2013

Unaudited Interim Report January – June 2013

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

Management Board of
Gorenje d.d.
Velenje, August 2013

Contents

Performance Highlights of the Gorenje Group

CORE FINANCIAL INDICATORS

- Consolidated revenue of EUR 590.1m (2.7% less than in last year's equivalent period).
- Consolidated revenue by the Home's core activity amounted to EUR 505.0m, which indicates a growth of 0.9% over the previous year or an increase in revenue by 1.4% if exchange differences are not taken into account. EBITDA of EUR 36.8m, which is 18.1% less than in the first six months of 2012 and in compliance with the annual plan. The EBITDA margin would record an improvement of 0.4 p.p. if the negative effects of exchange differences would be eliminated.
- EBIT of EUR 15.5m, which is 27.3% less than in the equivalent period in 2012 and in compliance with the annual plan. The EBIT margin would record an improvement of 0.4 p.p. if the negative effects of exchange differences would be eliminated.
- Loss for the period amounted EUR -7.8m.
- Significant impact of non-monetary items from the environment on the Group's profitability in the first half-year: the effect of exchange losses (more than EUR-6.5m).

MARKETS

- Gorenje's market position in Europe has been enhanced (+0.29 p.p. to 3.56%[1] in Q1 2013).
- Compared to the equivalent period in 2012, the highest growth was generated by the Business Segment Home, particularly in the markets of Ukraine (+13.8%), Russia (+9.6%), Germany (+3.7%), Slovenia (+11.1%), Croatia (+11.7%), Bulgaria (+30.4%), Romania (+37.3%), and China (+171%).
- Lower volume of sales as compared to the first half-year of 2012 was achieved on the markets of France (-26.7%), Italy (-4.6%), Scandinavia (-4.7%), Belgium (-9.7%), the Netherlands (-4%), Serbia (-3.0%), and the Czech Republic (-5.3%).

OPTIMISATION OF PRODUCTION AND SALES 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 full utilisation of new production processes is envisaged in Q3 2013.
- The production of dishwashers in Sweden was winded up and activities for transferring technology and equipment to Velenje were started (the launch of production is anticipated for Q4 2013).
- The upgrade of the sales models in France and Turkey entered its advanced stage and caused additional costs in 2013. Significant positive effects are expected as early as in 2014.
- The merger of sales models on certain Eastern European markets (Czech Republic and Slovakia, Croatia and Slovenia). The related positive effects are anticipated in 2014.

INDEBTEDNESS

- Q2 2013 recorded a positive free cash flow (EUR +14.7m), which is attributable to lower investments made in net current operating assets and the disposal of non-core and underperforming assets.
- Free cash flow is negative as this is usual for the first half-year (EUR -56.9m) and is primarily attributable to the transfer of production facilities and the related increase in inventories of products, material and raw materials, higher repayment of trade payables, and the negative operating result.
- Indebtedness declined by EUR -16.9m over the Q1 2013 (due to positive free cash flow in Q2 2013), whereas the gross financial debt increased by EUR 23.6m as compared to the year-end balance of 2012.

DIVESTMENT

- EUR 22.0m was generated by divestment of non-core and underperforming assets, which is EUR 7.0m more than planned.
- Gorenje withdrew from the segment of furniture production by selling the companies Gorenje Kuhinje and Gorenje Notranja oprema, both recording negative results in previous periods. In the financial year, the relevant sale will result in write-offs, whose value depends upon customers' performance of obligations as defined in the sales contract. The sale of both companies is expected to improve the Group's profitability and generate higher free cash flow in the future.

COST MANAGEMENT

- Gorenje successfully curbed the purchase costs of materials and raw materials (net price effect of -0.9 p.p.).
- Employee benefits expense declined over the last year's equivalent period by 1.9%. Without the conclusion of a social agreement at the production plant Velenje, the employee benefits expense would be reduced by an additional 1.9 p.p.
- Cost of transport and logistics services grew by 3.3% over the previous year's comparable period as a result of changed transport routes due to the production relocation and the changed geographical sales structure, but they are within the planned costs.

DEVELOPMENT AND NEW PRODUCTS

- New products were launched on the market, namely the next ION refrigerator-freezer generation, the Gorenje dryers with a heat pump in the energy class A-40 and A-50, new Asko dishwashers, the Gorenje ONE concept line earmarked for online sale, and the new Classico designer line earmarked predominantly for markets of Russia and Ukraine. Foundations are laid for launching the production of the upgraded Simplicity designer line (start of production in Q3 2013)

CORPORATE GOVERNANCE AND SOCIAL DIALOGUE

- The upgraded Corporate Governance system has been successfully introduced in all subsidiaries.
- Activities for reforming the existing collective agreement for companies in Slovenia were continued in Q2 2013.

[1] Source: CECED **(European Committee of Domestic Equipment Manufacturers)**

EURm	Q2 2012	Q2 2013	Index	Jan-Jun 2012	Jan-Jun 2013	Index	Plan Jan-Jun 2013	Plan realisation	Plan 2013	Plan realisation
Consolidated revenue	313.1	300.7	96.0	606.5	590.1	97.3	628.2	93.9	1,339.6	44.1
EBITDA	21.1	20.7	97.8	44.9	36.8	81.9	33.8	108.8	96.7	38.0
EBITDA margin (%)	6.7%	6.9%	/	7.4%	6.2%	/	5.4%	/	7.2%	/
EBIT	9.8	9.8	100.4	21.4	15.5	72.7	10.1	153.9	48.9	31.7
EBIT margin (%)	3.1%	3.3%	/	3.5%	2.6%	/	1.6%	/	3.7%	/
Profit or loss before tax	3.8	-2.2	/	9.1	-3.2	/	-9.6	33.5	9.4	/
Net profit or loss	0.2	-3.6	/	2.3	-7.8	/	-11.8	66.0	4.2	/
ROS (%)	0.1%	-1.2%	/	0.4%	-1.3%	/	-1.9%	/	0.3%	/
ROA (%)	0.1%	-1.2%	/	0.4%	-1.3%	/	-2.1%	/	0.4%	/
ROE (%)	0.2%	-3.7%	/	1.2%	-4.0%	/	-6.2%	/	1.0%	/
ROIC (%)	0.5%	2.9%	/	2.2%	2.3%	/	1.1%	/	2.7%	/
Free cash flow / narrow[2]	0.9	14.7	/	-33.2	-56.9	171.2	-17.8	320.0	10.9	/
Financial debt	455.0	456.3	100.3	455.0	456.3	100.3	430.7	105.9	365.3	124.9
Net financial debt[3]	424.3	431.6	101.7	424.3	431.6	101.7	401.8	107.4	333.8	129.3
Net financial debt / EBITDA[4]	5.1	5.0	/	5.1	5.0	/	5.1	/	3.5	/

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 – June 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 held for sale* in the Group's Consolidated Balance Sheet as at 30 June 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.

[2] 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 H1 2013 are calculated based on the difference in balances without discontinued operations.

[3] Financial debt - cash

[4] Net financial debt / EBITDA for the past 12 months

Statement of Management Responsibility

The Management Board is responsible for the preparation of the half-yearly report of Gorenje, d.d., and the Gorenje Group, as well as the financial statements, in a manner providing the public with a true and fair presentation of the financial position and the results of operations of Gorenje, d.d., and its subsidiaries in the first half-year of 2013.

The Management Board confirms that the financial statements of Gorenje, d.d., and the Gorenje Group have been prepared **in conformity with applicable accounting policies, that the accounting estimates have been prepared under the principles of prudence and due diligence, and that the financial statements of the Company and the Group give a true and fair view of their financial position and the results of their operations in the first half-year of 2013**.

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

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

The president and members of the Management Board are **familiar with the contents of integral parts of the half-yearly report of Gorenje, d.d., and the Gorenje Group for 2013, and thus also with the entire half-yearly report. We agree with the report hereof, and confirm this with our signatures.**

Management Board

- Franc Bobinac, President of the Management Board
- Peter Groznik, Member of the Management Board
- Marko Mrzel, Member of the Management Board
- Branko Apat, Member of the Management Board
- Drago Bahun, Member of the Management Board
- Uroš Marolt, Member of the Management Board

MANAGEMENT REPORT

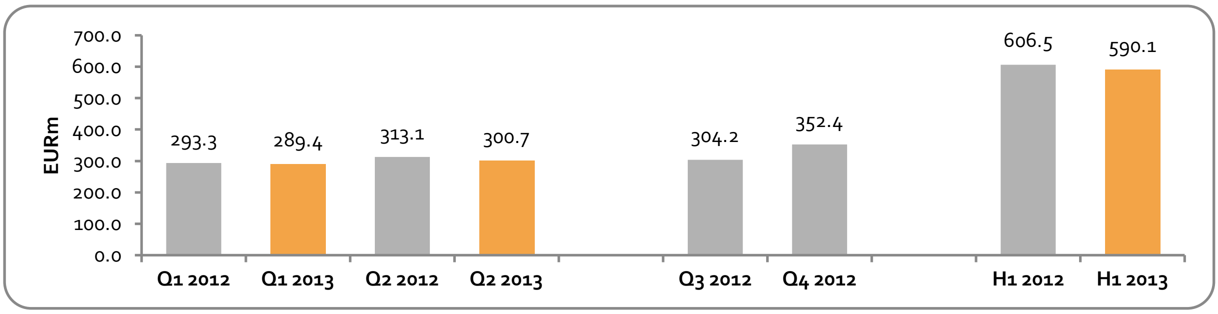
Operating Performance of the Gorenje Group

EURm	Q2 2012	Q2 2013	Index	Jan-Jun 2012	Jan-Jun 2013	Index	Plan 2013	Plan realisation
Consolidated revenue	313.1	300.7	96.0	606.5	590.1	97.3	1,339.6	44.1
CM[5]	135.8	131.4	96.8	263.3	258.4	98.1	577.6	44.7
CM (%)	*43.4%*	*43.7%*	/	*43.4%*	*43.8%*	/	*43.1%*	/
EBIT	9.8	9.8	100.4	21.4	15.5	72.7	48.9	31.7
EBIT margin (%)	*3.1%*	*3.3%*	/	*3.5%*	*2.6%*	/	*3.7%*	/
Profit or loss for the period	0.2	-3.6	/	2.3	-7.8	/	4.2	/
ROS (%)	*0.1%*	*-1.2%*	/	*0.4%*	*-1.3%*	/	*0.3%*	/

In the first half-year of 2013, the Group generated EUR 590.1m of **consolidated revenue**, which is 2.7% less than in the comparable period last year. The decline is attributable mostly to the lower volume of business activities of the Business Segment Ecology (-11.8%) and the Business Segment Portfolio Investments (-27.5%). The Business Segment Home generated a 0.9% growth of revenue irrespective of unforeseeable circumstances on the European markets (1.2% decline in sales volume in Europe; the Group's market share increased from 3.27% in H1 2012 to 3.56% in H1 2013). The organic growth of the Business Segment Home is recorded at +1.4% if the impact of the change in foreign exchange rates is eliminated.

Higher volume of business activities was generated on most of sales markets, particularly in Ukraine, Russia, Croatia, Bulgaria, Romania, China and Germany. The number of markets with lower volume of business activities declined i.e. the Netherlands, Spain, Czech Republic, Italy, Slovakia and Australia.

Consolidated revenue of the Gorenje Group



Consolidated revenue by geographical segments

EURm	Q2 2012	%	Q2 2013	%	Change (%)	Jan-Jun 2012	%	Jan-Jun 2013	%	Change (%)
Western Europe	120.8	38.6	118.1	39.3	-2.3%	242.6	40.0	235.3	39.9	-3.0%
Eastern Europe	166.2	53.1	157.7	52.4	-5.1%	314.6	51.9	309.2	52.4	-1.7%
Other	26.1	8.3	24.9	8.3	-4.3%	49.3	8.1	45.6	7.7	-7.5%
Total Group	**313.1**	**100.0**	**300.7**	**100.0**	**-4.0%**	**606.5**	**100.0**	**590.1**	**100.0**	**-2.7%**
Western Europe	119.4	45.8	116.5	44.1	-2.4%	239.7	47.9	233.0	46.1	-2.8%
Eastern Europe	115.1	44.2	122.5	46.4	6.4%	211.5	42.3	226.4	44.9	7.1%
Other	26.0	10.0	24.9	9.5	-4.3%	49.3	9.8	45.6	9.0	-7.5%
Total Home	**260.5**	**100.0**	**263.9**	**100.0**	**1.3%**	**500.5**	**100.0**	**505.0**	**100.0**	**0.9%**

[5] Contribution margin at the level of difference between revenue and cost of goods and material

- **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.

