

Summary prospectus for the admission to trading on a regulated market of shares of Gorenje gospodinjski aparati d.d., Partizanska 12, SI - 3503 Velenje, Slovenia

Velenje, september 2013

Summary of the prospectus for the admission to trading on the regulated market of the shares of Gorenje, d.d.

Section A – Introduction and notes

A.1 Note

Also prepared in addition to this prospectus summary was the prospectus which includes detailed information that allow insight into the legal status of the issuer, the issuer's financial position and business possibilities, and rights pertaining to the shares.

The prospectus summary should be understood as an introduction to the prospectus and it should be read in conjunction with the latter. Prospectus summary only includes the basic information and risks related to the issuer and the shares that are subject to listing for trading on the regulated market; it does not include all information that may be of relevance for potential investors. A decision on the part of any investor to acquire the shares should be based on an examination of the entire prospectus.

If a claim is made in a court of law with regard to the information from the prospectus, the prosecuting party shall, pursuant to the national legislation of the member states, bear the costs of a translation of the prospectus prior to the start of the court proceedings.

Any responsibility under civil law shall be restricted exclusively to the persons who submitted the summary including a translation thereof, but only if the summary is misleading, inaccurate, or non-compliant or contradictory when read or examined in conjunction with other parts of the prospectus, or if it fails to provide the key information that could aid the investors in making a decision about an investment into such securities, when read or examined in conjunction with other parts of the prospectus.

Section B – Issuer of the shares

B.1 Legal and business name of the issuer

Name: Gorenje, gospodinjiski aparati, d.d.
Abbreviated name: Gorenje, d.d.

B.2 Head office and legal form of the issuer, legislation regulating the issuer's business, and country of founding

Issuer's registered head office: Velenje

Address: Partizanska 12, 3320 Velenje

Legal form: public limited (joint stock) company

Relevant legislation: the issuer is operating pursuant to Slovenian legislation.
The issuer is duly entered into the Court Register of the District Court in Celje, Reg. No. Application: 1/00461/00.

B.3 Issuer's operations, main activities, and main markets of operation

In 2012, Gorenje Group was active in the following fields:

Home

Products and services for the home: major and small domestic appliances, heating, ventilation, and air conditioning appliances, kitchen furniture, design services, and services related to the home.

Ecology

Waste management services in Southeastern Europe

Portfolio investments

Production of industrial equipment (toolmaking), products and services related to energy and fuels, renewable energy resources, and efficient use of energy, contract engineering (energy contracting), sale and representation for industrial, medical, and IT equipment, HoReCa.

In the last three years, Gorenje Group took part¹

EUR thousand	West			East			Rest of world			Group		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Revenue from sales to third parties	480,919	506,040	482,238	681,945	785,630	835,531	100,218	94,959	64,416	1,263,082	1,386,629	1,382,185
Total assets	397,860	400,111	447,472	709,921	780,841	775,393	89,543	70,706	94,889	1,197,324	1,251,658	1,317,754

The Issuer's operations and performance are presented in more detail in Section 11 of this Prospectus.

¹ The West includes the countries of Western Europe; the East includes Eastern Europe; 'Rest of World' involves the markets of other countries.

B.4a Key most recent trends

Gorenje Group's core strategic policy and orientation is quality and balanced growth of the volume of business operations and significant improvement in the level of the competitive edge in the core activity of manufacturing and sales of home appliances, as well as in other activities, which would allow the Group's successful development in the future.

For Gorenje Group, indicators of consumer confidence will remain the most important as the majority of the Group's revenue comes from home appliances, i.e. a durable good. Revival of economic growth in Gorenje Group's key markets is expected to increase the demand for the Group's products and services.

B.5 Description of the Gorenje Group and the issuer's position within the Group

The issuer Gorenje, d.d., is the parent and founding company, or direct or indirect owner of the subsidiaries within the Gorenje Group As at December 31, 2012 Gorenje Group included 81 subsidiaries with a total of 10,730 employees.

The Group companies are divided into the following three business fields:

Home, Ecology, and Portfolio Investments. Business field Home comprises both manufacturing and trade companies. Home appliances are manufactured at the companies Gorenje, d.d., Mora Moravia S.r.o., Czech Republic, Gorenje aparati za domačinstvo, d.o.o., Serbia, Gorenje Home, d.o.o., Zaječar, Gorenje Tiki, d.o.o., Serbia. In addition, business field Home includes the support manufacturing company Gorenje I.P.C., d.o.o. Also among the more important companies in the business field Home are the Dutch Atag Group, an important provider of home appliances, and the Swedish company Asko AB, dealing with home appliance development. Other companies in the field are trade companies.

Business field **Ecology** comprises the companies dealing with ecology – especially waste management/removal and processing.

Business field **Portfolio Investments** involves the companies dealing with machine building, products and services related to energy engineering, renewable energy resources and efficient use of energy, energy contracting, sale and distribution of medical equipment, IT, and HoReCa.

B.6 Holders of the issuer's shares with ownership share or voting rights requiring announcement

Following are the major shareholders of Gorenje, d.d., as at August 31, 2013:

Title	Number of shares	%
KAPITALSKA DRUŽBA, D.D.	3,534,615	22.2207%
IFC	1,876,876	11.7991%
HOME PRODUCTS EUROPE B.V.	1,070,000	6.7267%
from 6.9.2013 in liquidation by the decision of Government of Republic of Slovenia and Bank of Slovenia	810,802	5.0972%
INGOR, d.o.o., & co. k.d.	794,473	4.9945%
RAIFFEISEN BANK AUSTRIA D.D.	419,760	2.6389%
EECF AG	411,727	2.5884%
EATON VANCE PARAMETRIC STRUCTURED	301,465	1.8952%
PROBANKA, d.d.	297,061	1.8675%
ERSTE GROUP BANK AG - CLIENT ACCOUNT	211,252	1.3281%
Total major shareholders	9,728,031	61.1561%
Other shareholders	6,178,845	38.8439%
TOTAL:	15,906,876	100%

Treasury shares

	2012	2011	2010
Number of GRVG treasury shares (Dec 31)	121,311	121,311	121,311

The number of treasury shares remained unchanged throughout 2012. The company holds 121,311 treasury shares, representing a 0.7626-percent ownership share.

The shares to which this prospectus pertains shall be equal in terms of the rights they bear to the existing ordinary freely transferable registered no-par value shares with the symbol GRVG, which entitle their respective holders to the following:

- one vote per share at the Shareholders Assembly,
- proportional share of the distributable profit allocated for dividend payment to the shareholders,
- proportional share of the residual property from the bankruptcy or liquidation estate in case of bankruptcy or liquidation proceedings instituted against the company.

The issuer is not aware of any natural or legal persons involved in the listing of the shares for trading in the regulated market, whose interests, including opposing interests, would be essential for the listing of the shares for regulated trading.

B.7 Financial highlights from previous years

Gorenje Group performance in the years 2012, 2011, and 2010 – for more information on financial information, please see Chapter 23.

EUR thousand	2012	2011	2010
Consolidated sales revenue	1,263,082	1,386,629	1,382,185
EBITDA	90,586	92,017	108,675
<i>EBITDA margin (%)</i>	7.2%	6.6%	7.9 %
EBIT	44,921	43,670	56,438
<i>EBIT margin (%)</i>	3.6%	3.2%	4.1 %
Profit before taxes	14,806	18,315	22,472
Profit after taxes (net income)	9,173	16,435	20,024
<i>ROS (net return on sales)</i>	0.02 %	0.7 %	0.6%
<i>ROA (net return on assets)</i>	0.02 %	0.7 %	1.5%

Gorenje Group performance in the years 2012, 2011, and 2010

2012

In 2012, Gorenje Group consolidated sales revenue amounted to EUR 1,263.1 million, which is EUR 18.7 million, or 1.5%, less than in the year before. In the last quarter of 2012, the Group consolidated sales revenue reached EUR 333.6 million, which is 2.2% more than in the equivalent period of the year before. Operating volume was increased in most downstream markets, especially in Russia, USA, Slovenia, Poland, Slovakia, Croatia, China, and Germany. Markets where business activities actually shrunk in the last quarter of 2012 are considerably fewer: Serbia, Czech Republic, and the Netherlands. It is important that the Group's decrease in revenue in these markets is lower than the overall drop in these markets. Results of the measures adopted in sales were already seen to some extent in the last quarter of 2012.

2011

Due to the very harsh economic conditions, Gorenje Group saw throughout the entire year 2011, and especially in the last quarter, a drop in **sales volume** and changes in terms of its geographical and product structure, which resulted in a negative effect on all levels of profitability. In addition to the volume and composition/structure of sales, Gorenje Group profitability was strongly affected by the **rising prices of raw and processed materials**. Growth from the second half of 2010 persisted and accelerated until August 2011, and steadied at the high levels from early September 2011.

2010

Revenue from the last quarter of 2010, amounting to EUR 54.6 thousand, which is 17.0% more (before the effect of the Asko Group takeover), consolidated the substantial growth of sales in all quarters of 2010. Thus, Gorenje Group revenue reached EUR 1,382.2 million, or EUR 196.2 million (16.5 percent) more than in 2009. In comparable terms, after adjustment for the effects of the Asko Group takeover, sales amounted to EUR 1,315.8 million, which is EUR 129.9 million (11 percent) more than in 2009.

B.8 Interim financial highlights

Key interim information on Gorenje Group performance in the first half of 2013

EUR million	Jan- June 2012	Jan- June 2013
Consolidated sales revenues	606.5	590.1
EBITDA	44.9	36.8
<i>EBITDA Margin (%)</i>	<i>7.4%</i>	<i>6.2%</i>
EBIT	21.4	15.5
<i>EBIT margin (%)</i>	<i>3.5%</i>	<i>2.6%</i>
Profit before taxes	9.1	-3.2
Profit after taxes (net income)	2.3	-7.8
<i>ROS (%)</i>	<i>0.4%</i>	<i>-1.3%</i>
<i>ROA (%)</i>	<i>0.4%</i>	<i>-1.3%</i>

Interim financial information is unaudited.

