquiring property, plant and equipment and intangible assets.

**Cash flows from financing activities** were positive due to the raising of new borrowings.

**Negative cash flows** are partly covered by or offset with cash available at the end of 2012.



## Financial Indicators

	Jan-Mar 2013	Plan 2013	Jan-Mar 2012
<b>INDICATORS OF PROFITABILITY</b>			
Net return on sales (ROS)	0.73%	1.04%	0.09%
Net return on assets (ROA)	0.57%	0.93%	0.06%
Net return on equity (ROE)	1.53%	2.35%	0.16%
<b>ASSET INDICATORS</b>			
Asset turnover ratio	0.78	0.89	0.70
Inventory turnover ratio	8.07	8.90	7.31
Current trade receivables turnover ratio	3.27	3.89	3.28
<b>INVESTMENT INDICATORS</b>			
Fixed assets (PPE) to total assets	0.22	0.22	0.21
Current assets to total assets	0.51	0.54	0.52
<b>INDICATORS OF FINANCIAL COMPOSITION</b>			
Long-term coverage of non-current assets	1.31	1.28	1.34
Equity to total liabilities	0.37	0.41	0.39
Long-term to total liabilities	0.67	0.69	0.70
Equity to fixed assets (carrying value)	1.69	1.87	1.88
Quick ratio (liquid assets to current liabilities)	0.38	0.37	0.50
(Liquid assets + current receivables) to current liabilities	1.19	1.17	1.26
Current ratio	1.47	1.49	1.59
Net financial liabilities to equity	0.75	0.62	0.66
<b>OPERATING PERFORMANCE INDICATORS</b>			
Operating income to operating expenses	1.02	1.02	1.00
Revenue per employee (EUR)	39,799	160,111	33,912
Value added per employee (EUR)	7,210	31,996	6,646

### Information Regarding the Report and its Public Announcement

Pursuant to provisions of the Financial Instruments Market Act and Rules and Regulations of the Ljubljana Stock Exchange, the company Gorenje, d.d., Partizanska 12, SI-3503 Velenje, hereby announces the **Unaudited Non-consolidated Business Report of Gorenje, d.d., for the Period January-March 2013** and the **Unaudited Consolidated Business Report of the Gorenje Group for the Period January-March 2013**. Major changes to the information included in the prospectus for stock exchange listing are announced regularly in the Delo daily newspaper, Ljubljana Stock Exchange electronic information dissemination system SEOnet, and the company website at [www.gorenje.com](http://www.gorenje.com). The unaudited report of Gorenje, d.d., and the Gorenje Group was presented by its Supervisory Board at their **36<sup>th</sup> regular session** held on **23 May 2013**. The report shall be available at the headquarters of Gorenje, d.d., at Partizanska 12, SI-3503 Velenje. Further, the report hereunder was also announced in the Ljubljana Stock Exchange electronic info system on **24 May 2013**, and published on the issuer's web site at [www.gorenje.com](http://www.gorenje.com).

### Forward-looking statements

*This announcement of the Unaudited Business Report for the Period January-March 2013 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 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, without prejudice to any not mentioned herein, the 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 changes in exchange rates; competitive downward pressure on downstream prices; major loss of business with a major account/customer; the possibility of overdue or 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 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 reorganization and reorganization in purchasing. If one more risks or uncertainties are in fact materialized 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 does not intend to assume and will not allow for any liability to update or revise these forecasts in light of development differing from the expected events.*