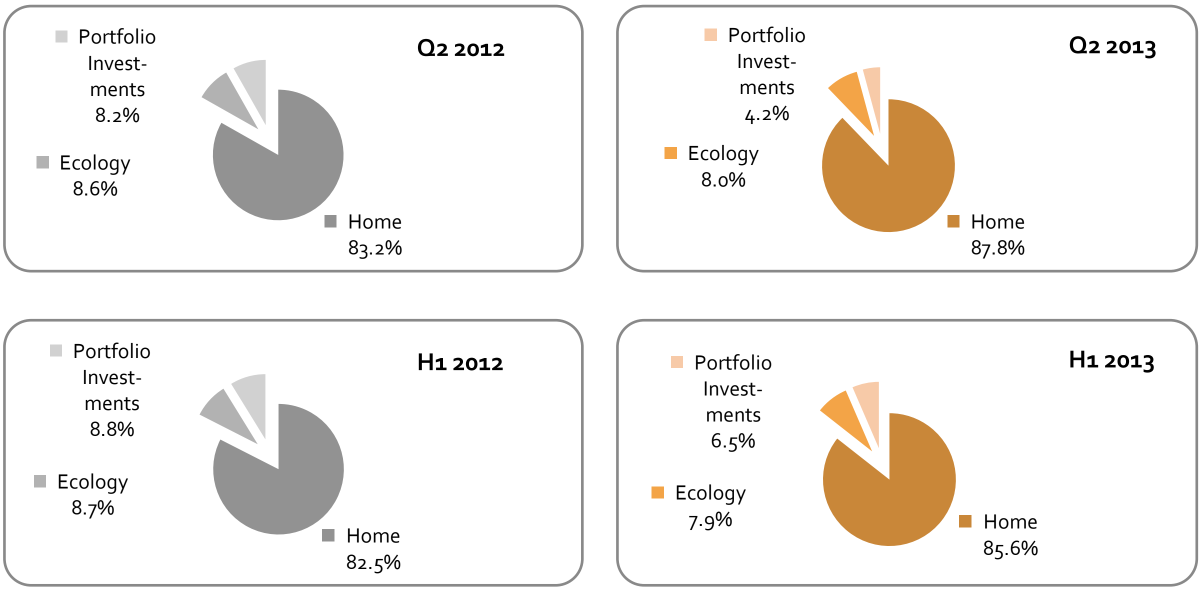
The **geographical sales structure** indicates that:

- sales volume decreased in Western Europe mostly due to the sales generated in the Netherlands, Belgium, Italy, Turkey, and the Scandinavian markets, whereas in Germany, Austria and Great Britain the sales have increased over the previous year's comparable period. According to data provided by CECED, the markets of Western Europe recorded a decline in sales volume by 1.9%.
- sales volume increased in Eastern Europe, which is attributable to markets of Russia, Ukraine, Croatia, Bosnia and Herzegovina, Bulgaria and Romania. Lower sales were generated on markets of the Czech Republic, Serbia, Slovakia and Poland.
- sales volume outside Europe (i.e. other countries worldwide) decreased by 7.5% primarily as a result of lower sales generated with industrial partners within the framework of the Business Segment Home on markets of Australia and USA. The decline in sales was negatively impacted also by the movement of exchange rates. It is essential that the sale of own brand names has increased on the stated markets, particularly in Asia.

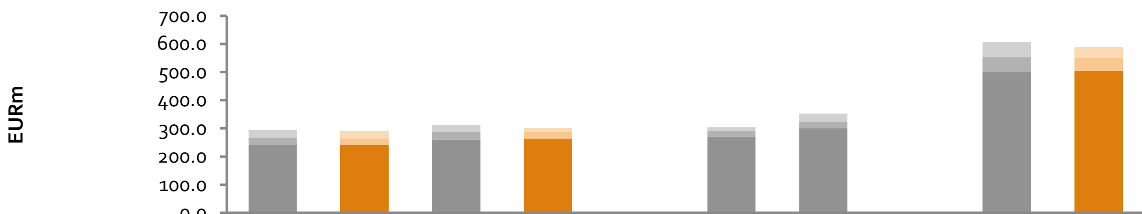
The **revenue structure by business segment** indicates that:

- significance of the core activity (segment Home) strengthened in the Group's revenue structure due to lowering the share of sales within the segments Ecology and Portfolio Investments. In Q2 2013, the segment Home represents already 87.8% of total Group sales (which indicates an increase of 4.6 p.p. compared to the second quarter of 2012). In the first half-year of 2013, 85.6% of total Group sales refer to the segment Home.

Consolidated revenue by business segment



Revenue by business segment



	Q1 2012	Q1 2013	Q2 2012	Q2 2013		Q3 2012	Q4 2012		H1 2012	H1 2013
Portfolio Investments	27.6	26.0	25.8	12.7		11.5	29.6		53.4	38.7
Ecology	25.8	22.3	26.8	24.1		22.2	22.6		52.6	46.4
Home	239.9	241.0	260.5	263.9		270.5	300.4		500.5	505.0

The **Business Segment Home** generated consolidated revenue in the amount of EUR 505.0m, which is 0.9% more than in the previous year. The actual growth in value amounted to 1.4% but was, however, negatively impacted by exchange differences (0.5%). The largest growth of sales was recorded in Eastern Europe (+7.6% of organic growth and +7.1% of slightly lower growth due to changes in exchange rates). The eastern European markets of the segment Home with the highest recorded growth include Ukraine (+13.8%), Russia (+9.6%), Slovenia (+11.1%), Croatia (+11.7%), Bulgaria (+30.4%), and Romania (37.3%). Sales volume generated by the segment Home in Western Europe declined by -2.8% over the comparable period last year. The scope of operations increased in Germany (+3.7%), Great Britain (+6.6%), and Greece (+14.7%), whereas declined in France (-26.7%), Belgium (-9.7%), the Netherlands (-4%), and Turkey (-43%). The decline in sales is attributable to the uncertain market situation but it is essential that this decline remained more or less on the same level as the one recorded on the markets of Western Europe (1.9%, CECED). Sales in other countries worldwide decreased by 11.1% in the first quarter of 2013. Compared to the previous year's equivalent period, the decline in sales volume amounted yet only to -7.5%. By taking into account changes in exchange rates, the actual decrease in sales volume lies at -5% as compared to the first half-year of 2012. The decline is solely the result of lower sales generated with industrial partners in Australia and the USA. It is essential that the sale of own brand names has increased on the stated markets, particularly in Asia where the sales volume 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 77%.

The **Business Segment Ecology** generated EUR 46.4m of consolidated revenue. Compared to the first half-year of 2012, the result shows a decrease of 11.8% or EUR 6.2m. This decrease was driven mostly by the expiry of a five-year contract concluded with a major industrial partner in Slovenia, as well as the lower level or prices for secondary raw materials, which was reflected on the revenue and the cost side. The decline in business activities was also due to weather conditions in Q1 2013 that aggravated the collection and sale of secondary raw materials.

In H1 2013, the **Business Segment Portfolio Investments** generated EUR 38.7m of consolidated revenue, which is 27.5% or EUR 14.7m less than in the comparable period in 2012. The decline in revenue was primarily 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. The decline in business activities is also the result of the changed timetable for the sale of coal. An increase of business activities and consequently higher level of revenue is, however, recorded in the field of tool manufacture and engineering.

Movement of profitability at the level of EBIT:

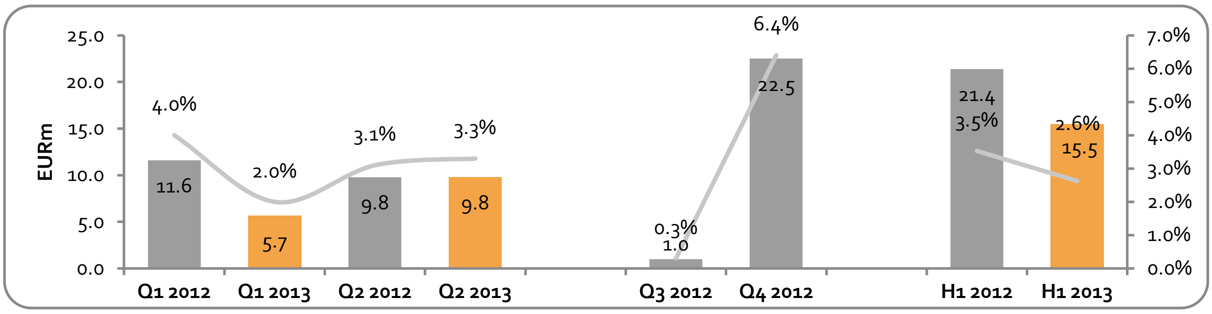
EURm	Development
EBIT January – June 2012	**21.4**
Contribution margin at the level of cost of goods and material	-4.9
Cost of services	-1.2
Employee benefits expense	2.4
Amortisation and depreciation expense	2.2
Other operating expenses	-0.7
Other operating income	-3.7
EBIT January – June 2013	**15.5**

Earnings before interest and taxes (EBIT): the Group recorded in the first six months of 2013 a positive EBIT in the amount of EUR 15.5m. Compared to the previous period, the EBIT declined by EUR 5.9m or 27.3%. The primary reasons behind this decrease are:

- lower level of other operating income by EUR 3.7m (revenue in H1 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),
- movement of cost of services, which grew by 1.2% or EUR 1.2m as a result of changed transport routes due to the relocation of production facilities, and the changed geographical structure of sales,
- 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 238 more staff employed in H1 2013 than necessary (EUR 2.5m of additional employee benefits expense); additional employments were or 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 Q4 of 2013.

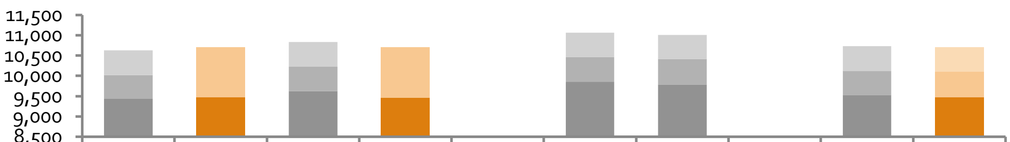
Irrespective of the stated trend, the operating result complies with the level projected in the business plan for 2013. The generated operating result would record an improvement of EUR 2.4m if the effect of exchange losses would be taken into account. The EBIT margin would accordingly improve by 0.4 p.p.

EBIT and EBIT margin



The **average number of employees** was recorded at 10,702 and dropped by 28 employees compared to the equivalent period in 2012. Most of the decline is attributable to the companies Gorenje, d.d., and Asko Appliances AB Sweden, whereas the number of employees increased at the production location in Valjevo (Serbia) and Mora Moravia (Czech Republic) due to higher production activities of the Business Segment Home as a result of relocation activities. 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 14 employees.

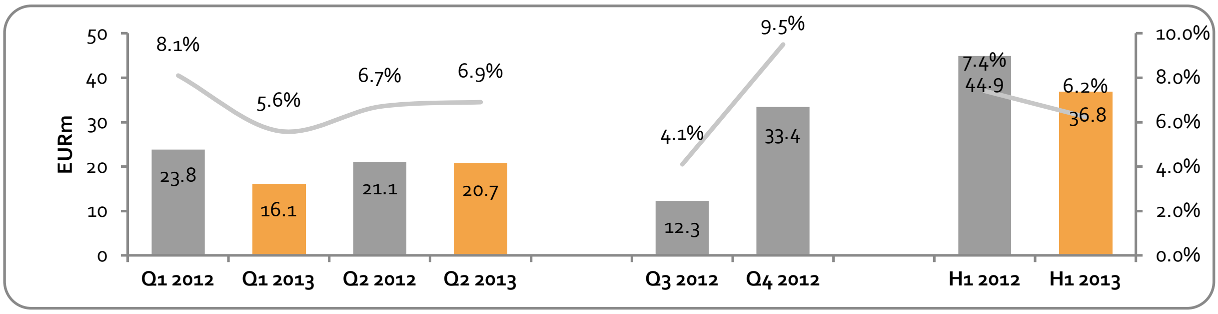
Average number of employees by business segment



	Q1 2012	Q1 2013	Q2 2012	Q2 2013	Q3 2012	Q4 2012	H1 2012	H1 2013
Total:	10,627	10,706	10,833	10,699	11,061	11,009	10,730	10,702
Portfolio Investments	605	594	610	594	603	597	608	594
Ecology	591	634	597	643	605	631	594	639
Home	9,431	9,478	9,626	9,462	9,853	9,781	9,528	9,469

The Group generated **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of EUR 36.8m, which is EUR 8.1m or 18.1% less than in the comparable period in 2012. The reasons behind this development were already in detail outlined within the item of earnings before interest and taxes (EBIT). The EBITDA complies with the projections in the business plan for 2013.