In the first half of 2013, the Group consolidated sales revenue reached EUR 590.1 million, which is 2.7% less than in the equivalent period of the year before. Lower sales are a result of lower operating volume of the fields Ecology (-11.8%) and Portfolio investments (-27.5%). Revenue in the business field Home grew by 0.9% despite the uncertain conditions in the European markets (a 1.2-percent drop in sales by volume in Europe). Gorenje Group's market share in Europe rose from 3.27% in the first half of 2012 to 3.56% in the first half of 2013. Adjusting for the effect of the changes in exchange rates, organic growth in the field Home would have amounted to +1.4%.

Operating volume was increased in most downstream markets, especially in Ukraine, Russia, Croatia, Bulgaria, Romania, China, and Germany. Markets where sales were lower are fewer: the Netherlands, Spain, Czech Republic, Italy, Slovakia, and Australia.

B.9 Profit forecast/estimate

The issuer did not include a forecast or estimate of profit in the prospectus because no financial data, comments, or estimates or forecasts pertaining to future periods (forward-looking statements) had been publicly announced.

B.10 Description of any reservations in the Audit Report regarding the past financial information

The auditor's opinions on reported financial information and statements were unqualified.

B.11 Statement regarding working capital

As at December 31, 2012 Gorenje Group held EUR 646,359 thousand of current assets and EUR 455,768 thousand of current liabilities. As at December 31, 2012 the issuer Gorenje, d.d., held EUR 425,622 thousand of current assets and EUR 278,181 thousand of current liabilities. Therefore, the issuer believes that such working capital is sufficient for the current requirements and that it allows a well-balanced balance sheet, and ensuring liquidity in a quality and reliable way.

Section C – Information on the shares

C.1 Type and class of the shares admitted for trading

The subject of admission to trading is 2,320,186 ordinary freely transferable registered no-par value shares with the symbol GRVG, ISIN code SI0031104076, paid up with new cash contributions. The emission value per share is EUR 4.31; sales value of the total of 2,320,186 shares amounts to EUR 10,000,001.66.

The new GRVG shares shall be of the same class as the outstanding shares. The shares shall be issued in dematerialized form by entry into the central register of dematerialized securities kept by the Central Securities Clearing Corporation (KDD).

Following the confirmation of the prospectus for listing of the new shares (admission to trading) on the regulated market, 2,320,186 new ordinary shares of the issuer will be listed for trading in addition to the existing 15,906,876 ordinary GRVG shares, which adds up to a total of 18,227,062 GRVG shares.

C.2 Currency in which the shares are denominated

The shares are issued as no-par value shares and therefore are not denominated in any currency

C.3 Number of shares issued and their nominal value

As at September 5, 2013, share capital entered in the court register amounts to EUR 66,378,217.32. It is divided into 15,906,876 ordinary freely transferable registered no-par value shares with the symbol GRVG and ISIN code SI0031104076.

The shares are issued as no-par value shares and therefore, no nominal value is specified.

C.4 Description of rights related to the shares

The shares to which this prospectus pertains shall be equal in terms of the rights they bear to the existing ordinary freely transferable registered no-par value shares with the symbol GRVG, which entitle their respective holders to the following:

- one vote per share at the Shareholders Assembly,
- proportional share of the distributable profit allocated for dividend payment to the shareholders,
- proportional share of the residual property from the bankruptcy or liquidation estate in case of bankruptcy or liquidation proceedings instituted against the company.

C.5 Transferability of shares

The GRVG shares are freely transferable pursuant to the effective regulations, issuer's Articles of Association, and Rules and Regulations of the Central Securities Clearing Corporation (KDD).

C.6 Trading in the regulated market

The shares to which this prospectus pertains shall be listed for trading in the regulated market, i.e. Ljubljana Stock Exchange, d.d., Ljubljana, in the prime listing, where the existing shares of the issuer with the code GRVG are already listed.

Following the announcement of the prospectus and the payment of the amount of EUR 10,000,001.66 in cash by the company Panasonic Corporation, which is expected by the end of September 2013, the issuer shall submit a request for an increase of the number of GRVG shares traded in the regulated market of the Ljubljana Stock Exchange, d.d., Ljubljana, in the equity market, segment Prime Listing. The issuer anticipates the start of trading with the increased number of GRVG shares in October 2013.

On August 23, 2013 the Shareholders Assembly of the issuer (issuer's company) adopted a resolution that the issuer's Management Board may, subject to consent by the Supervisory Board and after the completed second capital increase, opt for secondary listing of the issuer's shares at the Warsaw Stock Exchange. In case of Management Board resolution and consent by the Supervisory Board to enter the secondary listing of the shares at the Warsaw Stock Exchange, 2,320,186 newly issued shares, along with the 15,906,876 already issued shares, will be listed both on the Ljubljana Stock Exchange, d.d., and on the Warsaw Stock Exchange.

C.7 Dividend policy

Dividend shall be paid out as provided in the company Articles of Association and the Shareholders Assembly resolution on the allocation of distributable profit.

According to the adopted Gorenje Group dividend policy for the period 2011-2015, up to one third of the Group's profit after taxes (net income) shall be allocated for dividend payment each year.

Dividend policy of other companies of the Gorenje Group shall be specified each year in the course of development of annual (operational) plans for the Gorenje Group companies and for the Gorenje Group as a whole.

As a result of the financial crisis and harsh operating conditions in the international markets, the company did not pay out any dividend in the years 2010 and 2012.

Section D – Risks

D.1 Risks related to the issuer and the industry

Types of risks related to the issuer can be classified into the following three groups:

- business risks
- financial risks
- operational risks

Business risks	<ul style="list-style-type: none">• External risks• Sales risks• Procurement risks• Product risks• Development risks• Human resource risks• Risk of loss of property
Financial risks	<ul style="list-style-type: none">• Credit risks• Currency risks• Interest rate risks• Liquidity risks• Production risks• IT risks
Operational risks	<ul style="list-style-type: none">• Organizational risks• Logistics risks• Tax risks• Risk of fire• Environmental risks

In addition, there are risks related to shares, which include the risk of share liquidity and the market risk.

All issuer's risks listed above are detailed in Section 2 of the prospectus, "Risk Factors".

Other facts relevant for the investors' decisions are laid down in the prospectus for the public offering of the Gorenje, d.d., shares.

D.2 Risks related to the shares

Share liquidity: the issuer's shares are listed for trading in the regulated securities market – regulated market of the Ljubljana Stock Exchange (equity market, prime listing) where they are continuously traded. Newly issued shares of the issuer, too, will be listed for trading in the regulated market of the Ljubljana Stock Exchange, d.d. Changes in price per share will be subject to the market laws of supply and demand. Lack of active trading with the issuer's shares may have a negative effect on the price per share and the share liquidity.

Market risk: factors of risk also include the so-called systematic or market risk, which involves the threat of a certain and persisting general drop in prices in the equity markets as a result of general market and economic conditions and circumstances. In addition, there is also the non-systematic risk, or risk of the issuer, related directly to the issuer.

Section E – Offering

This prospectus pertains to the admission of shares to trading on the regulated market.

**Prospectus for the admission to trading on a regulated
market of shares of Gorenje gospodinjski aparati d.d.,
Partizanska 12, SI - 3503 Velenje, Slovenia**

Velenje, september 2013

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Abbreviation	Whole name
ATVP	Securities market agency
Company, issuer	Gorenje gospodinjski aparati, d.d.
EU	European union
EUR, TEUR	Euro, thousands Euro
KDD	Central Securities Clearing Corporation Ljubljana
Ljubljanska borza	Ljubljana stock exchange
ZDDV-1-UPB2	Value Added Tax Act (ZDDV-1-UPB2, Official Gazette of the RS. 13/11-UPB3 , 18/11 , 78/11 , 38/12 , 83/12 , 14/13 and 46/13-ZIPRS)
ZDDPO-2	Income Tax Act (ZDDPO-2, Official Gazette of the RS, nos.. 117/06 , 56/08 , 76/08 , 5/09 , 96/09 , 43/10 , 59/11 , 24/12 , 30/12)
ZDoh-2	Personal Income Tax Act (ZDoh-2, Official Gazette of the RS, nos 13/11-UPB7 , 24/12 , 30/12 , 40/12-ZUJF , 75/12 in 94/12)

Table of reference

Some of documents listed down are accessible on-line:

Annual Reports: http://www.gorenjegroup.com/si/odnosi_z_investitorji/letna_porocila

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Interim reports: http://www.gorenjegroup.com/si/odnosi_z_investitorji/medletna_porocila

1 Persons responsible

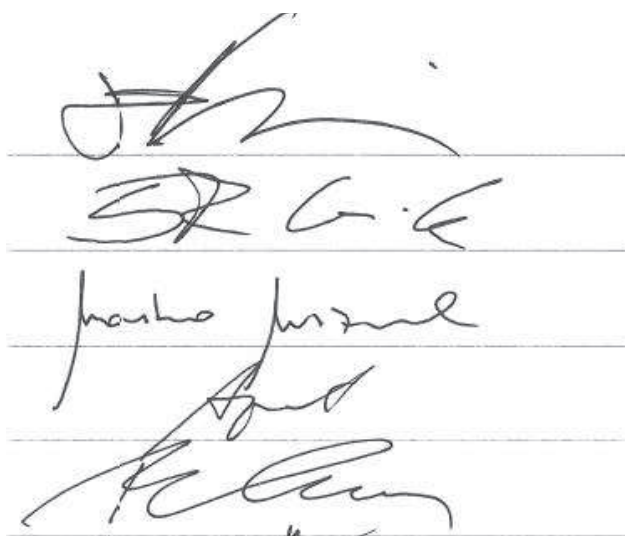
Gorenje gospodinjski aparati, d.d., assumes responsibility for the information given in the prospectus. The issuer has taken all reasonable care to ensure that the information given in the prospectus is, to the best of its knowledge, in accordance with the facts, and that there exists no other significant information on its operations, activities and financial position.