EBITDA and EBITDA margin

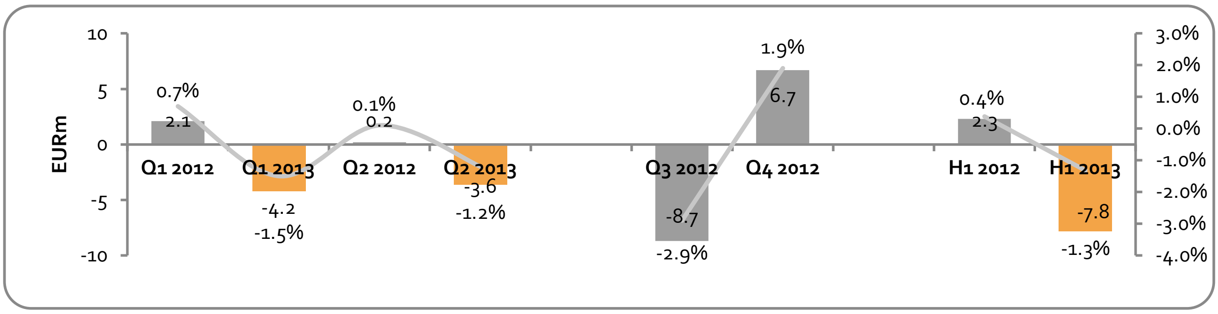


The negative **result from financing activities** in the amount of EUR 18.7m represents an increase of EUR 6.3m. The negative result from financing activities worsened due to lower finance income from exchange differences, whereby the lower negative result from interest had a positive impact.

Income tax expense of EUR 1.8m indicates a decrease of EUR 0.02m or 1.2% compared to the equivalent period in 2012. The aforesaid decrease is mostly due to the changed structure of generating profit before tax per companies.

The Group recorded a **net loss** in the amount of EUR -7.8m, which is lower by EUR 10.1m and complies with the planned figures in the business plan 2013.

Net loss and ROS

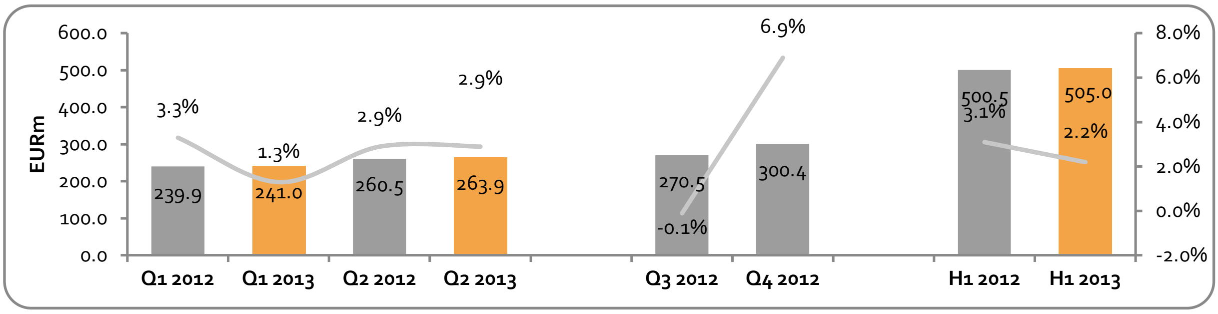


Operating Performance by Business Segment

Home

EURm	Q2 2012	Q2 2013	Index	Jan-Jun 2012	Jan-Jun 2013	Index	Plan 2013	Plan realisation
Revenue	260.5	263.9	101.3	500.5	505.0	100.9	1,159.2	43.6
CM[6]	117.5	112.8	96.0	225.3	221.4	98.3	496.4	44.6
CM (%)	*45.1%*	*42.7%*	*/*	*45.0%*	*43.9%*	*/*	*42.8%*	*/*
EBIT	7.5	7.6	101.9	15.5	10.9	70.3	40.7	26.7
EBIT margin (%)	2.9%	2.9%	/	3.1%	2.2%	/	3.5%	/

Revenue and the EBIT margin of the Business Segment Home



Cost of services reached the level of EUR 85.3m which was by 0.8% or EUR 0.6m above the level recorded in the comparable period in 2012. This growth is mostly attributable to higher cost of transport services as the result of changed transport routes due to the relocation of production facilities.

At EUR 18.6m, **depreciation and amortisation expense** declined by EUR 2.3m, which is the result of lower volume of investments made in the past two years, the divestment of non-core and underperforming assets and the extension of useful lives of few property, plant and equipment since 2010. Higher depreciation and amortisation expense is again expected within the Business Segment Home as the result of new investments relating to the production relocation activities.

Other operating income in the amount of EUR 11.9m decreased by EUR 4.1m compared to the first six months in 2012, which is attributable primarily to lower provision reversals for the restructuring activities of the Asko production facility, Sweden, and to subsidies received last year for creating new jobs in Serbia.

Movement of business activities of the segment Home by individual markets is outlined on page 8 of the report hereof.

In the first half-year of 2013, a positive **EBIT** was recorded in the amount of EUR 10.9m. Compared to equivalent period in 2012, the EBIT declined by EUR 4.6m and is the result of:

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

- lower scope of other operating income by EUR 4.1m (reasons were already explained above),
- movement in cost of services, which grew by 0.8% or EUR 0.6m as the result of changed transport routes due to the relocation of 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 238 more staff than necessary (EUR 2.5m 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 Q4 2013.

The operating result would record an improvement of nearly EUR 2m if the effect of exchange losses would be taken into account. The EBIT margin of the segment Home would improve by 0.4 p.p.

It is important that irrespective of the cost pressure described, the EBIT is in compliance with the level projected for the Business Segment Home in the business plan 2013 and is the result of:

- improved geographical (higher growth in Eastern European markets) and product sales structure (higher sales volume of small household appliances by 22.2% and cooking appliances by 8%),
- more favourable lease of material 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.

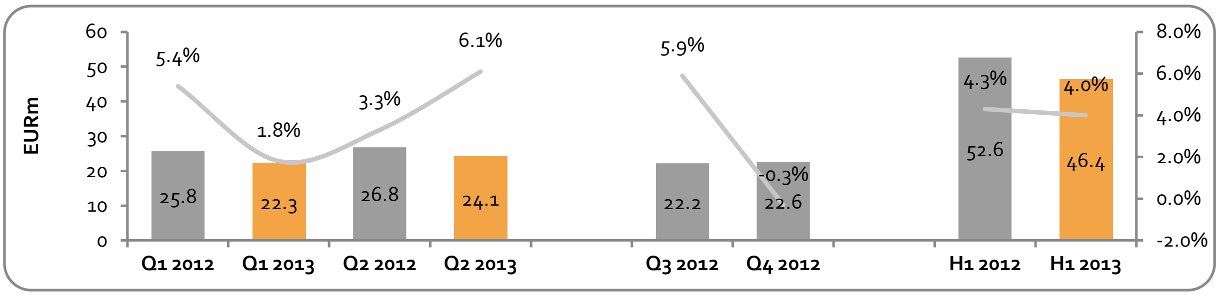
Movement of profitability at the level of EBIT:

EURm	Development
EBIT January – June 2012	**15.5**
Contribution margin at the level of cost of goods and material	-3.8
Cost of services	-0.6
Employee benefits expense	2.3
Amortisation and depreciation expense	2.3
Other operating expenses	-0.7
Other operating income	-4.1
EBIT January – June 2013	**10.9**

Ecology

EURm	Q2 2012	Q2 2013	Index	Jan-Jun 2012	Jan-Jun 2013	Index	Plan 2013	Plan realisation
Revenue	26.8	24.1	89.7	52.6	46.4	88.2	97.2	47.8
CM[7]	10.9	12.2	112.0	22.0	23.1	105.0	46.6	49.6
CM (%)	*40.6%*	*50.6%*	/	*41.8%*	*49.7%*	/	*47.9%*	/
EBIT	0.9	1.5	167.7	2.3	1.9	82.4	4.7	40.0
EBIT margin (%)	*3.3%*	*6.1%*	/	*4.3%*	*4.0%*	/	*4.8%*	/

Revenue and the EBIT margin of the Business Segment Ecology



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

In the first half-year of 2013, the Business Segment Ecology generated EUR 46.4m of consolidated revenue. Compared to equivalent period last year, the result shows a decline of EUR 6.2m or 11.8%. This decrease was driven primarily 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 aggravated the collection and consequently the sale of secondary raw materials, and the lower level of prices for secondary raw materials.

A positive EBIT in the amount of EUR 1.9m was generated and indicates a decrease of EUR 0.4m over the first six months in 2012.

Cost of services increased compared to the same period last year by EUR 1.5m or 15.1%. 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, whereby added value in this relation is expected in the coming years.

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

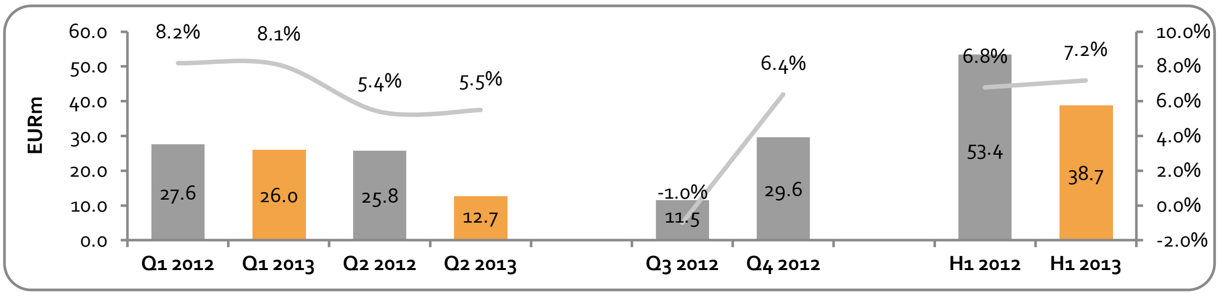
Movement of profitability at the level of EBIT:

EURm	Development
EBIT January – June 2012	**2.3**
Contribution margin at the level of cost of goods and material	1.1
Cost of services	-1.5
Employee benefits expense	0.0
Amortisation and depreciation expense	-0.1
Other operating expenses	0.0
Other operating income	0.1
EBIT January – June 2013	**1.9**

Portfolio Investments

EURm	Q2 2012	Q2 2013	Index	Jan-Jun 2012	Jan-Jun 2013	Index	Plan 2013	Plan realisation
Revenue	25.8	12.7	49.3	53.4	38.7	72.5	83.2	46.5
CM[8]	7.4	6.4	86.7	16.1	13.8	86.2	34.7	39.9
CM (%)	*28.6%*	*50.2%*	/	*30.1%*	*35.8%*	/	*41.7%*	/
EBIT	1.4	0.7	50.1	3.6	2.8	76.4	3.5	78.8
EBIT margin (%)	*5.4%*	*5.5%*	/	*6.8%*	*7.2%*	/	*4.3%*	/

Revenue and the EBIT margin of the Business Segment Portfolio investments



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

Irrespective of the essential decline in consolidated revenue, the EBIT amounted to EUR 2.8m in H1 2013, which is lower over the previous year's comparable period by EUR 0.8m. The lower EBIT is the result of:

- lower scope of business activities,
- **employee benefits expense** which are higher in the revenue structure and slightly lower if compared to the equivalent period last year (by EUR 0.1m or 1.7%),
- lower **cost of services** due to the elimination of operations with a business partner from Slovenia by Gorenje GTI, d.o.o., which favourably impacted the EBIT,
- other categories of **operating expenses** or **income** had no material impact on the profitability at the level of EBIT.

Movement of profitability at the level of EBIT:

EURm	Development
EBIT January – June 2012	**3.6**
Contribution margin at the level of cost of goods and material	-2.2
Cost of services	0.9
Employee benefits expense	0.1
Amortisation and depreciation expense	0.1
Other operating expenses	0.0
Other operating income	0.3
EBIT January – June 2013	**2.8**

Financial Performance of the Gorenje Group

Free Cash Flow Management

Free cash flow

	EURm	Q2 2012	Q2 2013	Index	Jan-Jun 2012	Jan-Jun 2013	Index	Plan 2013	Plan realisation
	Net profit or loss	0.2	-3.6	/	2.3	-7.8	/	4.2	/
+	Amortisation and depreciation expense	11.7	10.9	92.9	24.2	21.2	87.7	47.8	44.5
=	Net cash flow	**11.9**	**7.3**	**61.2**	**26.5**	**13.4**	**50.6**	**52.0**	**25.8**
-	Capex	-8.6	-16.5	192.8	-13.8	-32.1	233.6	-69.8	46.0
+	Divestment	2.2	8.1	365.9	3.0	17.3	586.3	13.5	128.5
-	Investments in net current assets	-4.6	15.8	/	-48.9	-55.5	113.4	15.2	/
	- change in inventories	-8.9	-2.8	31.1	-9.4	-19.6	208.4	6.8	/
	- change in trade receivables	-13.0	14.0	/	-16.5	-6.6	39.9	17.7	/
	- change in trade payables	17.3	4.6	26.7	-23.0	-29.3	127.1	-9.3	315.5
=	**Free cash flow / narrow[9]**	**0.9**	**14.7**	**/**	**-33.2**	**-56.9**	**171.2**	**10.9**	**/**

In H1 2013, negative free cash flow was generated in the amount of EUR 56.9m, which is a decline of EUR 23.7m if compared to the equivalent period last year. It is, however, significant that positive cash flow in the amount of EUR 14.7m was generated in the second quarter of 2013. Negative free cash flow in the first six months of 2013 is primarily the result of more investments made in net current operating assets and higher investments in this period.

[9] **Items of free cash flow within the statement of financial position are for the period of H1 2013 calculated based on the difference in balances without discontinued operations.**

Investments were recorded at EUR 32.1m in H1 2013 and indicate an increase of EUR 18.3m 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 of relocating the washing machine, dryer and dishwasher production from Sweden (Vara) to Velenje. In connection with the production relocation from Slovenia to Serbia, high investments were recorded in relation to the construction of a new production facility and a new line of free standing refrigerator-freezer appliances in Valjevo.

Underperforming assets were sold in the amount of EUR 17.3m and the biggest among properties sold were the business-distribution centre at Brnčičeva in Ljubljana (implemented already in Q1 2013), the warehouse centre in Prague, the production facilities in Vara (Sweden) and two real properties in Paris. Thus, the value of divestments exceeds the annual plan already by one third.

At 30 June 2013, the balance of **net current operating assets** is recorded at EUR 309.0m, which is EUR 47.2m lower compared to the previous year's equivalent period and EUR 55.5m higher than the 31 December 2012 balance.

Compared to the year-end balance of 2012, **trade receivables** increased by EUR 6.6m at the end of 30 June 2013, which is quite typical in view of the sales' nature. They have, however, declined by EUR 14.0m over the previous quarter. The primary reason behind this result lies in the launch of the permanent factoring in one of the companies in Western Europe, whose costs are lower from the Group's average costs of financing.

Compared to the 31 December 2012 balance, **inventories** grew by EUR 19.6m, in particular inventories of products and merchandise (EUR 14.1m). The increase in inventories of products is still the result of previous quarter's movement of:

- emergency stock of products manufactured 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 Serbia),
- completing the emergency stock of products due to relocation of the dishwasher programme from Sweden to Slovenia. The production in Vara was halted on 30 June 2013,
- diseconomies in inventories at the production facility in Valjevo as a result of establishing an ideal or economic working of production processes.

It is essential that inventories of material and raw materials achieved roughly the level of the comparable period of 2012. In addition to the relocation of production processes, the balance of inventories is attributable also to the slightly lower demand on certain Western European markets, as well as the required seasonally-conditioned increase in inventories for following months, when sales usually grow in view of the first half-year. Inventories are expected to be optimised already in the third or more so in the fourth quarter, 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. Moreover, goods from current inventories and not from emergency or pre-manufactured stock will be sold.

Given the year-end balance of 2012, **trade payables** declined by EUR 29.3m and grew by EUR 4.6m if compared to the previous quarter. The said result reflects the regular annual dynamics.

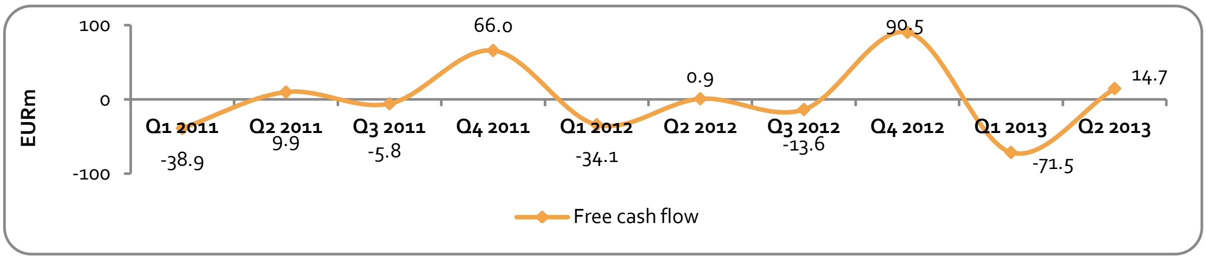
The free cash flow worsened in the first half of this year by EUR 29.4m over the comparable period last year. This decline is primarily attributable to the managing of the production processes relocation, which resulted in higher investments, inventories of products and higher employee benefits expense at the production location Velenje due to the concluded social agreement at the latter production facility. Other differences refer to higher divestment of non-core and underperforming assets and the impact of discontinued operation. Comparable free cash flow is recorded at EUR 46.5m, which indicates a decline of EUR 13.3m over the previous year's equivalent period and is attributable to the lower operating result.

Seasonally comparable movement of free cash flow in H1 2013 compared to H1 2012

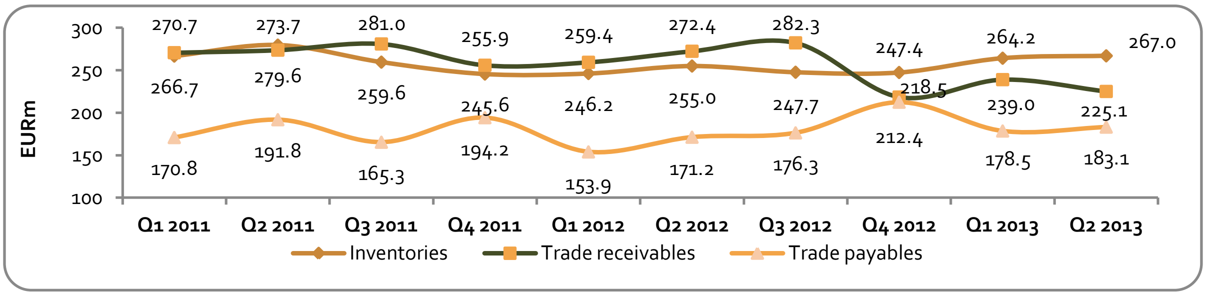
EURm	Development
Free cash flow H1 2013	**- 56.9**
Production relocation*	29.4
Other effects **	-19.0
Comparable cash flow H1 2013	**-46.5**
Free cash flow H1 2012	**-33.2**
Difference between comparable cash flows of H1 2013 and H1 2012	**-13.3**

* Inclusive of: higher CAPEX, impact of net current operating assets development, higher employee benefits expense
** Inclusive of: higher value of divesting, impact of discontinued operation

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** by means of 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 proper measures are implemented (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, which primarily is sales companies cannot be fully implemented. The Group therefore and mostly in European countries that are not part of the euro area, selectively applies forward exchange contracts. The primary reasons behind the Group's operating loss in H1 2013 are the depreciation of the Swedish crown (due to high liabilities expressed in euro and relating to the closure of the Swedish plant), the depreciation of the Australian dollar, with Australia being one of the significant markets of the Asko, and the Russian rouble. In compliance with estimations made by analysts, these currency fluctuations are anticipated to be of a temporary nature and shall be partly neutralised by the year-end.

Risk of short-term liquidity of the Group is managed by revolving credit lines approved for Group companies, approved bank account overdrafts, and cash deposits in bank accounts. The undrawn part of current and non-current credit lines at the end of the first six months of 2013 amounted to EUR 74.7m and bank balances amounted to an additional EUR 24.7m.

Balance sheet of the Gorenje Group

EURm	Q2 2012	Q2 2013	Plan 2013
Non-current assets	**459.4**	**476.8**	**478.1**
Inventories	255.0	267.0	232.4
Trade receivables	272.4	225.1	238.1
Trade payables	-171.2	-183.1	-176.2
Other operating assets / liabilities	**-43.3**	**-17.7**	**-35.6**
Net working capital	**312.9**	**291.3**	**258.7**
NET ASSETS	**772.3**	**768.1**	**736.8**

EURm	Q2 2012	Q2 2013	Plan 2013
Equity	**391.5**	**381.8**	**433.6**
Non-current financial liabilities	268.0	265.3	232.8
Current financial liabilities	187.0	191.0	132.4
Cash and cash equivalents	-30.7	-24.7	-31.4
Net debt equity	**424.3**	**431.6**	**333.8**
Investments	-43.5	-45.3	**-30.6**
NET EQUITY INVESTED	**772.3**	**768.1**	**736.8**

Total financial liabilities amounted at 30 June 2013 to EUR 456.3m, which is EUR 23.6m more than at the end of 2012. Their increase is significantly lower from the recorded negative free cash flow. In view of the last year's equivalent period, total financial liabilities remained practically on the same level but did decline by EUR 16,9m in Q2 2013 as a result of successful divestment if compared to Q1 2013. The aforesaid figures and the planned and expected free cash flow indicate that the Gorenje Group's financial debt will decline by the year-end.

Net financial liabilities (measured as the difference between financial liabilities and cash and cash equivalents) amounted to EUR 431.6m at 30 June 2013 and indicate an increase of EUR 52.4m over the 31 December 2012 balance due to unfavourable movement of free cash flow, which is primarily the result of completing the production relocation activities. Net financial liabilities increased by EUR 7.3m if compared to the equivalent period in 2012.

Maturity structure of financial liabilities worsened by 5.9 p.p compared to the year-end balance of 2012. This decline is attributable to the seasonally financing of net working capital in the first half-year, predominantly by means of current financing sources. Investments and other expenses relating to the production relocation activities had a significant impact as well. Compared to the first quarter, the maturity structure improved by 1.0 p.p. in the second quarter, which is attributable to the divestment-related inflows, as well as the drawing of the non-current loan for financing the construction of the plant in Valjevo. At 30 June 2013, non-current financial liabilities account for 58.1% in the total financial liabilities structure, which is 0.8 p.p. less than at the end of the previous year's comparable period.

Investments by Business Segment

Investments by business segment

EURm	Q2 2012	Q2 2013	Index	Jan-Jun 2012	Jan-Jun 2013	Index	Plan 2013	Plan realisation
Home	7.1	14.5	203.5	10.9	29.5	270.7	64.5	45.8
Ecology	1.3	1.3	108.4	2.0	1.5	80.9	3.8	40.6
Portfolio investments	0.2	0.7	327.9	0.9	1.1	115.0	1.5	71.1
Total	**8.6**	**16.5**	**192.8**	**13.8**	**32.1**	**233.6**	**69.8**	**46.0**

Gorenje Group's investments amounted to EUR 32.1m and more than half of them were made in the second quarter of 2013. Most of the investments were implemented within the segment Home i.e. EUR 29.5m, whereof EUR 11.3m by the parent company, primarily for relocating the production of Asko tumble dryers and dishwashers from Sweden to Velenje, for preparing the locations for manufacturing cooking appliances, and for the project of relocating the washing machine production from Sweden to Velenje. Moreover, investments were made in the development and manufacture of new products, the purchase of diverse technological equipment, logistics means, the purchase of HW equipment and SW products for the informatics and IT department. Other investments recorded by the Business Segment Home mostly relate to the new production facility in Valjevo and the related equipment for manufacturing refrigerator-freezer appliances (600 mm).

The Business Segment Ecology implemented investments in the amount of EUR 1.5m. These investments include predominantly technological equipment within the framework of simple re-production, and the construction plant Gorenje Surovina Maribor.

The Business Segment Portfolio Investments implemented investments in the amount of EUR 1.1m for the purpose of replacing the old equipment, and in the solar power plant in Valjevo and Zaječar, which are both planned to be sold upon obtaining the required permits.

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

Operating performance of Gorenje, d.d.