The prospectus may only be used for the purpose for which it has been issued. Reproduction of the prospectus for other purposes, in whole or in part, and use and publication of the information and passages are prohibited.

Velenje, Slovenia, June 2010

Management Board

- Franc Bobinac, CEO
- Peter Groznik, Member of the Board
- Marko Mrzel, Member of the Board
- Branko Apat, Member of the Board
- Drago Bahun, Member of the Board



The image shows five handwritten signatures, each on a horizontal line. From top to bottom, they correspond to the list of board members: Franc Bobinac, Peter Groznik, Marko Mrzel, Branko Apat, and Drago Bahun.

2 Risk factors

2.1 Issuer-related risks

Risk Management in the Gorenje Group

- In 2012, the Group continued with risk management per individual business segment i.e. Home, Ecology and Portfolio Investments.
- The formation of the risk management council was adjusted to Group's new organisational structure. Each segment consists of three boards: board of business risks, board of financial risks and board of operating risks. Thus, the risk management council of the Group consists of nine boards.
- At the level of individual boards activities were conducted to identify and assess the risks to which Gorenje Group is exposed.
- The risks detected were valued by the size of impact on the budgeted result and the estimate of frequency or probability of the impact.
- Risk assessment enabled the preparation of measures assuring that the budgeted result in 2013 is exposed at maximum to the acceptable risk level.
- The assessed risks represented the basis for the plan of audit reviews and the audit of the internal control system.
- Within the internal audit reviews in 2012, major risks were detected at recording of transactions in the field of accessing significant data in the information system. Uniform accounting recording is provided based on the uniform software applied by the Group companies. It was established that excessive data exposure was not misused. The accessibility in the IT system has been adequately established.
- A special risk management department will be established in 2013 that shall co-ordinate the work of boards, provide for a continued process of detecting and assessing risks and observe the implementation of measures adopted to reduce them.
- Reviewing the risks of individual companies became a regular agenda item at meetings of the supervisory boards of Gorenje Group companies.

Picture: Strategic map of risks

TYPE OF RISKS	PROBABILITY				SIZE OF DAMAGE			
	VERY LOW	LOW	MODERATE	HIGH	ENORMOUS	GREAT	MODERATE	MINOR
1. BUSINESS RISKS								
1.1. EXTERNAL RISKS				High	High			
1.2. SALES RISKS			Moderate			Moderate		
1.3. PURCHASE RISKS			Moderate		High			
1.4. PRODUCT RISKS		Moderate			Moderate			
1.5. DEVELOPMENT RISKS			Moderate		High			
1.6. HR RISKS			Moderate			Moderate		
1.7. PROPERTY LOSS RISKS	Moderate					Moderate		
2. FINANCIAL RISKS								
2.1. CREDIT RISKS			Moderate		High			
2.2. CURRENCY RISKS			Moderate		High			
2.3. INTEREST RATE RISKS			Moderate			Moderate		
2.4. LIQUIDITY RISKS		Moderate			Moderate			
3. OPERATING RISKS								
3.1. PRODUCTION RISKS		Moderate				Moderate		
3.2. IT RISKS		Moderate			Moderate			
3.3. ORGANISATIONAL RISKS							Moderate	
3.4. LOGISTICS RISKS			Moderate			Moderate		
3.5. TAX RISKS		Moderate				Moderate		
3.6. FIRE RISKS		Moderate			Moderate			
3.7. ENVIRONMENTAL RISKS		Moderate			Moderate			

a) Business risks

Business risks are classified as risks associated with the ability or provision of generating current and non-current operating income, control of business processes and maintenance of asset value.

The following **important types** of business risks were defined: external risks, sales risks, purchase risks, product risks, development risks, human resources risks, property loss risks.

External risks are mainly associated with the changes in macroeconomic conditions of operation in individual key markets. Due to the current global financial crisis, and consequently increasing unemployment, increases in the prices of basic raw materials and intermediate goods, and the versatility and complexity of business activities the exposure to the risks mentioned is still substantially increasing. **The management of the Gorenje Group has assessed that that the exposure to such risks is moderate in individual markets.**

Sales risks are associated with the competition in the sale of products and services in individual markets and include risks of appropriate marketing strategy (brand name, price and functional competition of products, design etc.), risk of increasing negotiating power of major industrial customers and trade chains, and risk of quality of after-sales services. **The management of the Gorenje Group has assessed that the exposure to such risks is moderate.**

Unpredictability in the raw materials markets and the movement of the US dollar exchange rates still represent the main impact on purchasing risks. Risks that mostly impacted the vulnerability of the economic environment and the raw materials in 2012 include following: the European debt crisis, the slowdown of the Chinese economy, the danger of the 'fiscal cliff in the United States, and tensions in the Middle East and Africa. High exchange price fluctuations for raw materials have also impacted the prices in the non-exchange markets, where investors do not interfere with trading by means of derivative financial instruments. By means of market analyses and trends, the purchasing department decides in co-operation with the suppliers on the best starting points for forward purchases of stock-exchange metals for adequate periods. In the field of sheet steel that is not traded on the Stock Exchange, we take advantage of the possibility of agreements reached with strategic partners in the long-term (up to one year, by price indexing models). In conditions of increased risks such activities reduced the exposure of Gorenje to raw materials markets. Solely in the field of petrochemicals and plastic materials, no hedging mechanisms could be applied as prices

are defined on a monthly basis due to numerous unpredictable elements (high oil price, uncertain trend in petrochemical input raw materials, declining margins, harsh limitation of production, force majeure events, and consolidations). In view of extreme fluctuations, the prices for plastic materials achieved a record-breaking growth in 2012. Considering the unstable markets, uncertain economic recovery and volatile raw material prices, **the management of the Gorenje Group has assessed that the exposure to purchase risks has increased.**

Product risks have been focused on the control of risks that may lead to incorrect operation of appliances in the market and finally to a mass failure or product liability of the producer. The risks are reduced by managing standardised procedures in the development, production and other processes, which have an impact on Gorenje's products. Certain systems apply certified and accredited methods (SIST EN ISO 9001/2000, ISO 17025), whereas others are implemented based on good practice (6 sigma, LEAN). The components are tested by means of advanced HALT / HASS chambers and in this way contribute to early detection of unstable or disputed components. By the use of specific IT tools that base on the SAP, the time to detect any possible complete break-downs has been shortened and, thus, costs arising from serial failures have been limited. With the merger of ASKO Sweden, Gorenje has taken over also the risk of errors made in previous years, which is also reflected in an increased risk exposure. **The management of the Gorenje Group has assessed that the exposure to product risks is moderate with respect to the measures for risks protection.**

Risks associated with the achievement of the planned economics of investments, the timely and successful activation of investments in the field of production relocation, the development of new product generations, and the successful launch of new production and product-related technologies are of key importance among **investment and development risks**. Thereby appropriate planning and control of investment effects is relevant. Risks are reduced by means of an exact preparation of business plans, which are implemented based on a systematic and active project approach, where the achievement of objectives is regularly monitored and corrective activities defined in case of deviations or possible quick changes in the market. In spite of all activities reducing the exposure to risk, **the management of the Gorenje Group has assessed that the exposure to investment and development risks is high due to numerous new projects and unforeseeable changes in the business environment influencing the reliability of planning.**

The financial year 2012 was marked by the relocation of production, which shall be continued also in 2013. The reduction in **human resources risks** requires adequate and timely informing of the employees, responding to their questions and explanation of any lack of clarity, especially relating to the production shift, as well as in the field of salaries and healthy workplace. For the sake of preserving social peace, an agreement on keeping the jobs was signed between Gorenje's management and both trade unions, whereas negotiations on amending the Collective Agreement for Business will start in 2013. In order to be able to provide appropriate human resources on key positions we will continue the policy of granting scholarships, off-the-job-training and motivation for the assumption of new challenges and the possibility of variable remuneration. Conditions for employing top employees are created based on clearly set goals, good relations and provision of a creative working environment. **The management of the Gorenje Group has assessed that the exposure to human resources risks is moderate due to the activities mentioned.**

Property loss risks include property and transport risks. The Group companies systematically transfer key property loss risks to insurance companies or business partners and thus reduce the exposure to such risks. **The management of the Gorenje Group has assessed that the exposure to such property loss risks is low.**

b) Financial risk management

In 2012, internal financial policies were followed in the field of financial risk management. The policies include starting points for their efficient and systematic management. Objectives of the process of financial risk management are:

- achievement of stability in operation and reduction in exposure to individual risks to an acceptable level,

- increase in value of the companies and improvement of their credit standing,
- increase in finance income or decrease in finance expenses, and
- elimination or reduction in the effect of unforeseeable loss events.

Following key financial risks were defined: credit risks, currency risks, interest rate risks, and liquidity risks.

The exposure to each of the above risks and the hedge measures to be applied are judged and implemented on the basis of their effects on the cash flows. To hedge against financial risks in the course of ordinary business activities, relevant hedging activities have been conducted in the area of operating, investing and financing activities.

In the light of the strained macroeconomic situation, more attention was paid in 2012 to credit risk, which includes all risks where the failure of a party (a buyer) to discharge contractual obligations results in a decrease in economic benefits of the Group. The credit risk was managed by application of the following sets of measures:

- insurance of a major portion of operating receivables against credit risk with Slovenska izvozna družba – Prva kreditna zavarovalnica d.d., and other insurance companies;
- additional collateralisation of more risky trade receivables by bank guarantees and other security instruments;
- regular monitoring of operation and financial standing of new and existing business partners, and limitation of exposure to certain business partners;
- implementation of mutual and chain compensation with buyers;
- systematic and active control of credit limits and collection of receivables (launch of credit management).

The management of the Gorenje Group has assessed that the exposure to credit risk has significantly increased due to the deteriorated global macroeconomic situation, the bank crisis and consequently fierce liquidity situation. The credit risk is, however, properly limited by the use of stated hedging instruments. Taking into account measures that were implemented, the credit risk exposure is deemed higher.

With regard to the geographic diversification of its operations, the Gorenje Group is strongly exposed to currency risk, which is the risk that the economic benefits of an entity may be decreased due to changes in foreign exchange rates. When assessing currency risk, the balance sheet exposure was taken into consideration. The currency risk results mainly from the performance of business activities in the markets of Serbia,+ Great Britain, the Czech Republic, Poland, Hungary, Croatia, Turkey and all US dollar markets. Therefore, great attention was paid to natural hedging of currency risks and harmonisation of business operations to ensure long-term decrease in currency fluctuation exposure by matching or netting sales and purchases. Additional short-term hedging is carried out by forward exchange contracts and short-term borrowings in local currencies. Irrespective of measures taken to hedge against currency risk, the management of the **Gorenje Group has assessed that**, due to significant macroeconomic changes and oscillations particularly in the Eastern European countries, **the exposure to currency risk increased.**

With regard to the harsh global macroeconomic situation and consequently lower variable interest rates on financial markets, no new loans with fixed interest rates were raised in 2012 and no new derivative financial instruments created with the purpose to hedge against the risk of higher variable interest rates. The share of loans for which fixed interest rates were agreed or hedging instruments created, declined to 39.3% in 2012. Although no new instruments were created for hedging against the increase of interest rates, the macroeconomic movements and the global movement in interest rates were closely monitored to provide for timely hedging.

The management of the Gorenje Group has assessed that in view of the aforesaid the exposure to interest rate risk is moderate.

Liquidity risk is the risk that the Group will fail to meet commitments in stipulated period of time due to the lack of available funds. Credit lines in the amount of EUR 150.1m mature in 2013. The refinancing of the existing financial liabilities has been negotiated with the banks in order to reduce the risk of refinancing. The liquidity reserve as at 31 December 2012 in the amount of EUR 152.3m consisting of unused revolving credit lines, unused long-term credit lines, short-term deposits with banks, and cash in banks, is used to secure adequate short-term control of cash flows and to decrease short-term liquidity risk. In 2012, the Group implemented the forfeiting model for the sale of first-class receivables, which represents an additional liquidity reserve and simultaneously lowers the dependency from bank institutions.

Short-term liquidity risk of the Group is assessed to be moderate due to efficient cash management, adequate available credit lines for short-term control of cash flows, a high degree of financial flexibility, and a good access to financial markets and funds.

Long-term liquidity risk is estimated as moderate due to effective performance of the Group, effective cash management, sustainable ability to generate cash flows from operating activities, improved maturity structure of financial liabilities, and an adequate capital structure. Gorenje Group applies a long-term debt service plan that grounds on the Group's strategic plan and results in lowering the Group's total indebtedness as well as improves the debt maturity structure.

The management of the Gorenje Group has assessed that the exposure to liquidity risk is moderate.

c) Operating risk management

Operating risks include a reduction in economic performance of the Group arising from the ability of unsuitable planning, performance and control of business processes and activities: production risks, information system risks, organisational risks, logistic risks, tax risks, and fire risks.

Production risk management refers to:

- operation of key equipment: key machines, tools, production lines and basic processing units,
- operation of infrastructure including smooth supply with energy products, providing infrastructural basis for adequate management of hazardous waste and operation of the central wastewater treatment plant,
- availability of production capacities, and
- inappropriate direct management of hazardous substances, and
- moving of production technologies to new locations.

Operating risk is higher in line production and it is managed by the qualifications and competences of employees and regular maintenance of production lines.

The management of the Gorenje Group has assessed that the exposure to production risks is moderate.

The most important risks among the **information system risks** are related to the assurance of availability and response of the information system services depending on hardware and software. The exposure to these risks has been reduced by:

- operation of the centre for continuous operation or safe secondary locations (i.e. Disaster Recovery Centre – DRC),
- changes in the architecture of server systems (server virtualisation),
- BCM (business continuity management) process control and the related measures,
- preliminary prepared measures for individual types of disturbances in the operation of the local computer
- regular maintenance of hardware and software, communications and network connections,
- control of changes in the development of information systems,
- determination and control of internal work processes in compliance with regional standards and recommendations (determination of processes for the implementation of changes and corrections)

- assurance of the presence of a support team outside working time (stand-by at home, and being on duty during national holidays and outside regular working time),
- assurance and implementation of adequate human resource policy providing suitable staff and sufficient number so that the implementation of solution development is possible, assurance of operation and support at an appropriate level,
- adequate training of employees and other measures.

The management of the Gorenje Group has assessed that the exposure to information system risks is moderate.

Organisational risks are associated with the non-observance of rules and regulations. Managers or department heads play the key role in the control of these risks since they are required to encourage the implementation of adequate procedures and provide for compliance of authorisation and responsibilities of individual employees. Simultaneously the need for creativity and innovative spirit of separate working units must be taken into account while introducing rules and regulations. The Gorenje Group namely disapproves of processes that are too automated since the innovative spirit of the employees can thus be limited. In some cases violation of rules and regulations can cause serious damage, although these cases have already been assessed within individual risks. Such a risk may also include mismatched operation of functional organisational units due to which some urgently needed activities have already been eliminated. Such risks have been controlled by a complete process approach. **The management of the Gorenje Group has assessed that exposure to organisational risks is low.**

Logistic risks are associated with the increase in transport costs of products. Risks are assessed with respect to assumptions of movements in oil prices and prices of sea transport. Supply and demand are the most important factors influencing prices of sea transport, but oil prices influence the road transport. The market of sea transport has calmed down after the turbulent increase in prices last year, but high fluctuations in prices can be also expected this year, mostly on destinations Far East – Northern Adriatic. Contracts concluded with transport companies include the option of modifying the price of transport if oil prices change which actually represents the biggest risk element. A characteristic of the entire European territory is the lack of trucks in the markets that additionally contributed to the instability of the market and thus to increased risks in the last year. Lack of trucks is the result of high indebtedness of transport operators trying to restructure debts by disinvestments. Certain risks in the field of logistics present also changes in production locations that have a strong impact on logistic flows. **The management of the Gorenje Group has assessed that the exposure to the logistic risk is moderate.**

Tax risks are associated with a correct interpretation of tax legislation and thus the related correct and timely accounting and payment of levies, possible changes in tax legislation and its implementation in daily business processes, provision of adequate documents, and others. The basic control measure for the tax risk control is a consistent following of the provisions regulations of tax legislation. The said measure is implemented by monitoring of tax and legal practice, establishment of internal control mechanisms and intensive co-operation among the departments and companies, co-operation in all stages of business activities, preparation of adequate documents for the support of adopted solutions, and similar. The reorganisation of the sale procedure among the Group companies (intragroup operations) increased the complexity of the risk management in the area of value added tax, which is managed, with a broader standardisation of the tax treatment of transactions. As for operating with subsidiaries, risks are controlled by the implementation of a co-ordinated policy of transfer prices and the preparation of suitable documents. **The management of the Gorenje Group has assessed that the exposure to tax risks is high due to complexity of operation, large volume of international transactions, complexity of tax legislation, but probability of occurrence of risky events is low.**

Fire risks have been limited by regular assessment of fire danger on the basis of which all facilities have been equipped with active fire protection systems. The supervision over the performance of fire protection measures has been intensified, and the employees have been additionally trained in the area of fire protection. Lowering of fire risks is our permanent concern. In 2012, the extended

premises of the PPA programme – Asko and the Valjevo factory were equipped with fire-detection systems. For the purpose of increasing the safety of staff and lowering fire risks, workplace evacuation exercises are conducted on a regular basis. In 2012 a tactical fire-fighting exercise was carried out at two locations, whereas a workplace evacuation exercise at four locations.

The management of the Gorenje Group has assessed that the exposure to fire risks is moderate.

Environmental risks in the Gorenje Group have been regularly reduced by systematic monitoring of influences of company's operation on the environment. Environmental risks can be roughly classified into two groups. Risks that occur due to the company's production activity and risks that occur due to final products – home appliances on the environment. Lowering of environmental risks is a component of company's environmental management in compliance with standard ISO 14001 and the European regulation EMAS. In 2012 the risks in the field of emissions into the air were reduced by the installation of devices for fluoride cleaning and the upgraded devices for wastewater treatment (installation of oil catchers). We also took care of regular maintenance and inspection of devices that might have influenced the environment. All periodic measurements of influences of company's operation on the environments have been regularly performed (effluent monitoring, monitoring of emissions into the air, noise in the environment, waste production, storing of hazardous substances, etc.) and by the implementation of the programmes of environmental management we achieve short-term and long-term environmental objectives. Environmental risks of products have been reduced by consideration of the influences on the environment already at the stage of product planning since the majority of environmental influences that an individual product causes have already been determined at the stage of product planning. By the deliberate development we take care that products are energy-efficient, can be easily repaired and that their service cycle is as long as possible and that they are constructed in a way that enables simple dismantling to individual materials after the completed use. The reduction in environmental influences and thus the reduction in environmental is shown also in increased sales of appliances with higher energy efficiency. The share of most efficient appliances has constantly increased. **The management of the Gorenje Group has assessed that the exposure to fire risks is moderate.**

Risk management in the Business Segment Ecology

Risk management in Ecology has been presented in detail in annual reports of individual Group companies that belong to the business segment Ecology.

Risk management in the Business Segment Portfolio

Investments Risk management in the field of portfolio investments has been presented in detail in annual reports of individual companies of the Gorenje Group that belong to the business segment Portfolio Investments.