EURm	Q2 2012	Q2 2013	Index	Jan-Jun 2012	Jan-Jun 2013	Index	Plan 2013	Plan realisation
Revenue	**164.9**	**151.1**	**91.6**	**316.3**	**317.9**	**100.5**	**699.2**	**45.5**
CM[10]	49.5	48.5	98.0	96.9	99.8	103.0	234.2	42.6
CM (%)	*30.0%*	*32.1%*	/	*30.6%*	*31.4%*	/	*33.5%*	/
EBITDA	**2.7**	**5.4**	**200**	**8.2**	**13.1**	**159.8**	**35.4**	**37.0**
EBITDA margin (%)	*1.6%*	*3.6%*	/	*2.6%*	*4.1%*	/	*5.1%*	/
EBIT	**-2.4**	**0.9**	**/**	**-2.4**	**4.2**	**/**	**14.4**	**29.5**
EBIT margin (%)	*-1.5%*	*0.6%*	/	*-0.8%*	*1.3%*	/	*2.1%*	/
Profit or loss before tax	**-5.2**	**-0.6**	**11.5**	**-5.1**	**0.9**	**/**	**7.9**	**11.3**
Net profit or loss	**-5.4**	**-0.4**	**7.4**	**-5.3**	**0.8**	**/**	**7.3**	**11.1**
ROS (%)	*-3.3%*	*-0.3%*	/	*-1.7%*	*0.3%*	/	*1.0%*	/
ROA (%)	*-2.6%*	*-0.2%*	/	*-1.2%*	*0.2%*	/	*0.9%*	/
ROE (%)	*-6.5%*	*-0.5%*	/	*-3.2%*	*0.5%*	/	*2.4%*	/
Employee / end of period	**4,418**	**4,181**	**94.6**	**4,418**	**4,181**	**94.6**	**4,367**	**95.7**
Employee / average	**4,429**	**4,182**	**94.4**	**4,446**	**4,186**	**94.2**	**4,367**	**95.9**

Revenue generated by the parent company amounted to EUR 317,9m in the first half-year of 2013 and indicate an increase of EUR 1.6m or 0.5% compared to the equivalent period in 2012

Revenue generated by the entire Business Segment Home amounted to EUR 293.1m, which is an increase of 4.0% compared to the previous year's comparable period and mostly the result of:

- 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),
- higher number of orders for products produced in-house (higher utilisation of production capacities of the cooking and washing-dryer programmes).

Higher scope of sales of stated programmes fully compensated for the shortfall in orders caused by the relocation of the refrigerator-freezer programme (NGC 600 mm) from Velenje to Valjevo.

Revenue generated in sales beyond the Business Segment Home amounted to EUR 23.1m and indicate a decline over the last year's comparable period by 33%, which is attributable mostly to lower sales of coal as a result of the changed sales timetable in 2013 if compared to 2012.

The level of the contribution margin (gross margin) at the level of difference between revenue and cost of goods and material grew over the previous period by EUR 3.0m due to reasons already stated. The increase was favourably impacted by the movement of the purchase price for material and raw materials, and the management of relations between the parent company and the production subsidiaries within the framework of the Business Segment Home.

The growth of the gross margin resulted also in higher added value by EUR 1.4m if compared to the previous year's equivalent period. The share of employee benefits expense in the added value thus declined from 84.6% to 76.8%.

Irrespective of lower employee benefits expense it should be emphasised that due to the concluded social agreement, the production plant Velenje employed in average 238 more staff than necessary in the first half-year of 2013 (EUR 2.5m 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.

Last year's negative financial result was worsened by EUR 0.6m due to impairment of investments and lower dividends received.

Improved **EBIT** is attributable primarily to:

- lower operating expenses within the structure of total operating expenses,
- improved product and geographical structure, and
- modifications made to the model of accounting and transfer of costs of the parent company's central administration units (research and development, sales, IT, etc.) to locations, in view of implemented changes during the production shift

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

Movement of the parent company's profitability at the level of net profit or loss

EURk	Development
Net profit or loss for January – June 2012	**-5,265**
Contribution margin at the level of cost of goods and material	3,423
Cost of services	-370
Employee benefits expense	3,550
Amortisation and depreciation expense	1,727
Other operating expenses	-1,467
Other operating income	-210
Financial result	-628
Income tax expense and deferred taxes	48
Net profit or loss for January – June 2013	**808**

Ownership Structure and the GRVG Share

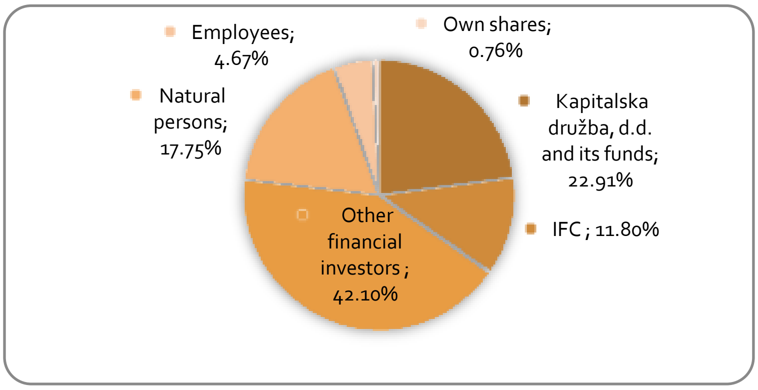
The Articles of Association of Gorenje, d.d. do not contain any provisions invalidating the proportionality of rights arising from share ownership, such as the rights of minority shareholders or restrictions of voting rights, and has not adopted any resolutions on the conditional increase of capital.

17,723 shareholders were entered in the share register as of **30 June 2013**, which is 2.9 percent less than at the end of 2012 (18,261).

Gorenje's ten major shareholders and owners

Ten major shareholders	No. of shares (31 Dec 2012)	Share in %	No. of shares (30 June 2013)	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	996,388	6.26%	910,802	5.73%
INGOR, d.o.o., & co. k.d.	794,473	4.99%	794,473	4.99%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT	550,587	3.46%	469,760	2.95%
EECF AG	411,727	2.59%	411,727	2.59%
EATON VANCE PARAMETRIC STRUCTURED EMERGING FUND	/	/	301,465	1.90%
PROBANKA, d.d.	297,061	1.87%	297,061	1.87%
ERSTE GROUP BANK AG – FIDUCIARY ACCOUNT	216,197	1.36%	215,820	1.36%
TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIGLAV	257,628	1.62%	/	/
Total major shareholders	**10,005,552**	**62.90%**	**9,882,599**	**62.13%**
Other shareholders	5,901,324	37.10%	6,024,277	37.87%
Total	**15,906,876**	**100%**	**15,906,876**	**100%**

Ownership structure as at 30 June 2013



The number of own shares or treasury shares as at **30 June 2013** remained the same compared to the year-end balance of 2012 i.e. at **121,311 own shares**, which accounts for **0.7626%** of total share capital.

The number of **shares held by Supervisory Board members (3,208)** did not change compared to the 31 December 2012 balance, 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 June 2013 was recorded at EUR 4.02 and was by 6.1% higher than recorded on the last trading day in 2012 (EUR 3.79). The prime market index SBITOP declined in the same period by 3.1%.

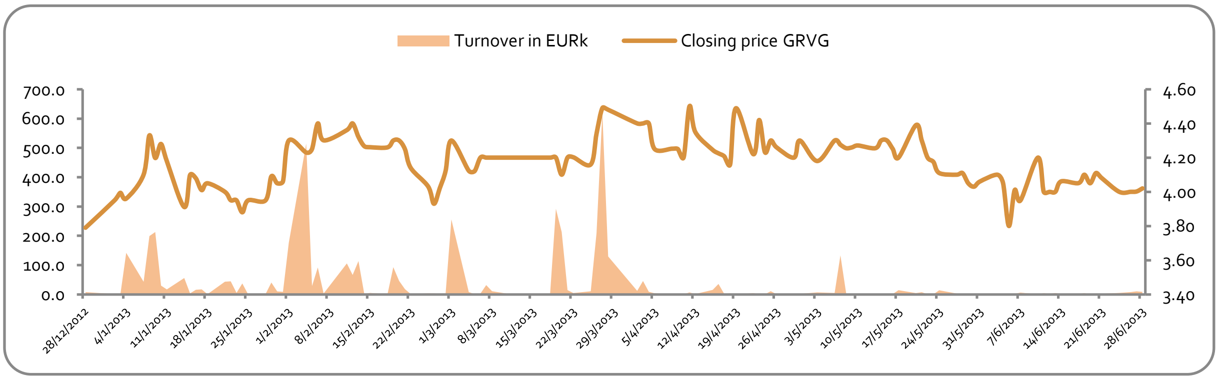
Net earnings per share calculated as the ratio between the Group's net profit / loss (in the period January – June 2013) and the number of shares issued, less average number of treasury shares held by the company (15,785,565 shares) amounts to EUR -0.50 (2012: EUR 0.31).

Book value of the GRVG share as at 30 June 2013 amounted to EUR 24.19 (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 30 June 2013 (15,785,565 shares).

The ratio between the market value and the carrying amount per GRVG share amounts to 0.17 (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. As proposed by the Management and the Supervisory Board, the Shareholders' Meeting adopted during its session on 5 July 2013 the decision not to pay out dividends for 2012 in 2013.

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



Significant Events after the Balance Sheet Date

The 19th Shareholders' Meeting of Gorenje, d.d., was convened on 5 July 2013.

As of 5 July 2013, the Gorenje Group and the Panasonic Corporation announced the conclusion of a long-term strategic partnership that shall have its foundations on their competitive advantages and capacities and thus contribute to improve profitability of both partners, their competitiveness in Europe and bring about benefits to consumers.

As of 8 July 2013, the Gorenje Group and the Government of the Republic of Serbia have entered into a preliminary agreement on a joint investment into Gorenje's production facilities in Valjevo, Stara Pazova, and Zaječar. Accordingly, the Republic of Serbia will in the period up to 31 January 2015 contribute EUR 15m to support Gorenje's investments into plants in Valjevo and Stara Pazova to optimise and improve their efficiency, and investments into the washing machine and dryer plant in Zaječar where Gorenje's appliances, developed in cooperation with Panasonic, will be manufactured. The final agreement on the joint investment into Gorenje's manufacturing plants in Serbia shall be signed within 120 days following the date of the preliminary agreement's signing. Prior to its signature, the respective agreement is to be approved by the Government of the Republic of Serbia and the Supervisory Board of Gorenje.

Gorenje, d.d., convened its 20th Shareholders' Meeting on 23 August 2013 and appointed the company DELOITTE REVIZIJA d.o.o., Dunajska cesta 165, 1000 Ljubljana, to act as the new auditor. In addition, the Shareholders' Meeting adopted the decision on a capital increase with cash and with non-cash contributions.

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

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.

reddot design award
winner 2013

Gorenje's revolutionary IQcook induction hob with the top-notch IQ sensor technology that thoroughly changes the cooking experience won the Plus X Award for innovation, superior quality, supreme design and user friendly control. Moreover, Gorenje's induction hob model IQcook IQ741AXC was chosen as the Product of the Year 2013 in the home appliance category.

Other events

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, the production of freestanding refrigirators from Slovenia to Serbia (Valjevo) for which a new plant was built, the entire production of washing machines and tumble dryers from Sweden to Velenje, , whereas the entire production of dishwashers is planned to be shifted from Sweden to Velenje in the summer months and the related production 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.

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 premièring 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-Ïto, 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 opened in India its 4th Experience Centre

Within less than a year, Gorenje launched its products also on the market of India, where already four sales centres were opened since September 2012. After Mumbai, Chennai and Bangalore, the 4th Gorenje Experience Centre was opened in Mumbai in the exclusive area of Lower Parel. Gorenje plans to open a sales studio also in Delhi by the end of the year. Gorenje's washing machines, tumble dryers and dishwashers are strongly present on the Indian market via the Croma integrated trade which serves the upper and premium class customers.