2.2 Share related risks

Share liquidity: the issuer's shares have been admitted to trading on a regulated market, that is on the prime market of the Ljubljana Stock Exchange, where their trading has continued on an uninterrupted basis. The issuer's newly issued shares will also be admitted to trading on the regulated market of the Ljubljana Stock Exchange. Their price will be subject to the laws of supply and demand. The absence of active trading may have an adverse effect on their market price and liquidity.

Market risk: known also as systematic risk, this is the risk of a sudden and prolonged fall in all share prices due to the general market and business conditions. There exists also the unsystematic risk associated only with the issuer.

3 Material information

3.1 Statement regarding working capital

As at December 31, 2012 Gorenje Group held EUR 646,359 thousand of current assets and EUR 455,768 thousand of current liabilities. As at December 31, 2012 the issuer Gorenje, d.d., held EUR 425,622 thousand of current assets and EUR 278,181 thousand of current liabilities. Therefore, the issuer believes that such working capital is sufficient for the current requirements and that it allows a well-balanced balance sheet, and ensuring liquidity in a quality and reliable way.

3.2 Capitalization and debt

Capitalization and debt as at June 30, 2013

As at June 30, 2013 Gorenje Group share capital (equity) totalled at EUR 381,830 thousand, which represents 32.1% of the total assets/liabilities. Total financial and trade liabilities and payables amount to 67.9% of total assets/liabilities, or EUR 807,204 thousand. In the composition of Gorenje Group's financial and trade liabilities and payables, financial borrowings amount to EUR 456,340 thousand. Borrowings were taken out from different commercial banks and other financial institutions.

Total equity of the issuer Gorenje, d.d., as at June 30, 2013, amounted to EUR 321,522 thousand, which is equivalent to 38.0% of the total assets/liabilities. Total financial and trade liabilities and payables represent 62.0% of the total assets/liabilities, or EUR 525,700 thousand. In the composition of Gorenje, d.d., financial and trade liabilities and payables, financial borrowings amount to EUR 344,465 thousand. Borrowings were taken out from different commercial banks and other financial institutions.

3.3 Interest of natural and legal persons taking part in admission to trading

The issuer is not aware of any natural or legal persons involve in the listing of the shares for trading in the regulated market, whose interests, including opposing interests, would be essential for the listing of the shares for regulated trading.

3.4 Reasons for listing / admission to trading

The reason for listing the newly issued share for trading is to ensure organized/regulated and transparent trading with all shares of the company, thereby ensuring equal treatment and position of all shareholders.

The issue of new shares and the inflow of cash would allow the company to invest in the development of new products and services, step up the investment activity in the business field Home, and especially by repaying a part of its debt to improve capital stability and performance, and therefore meet the financial covenants specified in the loan agreements signed with creditor banks. Gorenje Group's strategic plan for the period until 2015 includes a decrease of the net-debt-to-EBITDA ratio to no more than 3 from the year 2014 and beyond. Increase of capital would contribute to the pursuit of this goal.

4 Information on the shares to be offered for trading

4.1 Description of the security

This prospectus only applies to 2,320,186 new ordinary freely transferable registered no-par value shares issued in dematerialized form with the symbol GRVG and ISIN code SI0031104076, which are of the same class as the existing/already issued shares. The shares were not issued yet. They will be issued upon payment of EUR 10,000,001.66 by the company Panasonic Corporation.

The issuer's share capital before the issue of the new shares amounts to EUR 66,378,217.32; it is divided into 15,906,876 ordinary freely transferable registered no-par value shares. Following the issue of new shares and entry of the resolution on the increase of the company share capital, the share capital will amount to EUR 76,060,181.93; it will be divided into 18,227,062 ordinary freely transferable registered no-par value shares.

On August 23, 2013, the issuer's Shareholders Assembly adopted a resolution on the increase of share capital by EUR 9,681,964.61, which shall be effected by issue of 2,320,196 new ordinary freely transferable registered no par value shares. The entire issue of new shares is intended for the Panasonic Corporation.

All issued shares are paid up with cash contributions.

4.2 Legislation under which the shares have been created

The shares are going to be issued under Slovenian legislation.

4.3 Form of the shares

The GRVG shares were issued in a registered, book-entry form and entered in the central register of book-entry securities kept by the Central Securities Clearing Corporation (KDD).

4.4 Currency of the securities issue

The GRVG shares were issued as no par shares and are not denominated in any currency.

4.5 Description of the rights attached to the shares

As regards the attached rights, the shares to which this Prospectus relates are substantially the same as the issuer's existing shares with the symbol GRVG, which carry the following rights:

- one vote at the general meeting of shareholders,
- a proportionate share of the accumulated profit available for distribution,
- a proportionate share of the remaining assets on the issuer's liquidation or bankruptcy.

Dividends shall be payable in the manner laid down in the issuer's articles of association and in the resolution adopted by the general meeting of shareholders on the distribution of the accumulated profit.

4.6 Transferability of the shares

The shares are freely transferable in accordance with the applicable legislation, the issuer's articles of association, and the rules of operation of KDD.

4.7 Mandatory takeover bids and squeeze-out and sell-out rules

As regards takeovers, the issuer or its shares are subject to the provisions of the Takeovers Act. Squeeze-outs, sell-outs and trading are governed by the Code of Obligations, the Companies Act and the Financial Instruments Market Act, as well as the regulations adopted on their basis.

4.8 Public takeover bids in respect of the issuer's equity

In 2012, 2011 and 2010, no takeover bid was published in respect of the issuer's shares in accordance with the Takeovers Act. Squeeze-outs, sell-outs and trading are governed by the Code of Obligations, the Companies Act and the Financial Instruments Market Act, as well as the regulations adopted on their basis.

4.9 Information on taxes

Summary information on taxes that follows is of a general nature and describes the important tax consequences in Slovenia of acquisition, ownership and disposal of the shares offered. It is not an exhaustive description of all tax consequences of acquisition, ownership and disposal of the shares offered, and its purpose is not to be interpreted as legal or tax advice to any individual holder of the shares offered, and it should not be interpreted as such. The issuer recalls the existence of the risk of amendments to tax regulations, also with a retroactive effect. The potential investors must therefore in view of their specific circumstances consult their tax advisors as regards tax consequences in Slovenia and elsewhere of acquisition, ownership and disposal of the shares offered.

4.9.1 Tax on trading

Pursuant to indent 4(e) of Article 44 of the Value Added Tax Act (ZDDV-1-UPB2, Official Gazette of the RS, nos. [13/11-UPB3](#), [18/11](#), [78/11](#), [38/12](#), [83/12](#), [14/13](#) and [46/13-ZIPRS](#)), financial transactions shall be exempt from VAT, among them transactions (excluding management, safekeeping, investment advice and services in connection with takeovers), including negotiation, in shares, interests in companies or associations, debentures and other securities, excluding documents establishing title to goods and the rights and interests. It follows that subscription and payment of the shares covered by this prospectus is not subject to VAT.

4.9.2 Taxes on income – legal persons

Received dividends and income similar to dividends

Article 24 of the Corporate Income Tax Act (ZDDPO-2, Official Gazette of the RS, nos. [117/06](#), [56/08](#), [76/08](#), [5/09](#), [96/09](#), [43/10](#), [59/11](#), [24/12](#), [30/12](#)) lays down that in determining the tax base of a taxpayer, received dividends or other shares of profit, including the income similar to dividends referred to in Article 74 of this Act, excluding covert distributions of profit referred to in Article 74(7) that were not subject to taxation on the part of the payer, shall be excluded from the tax base of the recipient, provided the payer is a taxpayer under this Act; or, according to the tax law of a Member State, considered to be resident in that State for tax purposes and, under the terms of a double taxation agreement concluded with a third State, is not considered to be resident for tax purposes outside EU and, in addition, shall be subject to one of the taxes to which the common system of taxation, applicable in the case of parent companies and subsidiaries of different Members States, applies, and which are defined by the minister responsible for finance, and without the possibility of an option or of being exempt; or a taxpayer subject to income tax and/or profit tax, comparable to the tax under this Act, and not a resident of the state, and in the case of a business unit this is not located in a state where the general and/or average nominal rate of taxation applicable to profits generated by companies is lower than 12.5% and the state is listed on a published list in accordance with Article 8 of this Act; however, this indent does not apply to a payer who is a resident of another EU Member State pursuant to the second point of this paragraph of this Article. Provisions of Article 24 of the Corporate Income Tax Act shall apply to a non-resident recipient whose participation in capital or management of the person distributing the profits is connected with the activities and/or business pursued by the non-resident, either in or through a business unit in Slovenia.

Income referred to in Article 24 of the Corporate Income Tax Act shall be excluded from the tax base of the recipient if on its basis revenue was included in the tax base in previous tax periods.

Profits from disposal of equity holdings

Article 25 of the Corporate Income Tax Act lays down that in establishing the tax base of a resident or non-resident performing activity and/or business in a business unit or through a business unit in Slovenia that earns profit from disposal of equity holdings in companies, cooperative societies or other types of organisations, 50% of that profit shall be exempt from the tax base of the taxpayer, if the taxpayer who earns profit has participated in capital and/or managing of another person in such a manner that he/she is the holder of a holding, shares or voting rights amounting to at least 8% and the time of this participation in capital and/or managing companies, cooperative societies and other types of organisations lasts at least 6 months and, continuously employed at least one person during that period on a full-time basis. Losses arising from disposal of equity holdings shall be recognised in the amount of 50%.

The above stipulations shall not apply to profits from investments in ownership shares of companies, cooperative societies or other types of organisations that have a seat or place of actual operation of their management established in states where the general and/or average nominal rate of taxation applicable to the profits generated by companies is lower than 12.5% and the state is listed on a published list in accordance with Article 8 of the Corporate Income tax Act and the these states are not EU Member States.

In the case of liquidation or dissolution of a taxpayer or non-resident's business unit in Slovenia within a period of 10 years of establishment, at the time of dissolution the tax base of the tax account shall be increased by the exempt share of profit subject to the first paragraph of Article 24 for the period of the five previous tax periods. A transaction in accordance with Chapter VII of the Corporate Income Tax Act shall not be considered the liquidation or dissolution of a taxpayer or non-resident's business unit in Slovenia.

Dividend payments

Article 70 of the Corporate Income Tax Act lays down that the tax shall be calculated, withheld and paid at the rate of 15% on payments of dividends whose source is in Slovenia, unless the recipient is the Republic of Slovenia or a local authority in Slovenia; the Bank of Slovenia; a resident taxpayer who has notified the payer of his/her tax number; a non-resident tax payer liable for the tax on income obtained by performing activities in or through a business unit in Slovenia and who has notified the payer of his/her tax number, provided the income was paid to that business unit; and persons assuming one of the forms to which the common system of taxation applicable in the case of parent companies and subsidiaries of different EU Member States applies, laid down by the minister responsible for finance, provided that:

1. the recipient holds at least 10% of the value or number of shares or holdings in the equity capital, share capital or voting rights of the person distributing the profits;
2. the duration of the minimum participation referred to in point 1 of this paragraph is at least 24 months; and
3. the recipient is one of the following:
 - a) a person assuming one of the forms to which the common system of taxation applicable in the case of parent companies and subsidiaries of different EU Member States applies and which are laid down by the minister responsible for finance;
 - b) according to the tax law of a Member State are considered to be residents in that State for tax purposes and, under the terms of a double taxation agreement concluded with a third State, are not considered to be residents for tax purposes outside EU; and
 - c) subject to one of the taxes to which the common system of taxation applicable in the case of parent companies and subsidiaries of different EU Members States applies and which are laid down by the minister responsible for finance, and without the possibility of an option or of being exempt. A dividend paid out to a person who has not yet met the condition of 24 months, but nevertheless meets the above conditions, may be paid out without withholding tax provided that the payer of the dividend provides to the competent tax authority an appropriate bank guarantee.

Tax shall therefore be calculated, withheld and paid at the rate of 15% by the payer on payments of dividends to non-residents not meeting the above conditions. Based on a decision of the Tax Administration of the Republic of Slovenia, the payer may use a lower rate from the double taxation agreement concluded between the Republic of Slovenia and the non-

4.9.3 Taxes on the income – natural persons

Dividend payments

Article 132 of the Personal Income Tax Act (ZDoh-2, Official Gazette of the RS, nos. [13/11-UPB7](#), [24/12](#), [30/12](#), [40/12-ZUJF](#), [75/12](#) and [94/12](#)) lays down that the payer of dividends to natural persons residents shall calculate, withhold and pay the tax at the rate of 25%. The paid and withheld tax shall be deemed as final. The payer of dividends to natural persons non-residents shall calculate, withhold and pay the tax at the rate of 20%. Based on a decision of the Tax Administration of the Republic of Slovenia, the payer may use a lower rate from the double taxation agreement concluded between the Republic of Slovenia and the non-resident's state.

Capital gains

A taxable capital gain shall be the difference between the purchase price and the selling price of a security. In the case of securities acquired before 1 January 2003, the purchase price to be considered is the market price or, if this is not available, the book value as at 1 January 2006. If the actual purchase price of such securities and holdings, as documented by the taxpayer, exceeds the market price or book value as at 1 January 2006, the actual purchase price shall be considered instead. The tax rate for capital gains shall be 25% and reduced for each five-year holding period.

The tax rate for capital gains depends on the holding period:

- it is 25% for a holding period of up to 5 years;
- it is 15% for a holding period from 5 to 10 years;
- it is 10% for a holding period from 10 to 15 years;
- it is 5% for a holding period from 15 to 20 years; and
- it is 0% for a holding period over 20 years.

The capital gains tax shall be deemed as final, which means that it shall not be considered in the annual personal income tax assessment. The capital gains tax shall be assessed by the Tax Administration. The Tax Administration shall calculate the tax on capital gains earned on disposal of securities and other holdings based on the return submitted by the taxpayer.

Taxpayers other than non-residents shall submit the return for the assessment of the tax on capital gains earned on disposal of securities by 28 February of the current year for the previous year. Non-residents are not subject to the capital gains tax, provided the source of capital gains is in Slovenia only under Articles 13 and 14 of the Personal Income Tax Act and the security or holding disposed of is not a portion of a predominant holding. A predominant holding is any holding based on which the taxpayer holds, or held at any time in the five-year period before the disposal of such holding, directly or indirectly through related persons, at least 10% of equity or a share class of a legal person. A non-resident may submit the return by 28 February of the current year for the previous year if reporting all disposals of securities and other holdings and investment coupons in the previous year, or else within 15 days of the disposal.

4.9.4 Taxes on the income withheld at source

Under the applicable legislation, the issuer is the payer of the tax withheld on the payment of dividends, and is responsible for the calculation and payment of such tax to the Tax Administration of

the Republic of Slovenia. The issuer does not assume any other responsibility associated with withheld taxes.

5 Admission to trading

5.1 Place of trading

The issuer's new shares will be traded under the symbol GRVG on a regulated market, that is, on the prime market of the Ljubljana Stock Exchange, the same as the issuer's existing shares.

5.2 Other markets

Except for the regulated market of the Ljubljana Stock Exchange, there is no other securities market in Slovenia where securities would be traded.

5.3 Brokerage firm involved in the admission to trading on a regulated market

The issuer has not invited any brokerage firm to get involved in the admission of its shares to trading on a regulated market. All the necessary activities for this will be carried out by the issuer itself.

5.4 Provision of liquidity

Information about the entities which committed to act as intermediaries in secondary trading or to provide liquidity through bid and offer rates is not known to the issuer.

5.5 Stabilisation

The issuer has not allowed price stabilising activities.

6 Selling securities holders

The prospectus relates to the admission to trading on a regulated market of the newly issued shares. No person or entity is offering to sell the existing shares with the symbol GRVG in the holder's publication.

7 Expense of the admission to trading

Pursuant to the Tariff on Fees and Compensations of the Securities Market Agency and the Services Fee Schedule of the Ljubljana Stock Exchange, the expense of the admission to trading incurred by the issuer will mainly comprise the following costs:

Cost type	Cost amount
Fee payable to the Securities Market Agency for the approval of the prospectus for the admission to trading on a regulated market	EUR 5,000.00 + VAT
Fee payable to the Ljubljana Stock Exchange for the listing of the shares	EUR 5,003.78 ² + VAT
Fee payable to the Ljubljana Stock Exchange for taking a decision to list the shares	EUR 400.00 + VAT
Total	EUR 10,403.78 + VAT

² Calculated based on the average price of the GRVG share in the last six months of trading on the regulated market.

In addition to the above costs, which are associated with the admission to trading of the shares, the issuer will also incur costs associated with the translation and printing of this prospectus.

8 Statutory auditor

The auditing company appointed by the issuer for the fiscal years 2010, 2011, and 2012 was KPMG Slovenija, podjetje za revidiranje, d.o.o., Ljubljana, Železna cesta 8a; for the 2013 fiscal year, the issuer's appointed auditor is the company DELOITTE REVIZIJA d.o.o., Dunajska cesta 165, 1000 Ljubljana.

Audit of Group/consolidated financial statements, financial statements of the parent company, and financial statements of the majority of subsidiaries for 2010, 2011, and 2012, were carried out by the auditing company KPMG. Third-party (external) auditors report their findings to the Management Board, Supervisory Board, and the Audit Committee of the Supervisory Board.

9 Financial highlights

Gorenje Group performance in the years 2012, 2011, and 2010 – for more information on financial information, please see Chapter 23.

EUR thousand	2012	2011	2010
Consolidated sales revenues	1,263,082	1,386,629	1,382,185
EBITDA	90,586	92,017	108,675
<i>EBITDA margin (%)</i>	7.2%	6.6%	7.9 %
EBIT	44,921	43,670	56,438
<i>EBIT margin (%)</i>	3.6%	3.2%	4.1 %
Profit before taxes	14,806	18,315	22,472
Profit after taxes (net income)	9,173	16,435	20,024
<i>ROS (net return on sales)</i>	0.02 %	0.7 %	0.6%
<i>ROA (net return on assets)</i>	0.02 %	0.7 %	1.5%

Gorenje Group performance in the first half of 2013

EUR million	Jan- June 2012	Jan- June 2013
Consolidated sales revenues	606.5	590.1
EBITDA	44.9	36.8
<i>EBITDA Margin (%)</i>	7.4%	6.2%
EBIT	21.4	15.5
<i>EBIT margin (%)</i>	3.5%	2.6%
Profit before taxes	9.1	-3.2
Profit after taxes (net income)	2.3	-7.8
<i>ROS (%)</i>	0.4%	-1.3%
<i>ROA (%)</i>	0.4%	-1.3%

10 Data about the Issuer

10.1 History and Development of the Issuer

10.1.1 Legal and business name of the Issuer

Company name: Gorenje gospodinjski aparati, d.d.

Shortened corporate name: Gorenje, d.d.

Registration Number: 5163676

VAT Number.: SI72615320

10.1.2 Place of Registration and Registration Number

The Issuer has been entered into the court register of the District Court in Celje under registry application number: 1/00461/00.

10.1.3 Date of Entry into the Register

The Issuer was entered in the court register of the District Court in Celje on 31 December 1997.

10.1.4 Registered Office and Legal Form of the Issuer

Registered office: Velenje

Address: Partizanska 12, Velenje

Legal form: public limited company

Applicable legislation: The Issuer operates pursuant to the Slovenian Legislation.

10.1.5 Important Events in the Development of the Issuer's Activity

Gorenje's challenges yesterday, today, tomorrow

Gorenje has been present in the market for **60 years**. It has developed into a highly modern manufacturing group that is focused on customers, suppliers, associates, owners, local environments in which it operates.