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 new training programme of the Internal Business Academy Gorenje was implemented in the spring. Within the framework of the International Business Academy Gorenje (IBAG), Gorenje aims at developing knowledge in the field of business strategy, international marketing and sales, as well as group policies earmarked for key employees at home and abroad, who are directly 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 - June 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 - June 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 June 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% equity interest in this company.
- As of 5 March 2013, the company Gorenje Solarna energija Solago, d.o.o., Valjevo was established. Gorenje aparati za domaćinstvo, 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 domaćinstvo, d.o.o., Valjevo is the sole owner (100%) of this company.
- As of 24 May 2013, the company Gorenje Studio, trgovina na drobno, d.o.o., Ljubljana was established. Gorenje GSI, trgovina na debelo in drobno, d.o.o. is the sole owner 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
18.	Gorenje Studio, d.o.o., Ljubljana	100.00	BSH

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 Financiele 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 Hvitevarer 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 30 Jun 2012	%	Balance at 31 Dec 2012	%	Balance at 30 Jun 2013	%
ASSETS	**1,188,908**	**100.0%**	**1,197,324**	**100.0%**	**1,189,034**	**100.0%**
Non-current assets	**551,287**	**46.4%**	**550,965**	**45.9%**	**558,431**	**47.0%**
Intangible assets	158,945	13.4%	159,607	13.3%	157,247	13.2%
Property, plant and equipment	343,821	28.9%	341,171	28.5%	351,792	29.6%
Investment property	13,242	1.1%	23,276	1.9%	21,170	1.8%
Non-current investments	13,865	1.2%	7,193	0.6%	8,173	0.7%
Investments in associates	1,047	0.1%	1,298	0.1%	1,257	0.1%
Deferred tax assets	20,367	1.7%	18,420	1.5%	18,792	1.6%
Current assets	**637,621**	**53.6%**	**646,359**	**54.1%**	**630,603**	**53.0%**
Non-current assets held for sale	51	0.0%	893	0.1%	1,051	0.0%
Inventories	255,033	21.4%	247,365	20.7%	267,003	22.5%
Current investments	28,591	2.4%	32,769	2.7%	35,940	3.0%
Trade receivables	272,392	22.9%	218,516	18.3%	225,084	18.9%
Other current assets	50,915	4.3%	66,107	5.5%	69,984	5.9%
Cash and cash equivalents	30,639	2.6%	53,488	4.5%	24,701	2.1%
Assets held for sale	0	/	27,221	2.3%	6,840	0.6%
EQUITY AND LIABILITIES	**1,188,908**	**100.0%**	**1,197,324**	**100.0%**	**1,189,034**	**100.0%**
Equity	**391,464**	**32.9%**	**392,145**	**32.7%**	**381,830**	**32.1%**
Share capital	66,378	5.6%	66,378	5.5%	66,378	5.6%
Share premium	175,575	14.8%	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	117,994	9.9%	113,454	9.5%	105,509	8.9%
Own shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Translation reserve	1,301	0.1%	5,861	0.5%	2,182	0.2%
Fair value reserve	8,748	0.7%	8,976	0.7%	10,224	0.8%
Equity of holders of the parent	**389,545**	**32.7%**	**389,793**	**32.5%**	**379,417**	**31.9%**
Equity of non-controlling interests	**1,919**	**0.2%**	**2,352**	**0.2%**	**2,413**	**0.2%**
Non-current liabilities	**345,004**	**29.0%**	**349,411**	**29.2%**	**337,561**	**28.4%**
Provisions	71,230	6.0%	65,020	5.4%	64,501	5.4%
Deferred income	652	0.1%	3,145	0.3%	3,210	0.3%
Deferred tax liabilities	5,080	0.4%	4,366	0.4%	4,492	0.4%
Non-current financial liabilities	268,042	22.5%	276,880	23.1%	265,358	22.3%
Current liabilities	**452,440**	**38.1%**	**455,768**	**38.1%**	**469,643**	**39.5%**
Current financial liabilities	186,957	15.8%	155,846	13.0%	190,982	16.1%
Trade payables	171,189	14.4%	212,430	17.8%	183,123	15.4%
Other current liabilities	94,294	7.9%	79,170	6.6%	91,237	7.7%
Liabilities held for sale	0	/	8,322	0.7%	4,301	0.3%

Consolidated Income Statement of the Gorenje Group

EURk	Q2 2012	%	Q2 2013	%	Jan-Jun 2012	%	Jan-Jun 2013	%	Plan 2013	%	13/12	Plan realisation
Revenue	313,106	95.5%	300,732	95.7%	606,455	94.6%	590,098	95.3%	1,339,590	99.5%	97.3	44.1
Change in inventories	8,198	2.5%	4,231	1.4%	17,367	2.7%	15,489	2.5%	-8,212	-0.6%	89.2	/
Other operating income	6,392	2.0%	9,210	2.9%	17,092	2.7%	13,374	2.2%	15,214	1.1%	78.2	87.9
Gross profit	**327,696**	**100.0%**	**314,173**	**100.0%**	**640,914**	**100.0%**	**618,961**	**100.0%**	**1,346,592**	**100.0%**	**96.6**	**46.0**
Cost of goods, materials and services	-236,632	-72.2%	-224,462	-71.4%	-459,730	-71.7%	-447,618	-72.3%	-972,457	-72.2%	97.4	46.0
Employee benefits expense	-65,560	-20.0%	-64,049	-20.4%	-127,403	-19.9%	-124,971	-20.2%	-258,828	-19.2%	98.1	48.3
Amortisation and depreciation expense	-11,363	-3.5%	-10,862	-3.5%	-23,551	-3.7%	-21,254	-3.4%	-47,762	-3.5%	90.2	44.5
Other operating expenses	-4,390	-1.3%	-5,006	-1.6%	-8,854	-1.4%	-9,588	-1.6%	-18,621	-1.4%	108.3	51.5
Operating profit	**9,751**	**3.0%**	**9,794**	**3.1%**	**21,376**	**3.3%**	**15,530**	**2.5%**	**48,924**	**3.7%**	**72.7**	**31.7**
Finance income	3,306	1.0%	1,551	0.5%	6,090	1.0%	2,556	0.4%	3,396	0.2%	42.0	75.3
Finance expenses	-9,370	-2.9%	-13,589	-4.3%	-18,454	-2.9%	-21,268	-3.4%	-43,285	-3.2%	115.2	49.1
Net finance expenses	**-6,064**	**-1.9%**	**-12,038**	**-3.8%**	**-12,364**	**-1.9%**	**-18,712**	**-3.0%**	**-39,889**	**-3.0%**	**151.3**	**46.9**
Share in profits or losses in associates	86	0.0%	11	0.0%	50	0.0%	-42	0.0%	342	0.0%	/	/
Profit or loss before tax	**3,773**	**1.1%**	**-2,233**	**-0.7%**	**9,062**	**1.4%**	**-3,224**	**-0.5%**	**9,377**	**0.7%**	**/**	**/**
Income tax expense	-1,120	-0.3%	-453	-0.1%	-1,834	-0.3%	-1,812	-0.3%	-5,167	-0.4%	98.8	35.1
Profit or loss without discontinued operation	**2,653**	**0.8%**	**-2,686**	**-0.8%**	**7,228**	**1.1%**	**-5,036**	**-0.8%**	**4,210**	**0.3%**	**/**	**/**
Profit or loss from discontinued operation	**-2,464**	**-0.7%**	**-901**	**-0.3%**	**-4,904**	**-0.8%**	**-2,785**	**-0.5%**	**0**	**0.0%**	**56.8**	**/**
Profit or loss for the period	**189**	**0.1%**	**-3,587**	**-1.1%**	**2,324**	**0.3%**	**-7,821**	**-1.3%**	**4,210**	**0.3%**	**/**	**/**
Attributable to non-controlling interests	**75**	**0.0%**	**26**	**0.0%**	**100**	**0.0%**	**124**	**0.0%**	**474**	**0.0%**	**124.0**	**26.2**
Attributable to equity holders of the parent	**114**	**0.0%**	**-3,613**	**-1.1%**	**2,224**	**0.3%**	**-7,945**	**-1.3%**	**3,736**	**0.3%**	**/**	**/**
Basic or diluted earnings per share (in EUR)	0.01	/	-0.23	/	0.14	/	-0.50	/	0.24	/	/	/

Consolidated Statement of Comprehensive Income of the Gorenje Group

EURk	Jan-Jun 2012	Jan-Jun 2013
Profit or loss for the period	**2,324**	**-7,821**
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	-11	2
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-1,218	203
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	1,017	1,299
Income tax on other comprehensive income	74	-256
Translation reserve	-8,689	-3,679
Other comprehensive income for the period	**-8,827**	**-2,431**
Total comprehensive income for the period	**-6,503**	**-10,252**
Attributable to equity holders of the parent	-6,603	-10,376
Attributable to non-controlling interests	100	124

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

Statement of Cash Flows of the Gorenje Group

EURk	Jan-Jun 2012	Jan-Jun 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	**2,324**	**-7,821**
Adjustments for:		
Depreciation of property, plant and equipment	20,992	18,046
Amortisation of intangible assets	3,236	3,455
Investment income	-6,092	-2,556
Finance expenses	18,529	21,280
Gain on sale of property, plant and equipment	-903	-4,727
Income tax expense	1,850	1,812
Operating profit before changes in net operating current assets and provisions	**39,936**	**29,489**
Change in trade and other receivables	-19,995	-11,320
Change in inventories	-9,425	-18,548
Change in provisions	-5,056	-518
Change in trade and other liabilities	-22,230	-15,677
Cash generated from operations	**-56,706**	**-46,063**
Interest paid	-12,842	-10,914
Taxes paid	-1,850	-1,743
Net cash from operating activities	**-31,462**	**-29,231**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	1,819	18,473
Interest received	1,023	1,171
Acquisition of property, plant and equipment	-12,238	-30,626
Acquisition of investment property	0	-7,281
Other investments	505	-4,108
Acquisition of intangible assets	-1,519	-1,512
Net cash used in investing activities	**-10,410**	**-23,883**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings / Repayment of borrowings	-29,109	23,611
Net cash used in financing activities	**-29,109**	**23,611**
Net change in cash and cash equivalents	-70,981	-29,503
Cash and cash equivalents at beginning of period	101,620	54,588
Cash and cash equivalents at end of period	30,639	25,085

Consolidated Statement of Changes in Equity of the Gorenje Group

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 2012	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				2,224				2,224	100	2,324
Total other comprehensive income						-8,689	-138	-8,827		-8,827
Total comprehensive income for the period	0	0	0	2,224	0	-8,689	-138	-6,603	100	-6,503
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Equity increase								0		0
Unpaid dividends				152				152	0	152
Total contributions by owners and distribution to owners	0	0	0	152	0	0	0	152	0	152
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Change in ownership interests									-4	-4
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	-4	-4
Total transactions with owners	0	0	0	152	0	0	0	152	-4	148
Closing balance at 30 Jun 2012	66,378	175,575	22,719	117,994	-3,170	1,301	8,748	389,545	1,919	391,464

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				-7,945				-7,945	124	-7,821
Total other comprehensive income						-3,679	1,248	-2,431		-2,431
Total comprehensive income for the period	0	0	0	-7,945	0	-3,679	1,248	-10,376	124	-10,252
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
Total contributions by owners and distribution to owners	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										
Change in ownership interests								0	-63	-63
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	-63	-63
Total transactions with owners	0	0	0	0	0	0	0	0	-63	-63
Closing balance at 30 Jun 2013	66,378	175,575	22,719	105,509	-3,170	2,182	10,224	379,417	2,413	381,830

Notes to the Consolidated Financial Statements of the Gorenje Group

Consolidated Income Statement

Revenue decreased in the period January – June 2013 by EUR 16,357k or 2.7% if compared to the equivalent period last year.
Most of the comparable lag of EUR 14,687k or 27.5% was incurred by the Business Segment Portfolio Investments, where the highest decrease is attributable to the company Gorenje, d.d. (lower sale of coal) and 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 Ecology recorded lower sales in the amount of EUR 6,195k or 11.8%; most of the decline refers to the company Gorenje Surovina, d.o.o. (unfavourable weather conditions in the first quarter of 2013 that aggravated the collection and sale of secondary raw materials and the loss of business deals for a major partner in Slovenia). The Business Segment Home, however, recorded higher revenue if compared to the previous year's comparable period (by EUR 4,525k or 0.9%). The sales structure in terms of geographical segments indicates that the volume of sales increased in Eastern Europe (significant 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, Denmark and Italy) and other countries (major decline in the markets of Australia and USA).

Other operating income in the amount of EUR 13,374k comprise revenue from reversal and use of provisions (EUR 2,721k, of which EUR 1,781k refers to the company Gorenje IPC, d.o.o.), gains on sale of property, plant and equipment (EUR 3,662k), revenue from subsidies (EUR 2,176k), lease and rental income (EUR 1,077k), income from compensation for damages (EUR 536k), income relating to the Directive on Waste Electrical and Electronic Equipment (EUR 119k), and other operating income (EUR 3,083k).

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 last year's equivalent period, **cost of services** increased by EUR 1,188k or 1.2%, 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 relocation of the production facilities.

Considering comparable data, **employee benefits expense** decreased over the last year's same period by EUR 2,432k or 1.9%, 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 19.9% to 20.2%. Employee benefits expense per employee declined over last year's equivalent period by 4.7%.

Amortisation and depreciation expense decreased by EUR 2,297k compared to the equivalent period in 2012, which is mainly the result of extended useful lives of certain property, plant and equipment referring to production companies of the 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 3,720k), charges independent of the result for the period (EUR 1,661k), and expenses referring to allowances for inventories (EUR 787k).

Value added per employee declined by 8.8% in last year's comparable term and amounted to EUR 15,341.

Compared to last year's equivalent period, the **negative result from financing activities** is higher by EUR 6,348k. This figure was negatively affected by a poor result from exchange differences and other financing activities, and positively affected by a lower negative result relating to interest.