We are aware that only through our joint efforts we can become **the most original, design-oriented creator of products for the home in the world.**

Our existence and development in the past were marked by some relevant milestones.

The beginnings of the Group date back to the early 1950's, when a local metal-working company engaged in the production of agricultural machinery was established in the small village Gorenje. In the year 1958 the company started the production of solid fuel cookers. Soon afterwards, the idea of moving to Velenje and constructing the company's own production facilities was implemented. This was followed by the expansion of production to washing machines and fridges – freezers. The year 1961 was an important milestone since the first 200 cookers were exported to the German market.

Intensive takeovers in the 1970's of the previous century enabled further expansion of the system. The company's development was widened by the offer of a complete range of products for the home: kitchen furnishings, ceramics, medical equipment, telecommunications, home electronics, television sets. The expansion of the product range was followed by the expansion of the sales and service network, first to the territory of the entire Yugoslavia, then to the countries of West Europe (Germany, Austria, France, Denmark, Italy) and beyond (Australia). The group employed over 20,000 staff.

In the 1980's of the previous century the development of the group was focused on its main activity, the production and sale of household appliances.

At the beginning of the 1990's the company was confronted by the loss of the previous domestic markets of the former Yugoslavia. This situation demanded intensive reorientation of exports to the markets outside the former common state. The change in the sales orientation led to restructuring of the complete group, and a change in the political and economic systems triggered the ownership transformation process. The loss of markets in the former Yugoslavia called for the re-establishment of contacts, development of partner relations and gradual building of business co-operation through the establishment of new companies in all European markets, including the markets of the former Yugoslavia. The process of ownership transformation was successfully concluded in 1997.

Today, state-of-the-art technological and environmental standards are implemented in the business processes of the system. We are developing and consolidating our presence in the markets of former Yugoslavia, Eastern, Southeastern, and Western Europe, Northern and Central Europe, and beyond (Northern America, Australia, Middle and Far East). This is done by intensive investment into increase of production capacity, environmentally friendly modern technologies, new products, and new markets.

Until 2004, Gorenje manufactured home appliances exclusively in Velenje, Slovenia. By international acquisitions of two manufacturing companies – Mora Moravia in the Czech Republic in 2004 and Asko in Scandinavia in 2010 – we also acquired manufacturing facilities in the Czech Republic, Sweden, and Finland. Moreover, we have been developing manufacturing operations in Serbia since 2006. In order to optimize the production of home appliances, we started to restructure our manufacturing operations last year. This restructuring involves the most extensive transfers of production equipment and operations in the history of Gorenje, spanning over 60 years. The process is expected to be completed by autumn 2013.

By acquiring the Dutch home appliance provider Atag Europe, we strengthened our position in the Benelux countries and also acquired three new brands: Atag, Etna, and Pelgrim. Atag is a premium brand in terms of quality and pricing. Moreover, acquisitions in the ecology field strengthened our position in this segment. With the acquisition of the Swedish white goods manufacturer Asko in 2010, we also acquired the namesake premium brand.



New challenges in operations, lying ahead, include further successful growth of the volume of business activities, and improving our competitive advantages. We are aware that a break to the top five European home appliance manufacturers will require further expansion of manufacturing capacity either by acquisitions or by other forms of strategic partnerships.

At Gorenje, we are ready and happy to take on new challenges. We believe in further success of our operations consistently with our strategic goals and activities – of course, as **the most original design-minded creator of home products.**

10.2 Investment

10.2.1 Description of major investments

In the period from 2012 to 2010 our total investments amounted to EUR 152,880 thousand.

The composition of investments into intangible and tangible property, plant, and equipment of the Gorenje Group, broken down by fields, was as follows:

EUR thousand	2012	2011	2010*
Home	54,573	42,433	36,470
Ecology	4,176	3,692	8,198
Portfolio investments	1,995	1,343	
Group	60,744	47,468	

* In 2010, investments into Portfolio Investments were not reported separately; the investment into the field Home also includes an investment of EUR 2,630 thousand pertaining to the Home Interior Division, a part of this field at the time.

In 2012, our investments amounted to EUR 60.7 million. Majority of the investments were carried out in the core business field Home. Increase of investment by EUR 13.2 million relative to 2011 is mostly a result of intensified restructuring of manufacturing operations. Out of the total value of EUR 60.7 million, investments beyond the core business field only amounted to EUR 6.2 million. Major and most important investments funded in 2012 included the construction of a new cooling appliance manufacturing hall in Valjevo (mass production at the new hall launched in 2013), transfer of cooking appliance manufacturing operations from Finland to the Czech Republic, start of relocation of washing machines, dryers and dishwashers from Sweden to Velenje and a major part of the cooling appliance production from Velenje to Valjevo, as well as investments into development and production of new products, purchase of technological equipment, purchase of hardware and software for the IT etc. In the last quarter, majority of the contracts were signed for the two largest projects in appliance development and design: cooking appliances and cooling appliances. Investments in the business field Ecology in 2012 amounted to EUR 4.2 million. They mostly included investments into technological equipment at the companies Gorenje Surovina, Ekogor, and Publicus. Investments in the business field Portfolio Investments in 2012 amounted to EUR 2.0 million. Major part of the investments was carried out at the companies Gorenje Orodjarna, Gorenje GTI Belgrade, Gorenje GTI Velenje, and Gorenje Gostinstvo, for the purpose of company activities.

Breakdown of Gorenje Group investments in the years 2012, 2011, and 2010 by geographical segments³

EUR thousand	West			East			Rest of world			Group		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Investment	9,628	8,372	9,084	47,904	36,857	33,530	3,212	2,239	2,054	60,744	47,468	44,668

³ The West includes the countries of Western Europe; the East includes Eastern Europe; 'Rest of World' involves the markets of other countries.

11 Overview of operation

11.1 Gorenje Group core activities

Major Business Area in year 2012

Home

Products and services for home: major and small household appliances, heating appliances, air filtering systems and airconditioning appliances, kitchen furniture, designing, and homerelated services.

Ecology

Comprehensive waste management services in South- Eastern Europe

Portfolio investments

Manufacture of industrial equipment (tools), products and services in the field of energy, renewable sources of energy and energy efficient use, engineering, sales and agent services relating to industrial, medical and IT equipment, catering and hotel services

11.2 Major new products/services development of which has been publicly announced or disclosed

In the cold appliances segment, our focus last year was on development of the new platform of 60-cm wide free standing appliances, which was unveiled at last year's IFA consumer electronics and home appliance tradeshow in Berlin and launched in the markets this year. The new generation boasts high energy efficiency, numerous innovative and user-friendly solutions in the refrigerator interior, and modern design.

Majority of development activities in the cooking appliance segment involved development of new generations of built-in appliances that will be launched in the markets in 2013. The most notable among the products developed and introduced in 2012 was the innovative IQcook cooking hob. Advantages of this technology, which include automatic steam cooking, low power consumption, and the fact that existing cookware can be used with it (the user is not required to replace it), make it unique in the market.

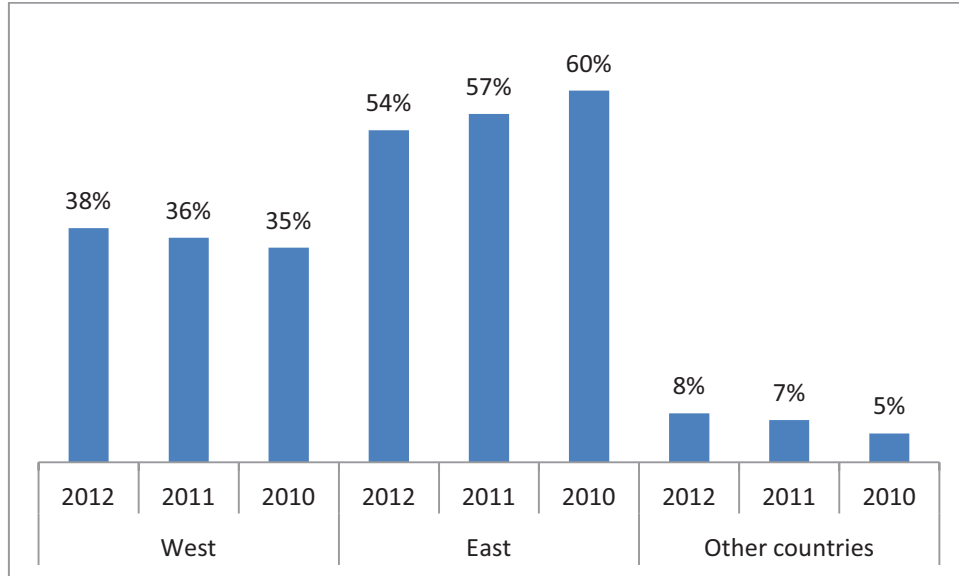
11.3 Key markets

Revenue from sales to third parties and Gorenje Group Assets by segments – key markets⁴

EUR thousand	West			East			Rest of world			Group		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Revenue from sales to third parties	480,919	506,040	482,238	681,945	785,630	835,531	100,218	94,959	64,416	1,263,082	1,386,629	1,382,185
Total assets	397,860	400,111	447,472	709,921	780,841	775,393	89,543	70,706	94,889	1,197,324	1,251,658	1,317,754

⁴ The West includes the countries of Western Europe; the East includes Eastern Europe; 'Rest of World' involves the markets of other countries.