EURk	Jan-Jun 2012	Jan-Jun 2013	2013/2012
Dividend income	0	0	/
Interest income	1,382	1,171	84.7
Income from revaluation due to value maintenance (foreign exchange gains) *	3,020	63	2.1
Other finance income **	1,688	1,322	78.3
Total finance income	**6,090**	**2,556**	**42.0**

Interest expenses	12,168	9,612	79.0
Expenses from revaluation due to value maintenance (foreign exchange losses) *	389	4,757	/
Other finance expenses **	5,897	6,899	117.0
Total finance expenses	**18,454**	**21,268**	**115.2**
Dividend result	0	0	/
Interest result	-10,786	-8,441	78.3
Revaluation result	2,631	-4,694	/
Result from other financing activities	-4,209	-5,577	132.5
Total financial result	**-12,364**	**-18,712**	**151.3**

** including income (expenses) on foreign currency hedging*
*** including income (expenses) on interest rate hedging*

Income tax expense is recorded at EUR 1,812k and is lower by EUR 22k or 1.2% if compared to the equivalent period in 2012. The aforesaid result is mostly due to the changed structure of generating profit before tax per companies.

Consolidated Statement of Comprehensive Income

The consolidated statement of comprehensive income includes the positive effect of impairments of available-for-sale financial assets in the amount of EUR 2k, and the positive impact of interest rate hedging in the amount of EUR 203 (effect of interest rate swaps), and in the amount of EUR 1,299k a part of interest rate hedging (interest rate swaps) that has already been included in the income statement for the period January – June, pursuant to provisions of IAS 1 required to be recorded separately in the statement of comprehensive income, and thus creating a positive value. Consequently, the impact of deferred taxes on the comprehensive income is negative in the amount of EUR 256k.

Consolidated balance sheet

Balance sheet total was recorded at EUR 1,189,034k at the end of June 2013 and indicates a decline over the balance at the end of 2012, which is mostly attributable to the lower level of current assets. Non-current assets, however, increased primarily as a result of higher investments relating to the restructuring of production facilities. As at 30 June 2013, the share of non-current assets within the asset structure was 47.0% and shows an increase of 1.0 p.p. compared to the 31 December 2012 balance.

Compared to the year-end of 2012, **total inventories** grew by EUR 19,638k or 7.9%. Inventories of work in progress and products increased in the Business Segment Home, and inventories of material due to the year-on-year dynamics in production and sales activities and as a result of higher 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 shift of production.

EURk	30 Jun 2012	31 Dec 2012	30 Jun 2013	30 Jun 2013/ 30 Jun 2012	30 Jun 2013/ 31 Dec 2012
Materials	63,187	59,808	62,640	99.1	104.7
Work in progress	16,140	13,586	14,602	90.5	107.5
Products	141,177	134,419	152,045	107.7	113.1
Merchandise	32,458	38,068	34,513	106.3	90.7
Advances	2,071	1,484	3,203	154.7	215.8
Total	**255,033**	**247,365**	**267,003**	**104.7**	**107.9**

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-Jun 2012	Jan-Dec 2012	Jan-Jun 2013
Turnover of products	39	37	44
Turnover of trade receivables	77	67	68
Turnover of trade payables	70	76	80

Most of increases in **current investments** relates to the increase in current loans extended at the company Gorenje, d.d.

Considering the year-end balance of 2012, **trade receivables** increased by EUR 6,568k, which is quite typical in view of the sales' nature. They have, however, declined by EUR 13,952k if compared to the first quarter of 2013. This result is primarily attributable to the activating of the permanent factoring in one of the companies in Western Europe, whose costs are lower from the Group's average costs of financing.

Turnover of trade receivables indicates a decline from 77 to 68 days compared to the equivalent period in 2012; the turnover grew by one day compared to 2012.

Other current assets grew by EUR 3,877k 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 30 June 2013, **equity** amounted to EUR 381,830k, which is EUR 10,315k or 2.6% 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 exchange losses arising on on the translation of financial statements of foreign operations. The equity increased by the amount of the change in the value of the cash flow hedge and the fair value of available-for-sale financial assets.

Compared to the year-end balance of 2012, **provisions** declined by EUR 454k, which is mostly the result of forming less provisions for retirement benefits at the company Asko Appliances AB, Sweden.

Given the figures at the end of 2012, **financial liabilities** increased by EUR 23,611k or 5.5%. This increase is primarily attributable to the unfavourable movement of free cash flow, which was negatively impacted primarily by the growth of net operating current assets and higher investments due to production restructuring activities. As at 30 June 2013, financial liabilities represented 38.4% of total liabilities, which is 2.3 p.p. more than at the year-end of 2012.

Trade payables decreased by EUR 29,307k 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 grew from 76 to 80 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 12,067k or 15.2% 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 operating 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. It was positively affected by gains on disposal of real properties.

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-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013
Revenue from sale to third parties	500,452	504,977	52,608	46,413	53,395	38,708	606,455	590,098
Inter-segment sale	1,465	1,617	598	351	4,068	5,494	6,131	7,462
Interest income	1,317	1,077	53	67	12	27	1,382	1,171
Interest expenses	11,832	9,449	258	146	78	17	12,168	9,612
Amortisation and depreciation expense	20,952	18,585	1,849	1,908	750	761	23,551	21,254
Operating profit or loss before tax	3,823	-7,495	2,062	1,537	3,177	2,734	9,062	-3,224
Income tax expense							1,834	1,812
Profit or loss for the period							-4,904	-7,821

EURk	Western Europe		Eastern Europe		Other		Group	
	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Jun 2013
Revenue from sales to third parties	242,575	235,290	314,599	309,223	49,281	45,585	606,455	590,098

Financial Indicators

	Jan-Jun 2012	Jan-Jun 2013	Plan 2013
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	0.4%	-1.3%	0.3%
Net return on assets (ROA)	0.4%	-1.3%	0.4%
Net return on equity (ROE)	1.2%	-4.0%	1.0%
ASSET INDICATORS			
Asset turnover ratio	1.01	0.99	1.17
Inventory turnover ratio	4.94	4.59	5.68
Current trade receivables turnover ratio	4.68	5.32	5.42
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.42	0.43	0.47
Current assets to total assets	0.46	0.47	0.50
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.34	1.29	1.31
Equity to total liabilities	0.33	0.32	0.38
Long-term to total liabilities	0.62	0.61	0.66
Equity to fixed assets (carrying value)	0.78	0.75	0.82
Quick ratio (liquid assets to current liabilities)	0.13	0.13	0.12
(Liquid assets + current receivables) to current liabilities	0.85	0.76	0.85
Current ratio	1.41	1.34	1.45
Net financial liabilities to equity	1.01	1.04	0.73
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1.03	1.03	1.04
Revenue per employee (EUR)	59,184	55,965	123,693
Value added per employee (EUR)	16,818	15,341	32,827

Unaudited Financial Statements of Gorenje, d.d.

Balance Sheet of Gorenje, d.d.

EURk	Balance at 30 Jun 2012	%	Balance at 31 Dec 2012	%	Balance at 30 Jun 2013	%
ASSETS	**835,927**	**100.0%**	**847,894**	**100.0%**	**847,222**	**100.0%**
Non-current assets	**434,475**	**52.0%**	**422,272**	**49.8%**	**440,927**	**52.0%**
Intangible assets	14,503	1.8%	14,270	1.7%	12,600	1.5%
Property, plant and equipment	145,722	17.4%	146,748	17.3%	160,093	18.9%
Investment property	13,451	1.6%	16,147	1.9%	23,428	2.8%
Investments in subsidiaries	246,685	29.5%	232,447	27.4%	232,447	27.4%
Investments in associates	976	0.1%	976	0.1%	976	0.1%
Other non-current investments	686	0.1%	661	0.1%	697	0.1%
Deferred tax assets	12,452	1.5%	11,023	1.3%	10,686	1.2%
Current assets	**401,452**	**48.0%**	**425,622**	**50.2%**	**406,295**	**48.0%**
Inventories	81,766	9.8%	84,217	9.9%	83,046	9.8%
Current investments	104,056	12.4%	110,083	13.0%	109,458	12.9%
Trade receivables	195,070	23.3%	194,043	22.9%	193,356	22.8%
Other current assets	17,427	2.1%	18,307	2.2%	18,825	2.3%
Cash and cash equivalents	3,133	0.4%	18,972	2.2%	1,610	0.2%
EQUITY AND LIABILITIES	**835,927**	**100.0%**	**847,894**	**100.0%**	**847,222**	**100.0%**
Equity	**330,075**	**39.5%**	**319,466**	**37.7%**	**321,522**	**38.0%**
Share capital	66,378	7.9%	66,378	7.8%	66,378	7.8%
Share premium	157,712	18.9%	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	84,408	10.1%	73,212	8.6%	74,020	8.7%
Own shares	-3,170	-0.4%	-3,170	-0.3%	-3,170	-0.4%
Fair value reserve	2,028	0.3%	2,615	0.3%	3,863	0.6%
Non-current liabilities	**230,510**	**27.6%**	**250,247**	**29.5%**	**235,723**	**27.8%**
Provisions	25,672	3.1%	21,632	2.5%	20,799	2.5%
Deferred tax liabilities	1,249	0.1%	1,288	0.2%	1,288	0.1%
Non-current financial liabilities	203,589	24.4%	227,327	26.8%	213,636	25.2%
Current liabilities	**275,342**	**32.9%**	**278,181**	**32.8%**	**289,977**	**34.2%**
Current financial liabilities	127,885	15.3%	108,349	12.8%	128,304	15.2%
Trade payables	126,325	15.1%	152,164	17.9%	130,829	15.4%
Other current liabilities	21,132	2.5%	17,668	2.1%	30,844	3.6%

Income Statement of Gorenje, d.d.

EURk	Q2 2012	%	Q2 2013	%	Jan-Jun 2012	%	Jan-Jun 2013	%	Plan 2013	%	2013/ 2012	Plan realisation
Revenue	164,901	99.1%	151,101	97.6%	316,251	98.2%	317,859	99.9%	699,203	98.9%	100.5	45.5
Change in inventories	-1,910	-1.1%	1,302	0.9%	736	0.2%	-4,393	-1.4%	0	0.0%	/	/
Other operating income	3,345	2.0%	2,366	1.5%	5,075	1.6%	4,865	1.5%	7,778	1.1%	95.9	62.5
Gross profit	**166,336**	**100.0%**	**154,769**	**100.0%**	**322,062**	**100.0%**	**318,331**	**100.0%**	**706,981**	**100.0%**	**98.8**	**45.0**
Cost of goods, materials and services	-135,923	-81.7%	-123,944	-80.1%	-260,897	-81.0%	-256,057	-80.5%	-564,490	-79.9%	98.1	45.4
Employee benefits expense	-25,956	-15.6%	-24,009	-15.5%	-50,093	-15.6%	-46,543	-14.6%	-102,629	-14.5%	92.9	45.4
Amortisation and depreciation expense	-5,085	-3.1%	-4,503	-2.9%	-10,600	-3.3%	-8,873	-2.8%	-21,024	-3.0%	83.7	42.2
Other operating expenses	-1,794	-1.1%	-1,377	-0.9%	-2,884	-0.9%	-2,617	-0.8%	-4,471	-0.6%	90.7	58.5
Operating profit or loss	**-2,422**	**-1.5%**	**936**	**0.6%**	**-2,412**	**-0.8%**	**4,241**	**1.3%**	**14,367**	**2.0%**	**/**	**29.5**
Finance income	3,750	2.3%	4,944	3.2%	9,797	3.1%	10,595	3.4%	13,890	2.0%	108.1	76.3
Finance expenses	-6,564	-3.9%	-6,495	-4.2%	-12,521	-3.9%	-13,947	-4.4%	-20,403	-2.9%	111.4	68.4
Net finance expenses	**-2,814**	**-1.6%**	**-1,551**	**-1.0%**	**-2,724**	**-0.8%**	**-3,352**	**-1.0%**	**-6,513**	**-0.9%**	**123.1**	**51.5**
Profit or loss before tax	**-5,236**	**-3.1%**	**-615**	**-0.4%**	**-5,136**	**-1.6%**	**889**	**0.3%**	**7,854**	**1.1%**	**/**	**11.3**
Income tax expenses	-160	-0.1%	200	0.1%	-129	0.0%	-81	0.0%	-593	-0.1%	62.8	13.7
Profit or loss for the period	**-5,396**	**-3.2%**	**-415**	**-0.3%**	**-5,265**	**-1.6%**	**808**	**0.3%**	**7,261**	**1.0%**	**/**	**11.1**
Basic or diluted earnings per share (in EUR)	**-1.37**		**-0.11**		**-0.67**		**0.10**		**45.99**			

Statement of Comprehensive Income of Gorenje, d.d.

EURk	Jan-Jun 2012	Jan-Jun 2013
Profit or loss for the period	**-5,265**	**808**
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	-11	2
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-1,218	203
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	1,017	1,299
Income tax on other comprehensive income	74	-256
Other comprehensive income for the period	**-138**	**1,248**
Total comprehensive income for the period	**-5,403**	**2,056**

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 32 of the report).

Statement of Cash Flows of Gorenje, d.d.

EURk	Jan-Jun 2012	Jan-Jun 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	**-5,265**	**808**
Adjustments for:		
Depreciation of property, plant and equipment	9,240	7,413
Amortisation of intangible assets	1,360	1,460
Investment income	-9,797	-10,595
Finance expenses	12,521	13,947
Gain on sale of property, plant and equipment	-597	-448
Income tax expense	129	81
Operating profit before changes in net operating current assets and provisions	**7,591**	**12,666**
Change in trade and other receivables	-3,156	1,358
Change in inventories	-648	1,171
Change in provisions	-555	-833
Change in trade and other liabilities	-11,555	-13,354
Cash generated from operations	**-15,914**	**-11,658**
Interest paid	-10,901	-9,295
Net cash from operating activities	**-19,224**	**-8,287**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	959	5,467
Dividends received	0	3,382
Interest received	2,954	3,050
Acquisition of subsidiary	-6,013	-2,800
Acquisition of property, plant and equipment	-2,603	-21,131
Acquisition of investment property	0	-7,281
Other investments	-6,833	3,302
Acquisition of intangible assets	-413	-367
Net cash used in investing activities	**-11,949**	**-16,378**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-23,784	7,303
Net cash used in financing activities	**-23,784**	**7,303**
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		
Net change in cash and cash equivalents	-54,957	-17,362
Cash and cash equivalents at beginning of period	58,090	18,972
Cash and cash equivalents at end of period	3,133	1,610

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

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
Opening balance at 1 Jan 2012	**66,378**	**157,712**	**22,719**	**89,521**	**-3,170**	**2,166**	**335,326**
Total comprehensive income for the period							
Profit or loss for the period				-5,265			-5,265
Total other comprehensive income						-138	-138
Total comprehensive income for the period	**0**	**0**	**0**	**-5,265**	**0**	**-138**	**-5,403**
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distribution to owners							0
Equity increase							0
Dividends							0
Unpaid dividends				152			152
Total contributions by owners and distribution to owners	**0**	**0**	**0**	**152**	**0**	**0**	**152**
Total transactions with owners	**0**	**0**	**0**	**152**	**0**	**0**	**152**
Closing balance at 30 Jun 2012	**66,378**	**157,712**	**22,719**	**84,408**	**-3,170**	**2,028**	**330,075**

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
Opening balance at 1 Jan 2013	**66,378**	**157,712**	**22,719**	**73,212**	**-3,170**	**2,615**	**319,466**
Total comprehensive income for the period							
Profit or loss for the period				808			808
Total other comprehensive income						1,248	1,248
Total comprehensive income for the period	**0**	**0**	**0**	**808**	**0**	**1,248**	**2,056**
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distribution to owners							0
Equity increase							0
Dividends							0
Unpaid dividends							0
Total contributions by owners and distribution to owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Closing balance at 30 Jun 2013	**66,378**	**157,712**	**22,719**	**74,020**	**-3,170**	**3,863**	**321,522**

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 173,469k and recorded a share of 54.57%; compared to the result of the equivalent period in 2012, the figure **decreased by 5.8%**. This decline in the sale of home products produced in-house is attributable mostly to relocating the production of the new refrigerator-freezer generation (600 mm) to Valjevo and the related marketing channels.

Other sales were recorded at EUR 144,390k and show an increase of 9.4% over the comparable period in 2012. The result was positively affected by higher revenue from sale of home appliances via dealers (sale of home products beyond own production) by 10.3%, and higher revenue from sales of other home products by 49.1% (sales of the Services programme, marketing of materials, work in progress and services) compared to the same period last year. The biggest increase within the sale of home appliances via dealers was recorded by the Valjevo sales programme (79.4%) and the complementary programme (36.0%). The sale of material and services for the Valjevo programme recorded the highest growth within the other sale of home appliances.

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 33.0% compared to the equivalent period in 2012. This decrease is mostly attributable to the lower sale of coal as a result of the changed sales timetable in 2013 if compared to 2012.

Other operating income which include lease and rental income (EUR 1,359k), income from subsidies (EUR 709k), income on charged trademarks (EUR 1,677k), income from compensation for damages (EUR 479k), gains on sale of property, plant and equipment (EUR 448k), and other income (EUR 193k) have **declined by 4.1%** over the last year's equivalent period, which is the result of lower income on trademarks charged to subsidiaries.

Cost of goods and materials sold grew by 2.2% if compared to the first half-year of 2012 as a result of increased sales of home appliances via dealers and higher other sale of home appliances. Cost of **materials** declined in the first half-year of 2013 which is attributable to lower production of large household appliances by 5.6% (due to the relocation of the refrigerator-freezer NGC 600 mm programme from Velenje to Valjevo; however, the volume of products produced in-house and the related sales have increased within the programmes of cooking appliances and washing machines and dryers) and a more favourable lease of primary raw materials in the first six months of 2013. **Cost of services** decreased by 0.2% if compared to the equivalent period last year.

EURk	Jan-Jun 2012	Jan-Jun 2013	2013/2012
Cost of goods, materials and services	260,897	256,057	98.1
- cost of goods and materials sold	94,703	96,766	102.2
- cost of materials	131,878	125,027	94.8
- cost of services	34,316	34,264	99.8
Employee benefits expense	50,093	46,543	92.9
Amortisation and depreciation expense	10,600	8,873	83.7
Other operating expenses	2,884	2,617	90.7
Total operating expenses	**324,474**	**314,090**	**96.8**

Employee benefits expense declined by 7.1%, compared to the same period in 2012, which is the result of a lower average number of employee by 5.8% 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 16.3%, which is primarily the result of the extended useful lives of certain appliances and equipment in the previous year, the movement of equipment to the new production facility in Valjevo, and of the equipment for producing the washing machines and dryers that was activated in the second quarter of 2013.

Other operating expenses decreased by 9.3%, compared to the equivalent period last year, due to lower provisions formed for lawsuits.

Value added per employee was recorded at EUR 14,252 which is 8.7% more than in last year’s equivalent period.

Financing activities are negative compared to the same period in 2012, mostly due to lower dividends received from subsidiaries and higher expenses relating to impairment of financial instruments held for sale. Financing activities were, however, positively impacted by lower interest expenses on loans received due to the fall of the 6-month EURIBOR interest rate.

EURk	Jan-Jun 2012	Jan-Jun 2013	2013/2012
Interest income	2,921	3,021	103.4
Income from revaluation due to value maintenance *	398	63	15.8
Other finance income **	6,478	7,511	115.9
Total finance income	**9,797**	**10,595**	**108.1**
Interest expenses	-8,225	-7,081	86.1
Expenses from revaluation due to value maintenance *	-463	-437	94.4
Other finance expenses **	-3,833	-6,429	167.7
Total finance expenses	**-12,521**	**-13,947**	**111.4**
Interest result	-5,304	-4,060	76.5
Revaluation result	-65	-374	575.4
Result from other financing activities	2,645	1,082	40.9
Total financial result	**-2,724**	**-3,352**	**123.1**

** 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 81k 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 30 June 2013**, the balance sheet total** amounted to EUR 847,222k and is lower by 0.1% compared to the year-end result of 2012; the decrease is attributable to lower balance of cash.

Compared to the year-end of 2012, the **asset** structure indicates a shift towards non-current assets due to the capitalisation of property, plant and equipment earmarked for the production of washing machines and dryers from the Asko programme. Non-current assets account for 52.0% among total assets and their share was 49.8% at the end of 2012.

Value of investment property grew by 45.1% compared to the year-end balance of 2012, which is the result of additional purchase of investment property.

Given the year-end balance of 2012, **inventories of material** grew by 6.7% as a result of adjusting the purchase volume to the production requirements; the average inventory turnover of material is longer by 8 days from the average recorded in 2012 (taking account of the first six months of 2012, the average inventory turnover of material is longer by 1 day). **Inventories of products** declined by 23.8% compared to the year-end balance of 2012 which is the result of achieved year-on-year dynamics in production and sales activities; average inventory turnover of products was recorded at 21 days and equals the average reported in 2012 (the average inventory turnover of products is shorter by 3 days if taking account of the first six months of 2012). **Inventories of merchandise** in the amount of EUR 14,660k grew by 1.1% compared to the year-end balance of 2012.

Considering the 31 December 2012 balance, **current investments** are lower by 0.6% due to impairment of the value of held-for-sale financial instruments to fair value, and higher repayment of borrowings compared to newly raised borrowings.

The balance of **trade receivables** is lower by 0.4% compared to the result recorded at the end of 2012. Higher sales in Eastern Europe resulted also in higher trade receivables in this region by 49.6% if compared to the end of 2012. The relocation of the washing machines and dishwasher production from Sweden and consequently the changed marketing channels resulted in higher receivables due from Asko subsidiaries. A notable decline in trade receivables if compared to the year-end balance of 2012 can be detected in Central Europe (by 32.4%) which is partly attributable to lower sales in the first six months of 2013 and partly to higher receivables past due. The value of overdue receivables grew in South-Eastern and Central Europe. The average turnover of receivables increased by 9 days over the average recorded in 2012 (the average turnover of receivables is longer by 5 days if compared to the equivalent period in 2012).

Compared to the average of 2012, the **turnover of trade payables** grew by 10 days in the first six months of 2013 (the average turnover of trade payables is longer by 10 days if compared to the equivalent period in 2012).

Other current assets record an increase of 2.8% if compared to the year-end result of 2012, which is primarily due to higher deferred costs, while the balance of accrued income has decreased.

As for the total **liabilities** structure, non-current liabilities exceed the coverage of non-current assets by 26.4% as at 30 June 2013. Equity (share capital and long-term provisions) accounts for 40.5% (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 808k,
- higher fair value reserve by the revaluation of available-for-sale financial assets to the market value in the amount of EUR 2k,
- higher fair value reserve by changes in the cash flow hedge in the amount of EUR 1,502k, and
- lower fair value reserve by liabilities referring to deferred taxes in the amount of EUR 256k.

Provisions are below the level recorded at the end of 2012 by 3.9%. This result is attributable to lower provisions formed for repairs in the warranty period as a result of lower sale of products.

Non-current financial liabilities decreased by 6.0% 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 18.4% compared to the previous year's results, which is mostly due to raising of additional short-term borrowings.

Trade payables are lower by 14.0% compared to the year-end balance 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 primarily payables to employees and payables to state and other institutions, payables for advances received in connection with services, and accrued costs or expenses and deferred revenue. They increased by 74.6% compared to the year-end result of 2012, which is the result of higher short-term accrued costs or expenses, and accrued liabilities relating to equipment under construction in the amount of EUR 3.9m and referring to the shifting of production from Sweden to Slovenia.

Statement of Cash Flows

Cash flows from operating activities were negative primarily as a result of lower trade and other payables. Conversely, they were positively affected by the achieved amortisation and depreciation expense and lower operating assets.

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

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

Negative cash flows are partly covered by cash available at the end of 2012.

Financial Indicators

	Jan-Jun 2012	Jan-Jun 2013	Plan 2013
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	-1.66%	0.25%	1.04%
Net return on assets (ROA)	-1.23%	0.19%	0.93%
Net return on equity (ROE)	-3.16%	0.50%	2.35%
ASSET INDICATORS			
Asset turnover ratio	0.74	0.75	0.89
Inventory turnover ratio	7.77	7.60	8.90
Current trade receivables turnover ratio	3.30	3.28	3.89
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.21	0.23	0.22
Current assets to total assets	0.52	0.52	0.54
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.29	1.26	1.28
Equity to total liabilities	0.39	0.38	0.41
Long-term to total liabilities	0.67	0.66	0.69
Equity to fixed assets (carrying value)	1.90	1.64	1.87
Quick ratio (liquid assets to current liabilities)	0.39	0.38	0.37
(Liquid assets + current receivables) to current liabilities	1.16	1.11	1.17
Current ratio	1.46	1.40	1.49
Net financial liabilities to equity	0.68	0.72	0.62
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	0.99	1.01	1.02
Revenue per employee (EUR)	71,132	75,934	160,111
Value added per employee (EUR)	13,109	14,252	31,996

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-June 2013** and the **Unaudited Consolidated Business Report of the Gorenje Group for the Period January-June 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. The unaudited report of Gorenje, d.d., and the Gorenje Group was presented by its Supervisory Board at their **39th regular session** held on **29 August 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 **30 August 2013**, and published on the issuer's web site at www.gorenje.com.

Forward-looking Statements

This announcement of the Unaudited Business Report for the Period January-June 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.