Composition of Gorenje Group revenue from sales to third parties, broken down by key markets



11.3.1 Key markets in 2012

Germany is the largest white goods market both in Western Europe and in entire Europe. It accounts for 18% of total home appliance sales in the continent. It is also one of the key markets for Gorenje Group. In the last six years, our carefully planned marketing activities resulted in considerable improvement of recognition of the Gorenje brand, to a point where it is the most popular non-German brand among consumers in this market. Moreover, our annual sales there broke past the EUR 100 million milestone. Gorenje brand appliances account for as much as 90% of total sales in Germany. In addition, our presence in this country also includes our brands Atag and Gorenje⁺. Germany is also one of the European markets where the home appliance industry has not suffered from the consequences of the global economic and financial crisis. Gorenje sales also rose by 24% in the last four years. Last year's growth relative to 2011 was 1%. Our markets shares were increased especially in the segments of washing machines, cooling appliances, ovens, and cooking hobs. Market share increase was the highest in the segment of energy-efficient free-standing combined refrigerators with freezers in the A++ energy class. We became the second manufacturer in this segment, which is a notable achievement considering the high environmental awareness of the German consumers. In the sub-segment of colour appliances, we are even the market leaders with a 50 percent share. This year, we continue to pursue our marketing activities aimed at a further increase in the rise of sales of these appliances, under the slogan "Colour your home".

Our products are offered through all distribution channels. Introduction of the Gorenje⁺ brand in 2011 boosted our presence in kitchen studios; previously, our appliances were only featured there under the Atag brand. Online sales account for 11.5% of our total sales in Germany where this channel takes 20% of the entire home appliance market.

Benelux

Netherlands is the largest market in this region and one of the key markets for the entire Gorenje Group. Brands marketed in this region include Atag, Pelgrim, and Etna.

Economic conditions in the European Union and austerity measures introduced in the region cause insecurity among consumers. In 2012, they responded by increasing their savings, leaving a higher share of their disposable incomes in savings accounts in Dutch banks where savings deposits reached a historical high of EUR 323 billion in 2012. On the other hand, real estate market has come to a grinding halt. Anticipating a drop in real estate prices, end buyers postponed any acquisitions of property, which in turn resulted in lower sales of kitchen furniture and home appliances. Appliance prices were under pressure due to lower sales and aggressive pricing policies of our competitors.

This particularly affected sales in the kitchen studio channel, which is highly important for our operations in the Netherlands. Indeed, our sales in this channel also dropped relative to 2011; however, the decrease of our sales was lower than overall drop for the kitchen studio channel.

In 2013, we continue to pursue our strategy of entering the distribution channels in which our sales had previously not been developed, including retirement homes and holiday resorts. We wish to offer our Etna brand in all distribution channels. Broader distribution is also planned for the Pelgrim brand for which we have expanded the product array to include washing machines, dryers, free standing refrigerators, and dishwashers. Atag brand will maintain the selectiveness and focus on the existing distribution channels. Investment into development of a new identity and communication of the Atag brand will improve the recognition of this brand among consumers. Development of innovative products remains a priority for our activities in the Dutch market.

Central Europe

In 2012, home appliance sales in this region were pressured by a slump in appliance prices, resulting from aggressive pricing policies of our competitors. The home appliance market saw minimal growth in terms of volume relative to 2011; however, the sales by value dropped. In the Czech Republic, for example, the number of appliances sold was higher than in 2011 by 4%, while

the value of sales was nearly 3% lower. A similar situation can be observed in Slovakia. Appliance market in Hungary slumped while in Ukraine, it saw a slight growth.

Considering the circumstances in the region, our results were solid. Especially in the Czech Republic, we succeeded in expanding our market share to over 10% (by value) despite the fact that our sales were lower than in 2011. In Hungary, our market share decreased. In Ukraine, our market share suffered slightly. However, we increased our sales there in the second half of 2012, making up for the lost revenue of the first half. This trend has been extended to 2013 and the growth will allow us to regain the market share lost in 2012. Nevertheless, our market share in Ukraine, one of our key markets, remains high – it is higher or at least comparable to our market shares in the region.

Our presence in the region rests on the following brands: Mora at the entry level, Gorenje in the mid segment, and Gorenje+ in the upper mid and premium price range. In Ukraine, we are also present with the Asko brand. In this region, our market share is the highest in the Czech Republic, especially in the cooking appliance segment where we held on to a leading market share of nearly 35-percent with our Gorenje and Mora brands. We also held on to our market shares in built-in appliances, cooking hobs, and washing machines. In the latter segment, new generation of washing machines launched in the Czech Republic last year was warmly welcomed by the customers. In Ukraine, which accounts for a quarter of our total sales in the region, we remain the market leader in the segment of cooking appliances.

Positive development of sales was also seen with the Gorenje+ brand. Asko brand has only been introduced in Ukraine thus far, with plans of more intensive development in the coming years.

The key trend in distribution channel development in this region is growth of online sales while sales through traditional independent distributors is in decline. In the Czech Republic in particular, growth of online sales exceeds that of traditional sales channels. Gorenje Group's market share in the online channel rose by 5% in this market in the last year. Rapid growth in this channel was also seen in 2012 in Slovakia (55-percent growth relative to 2011) and in Ukraine (35 percent). Our market shares in the online sales channel are comparable to those in traditional sales channels in this region.

Considering the anticipated growth of the entire home appliance market between 0% and 2%, forecasts of home appliance sales for 2013 are moderately optimistic. Our goal is to increase our market shares, particularly in Ukraine where we are introducing some key product novelties in 2013: new generation of combined refrigerator freezers, Gorenje Simplicity line, and the new line of appliances with traditional design Il Classico. We shall also launch a new assortment of gas hobs.

Southeastern Europe

Home appliance market saw a decline in almost countries of this region as a result of harsh economic conditions. The most acute slump was seen in Croatia where sales were down 9% compared to the year before. Economic hardship is eating away the purchasing power of end buyers who mostly tend to opt for home appliances with a lower price tag. Therefore, we extended our offer in the region with products in lower price segments. In Croatia, we responded to the trend by introducing the Körting brand which is also marketed in some other countries in the region, including Slovenia.

Our market shares in the major part of the region range from 35% to 70%. Despite the challenging economic environment, we held on to the position of the market leader in home appliances in 2012. Albania, Romania, and Bulgaria are the only markets in the region where we are not the market leaders; however, we have not been present in these countries as long as elsewhere in the region. Our performance was very solid in Croatia where we saw growth especially in the refrigerator and cooking appliance segment. In Slovenia, we did well in washing machines, owing also to the introduction of the new generation of laundry care appliances. We increased our market share in this segment and reinforced our leading position in our domestic market. Market shares in the washing machine segment were also increased in Bulgaria and Romania. Serbia is Gorenje Group's most important in this region in terms of volume. In 2012, sales there rose particularly in the segments of

cooking appliances and refrigerator freezers. Also recording a high growth of 25% were small domestic appliances. Our own showrooms, numbering 14 and located in major Serbian cities, are an important distribution channel. Our network of own retail outlets is also being expanded to other countries of the region. In addition to Serbia, new showrooms were also opened last year in Croatia and Bosnia and Herzegovina and we are planning to carry on the expansion in this year. Gorenje showrooms are also an important promotional tool as they allow us to present the entire assortment of products in different price segments, under our own brands.

Online sales are still relatively low, accounting for less than 10% of the regional market broken down by distribution channels. In comparison, this channel takes up 30% or more of overall home appliance sales in Western and Central Europe. We are developing our own online sales in major markets of the region.

Our central brand in Southeastern Europe is Gorenje which is also one of the most popular and most recognized consumer brands in the region. Assortment of products under this brand is complemented with small domestic appliances. Last year, we saw rapid growth of sales and market share in this segment.

In addition to Gorenje brand, we are also marketing built-in kitchen appliances under the Gorenje⁺ brand in Slovenia, Croatia, and Bosnia and Herzegovina. In this year, this brand is also being introduced in the Serbian market. Brand portfolio in the region will be expanded with our upmarket brand Asko. Preparatory activities are in progress. Last year, we already launched the sale of Asko washing machines, dryers and dishwashers in Croatia.

We are also focused on the niche product segments. In 2012, our activities in this respect were focused on sale of induction hobs, kitchen hoods, large-capacity washing machines, and appliances rated in higher energy classes. At the same time, we worked on sales of upmarket designer lines and saw good results in all markets.

Economic outlook for the region in 2013 is bleak. Home appliance market is expected to remain stagnant or to decline. We shall continue to invest in our brands as we carry out further activities to hold on to our position of the market leader.

Eastern Europe

The region of Eastern Europe includes ten countries spanning most of the territory of the former Soviet Union. Russia is the largest among them, both geographically and in terms of sales. In 2012, GDP growth was around 4%, which is similar to 2011. Home appliance sales in Russia increased by 13% by volume and 16% in terms of value. Gorenje sales in Russia also soared in comparison to 2011, by approximately one third. Russia, one of our two most important markets, saw the highest improvement in terms of structure of sales by value. We did especially well in the cooking appliance segment where Gorenje brand ranks second among foreign manufacturers. We are traditionally strong in the built-in appliance segment, especially ovens where we are the market leaders. Moreover, sales of our cookers and washing machines with a water tank are solid. Such washing machines are particular to the Russian market and they have been very popular among the consumers.

Our sales mostly take place through wholesalers. In Russia and in other markets of the region we observe that retail chains, concentrated in major cities, are increasingly stronger players, in addition to the kitchen studios. Online sales are also on the rise, particularly in the Moscow area. To address the internet shoppers, we introduced our Gorenje One line that was developed especially for online distribution.

Gorenje is our central brand in the Russian market. It is positioned in the upper medium price range, while our designer lines are positioned further upmarket. High investments into the brand have provided foundations for continuing sales growth in the future. At the entry level, we are present with the brands Mora and Körting. Particular attention has been paid to the development of our premium brand Asko which also saw high growth in 2012. As we expand our distribution and add new market segments, growth of this brand is planned to continue in 2013.

Macroeconomic forecasts for 2013 are promising for the region. Economic growth is expected to continue and forecasts are also favourable for the home appliance market where sales volume is expected to rise by 10 percent. Accordingly, we are also planning to increase our sales under all brands and in all price segments, with major and small domestic appliances, and heating systems.

Overseas countries

Countries in this region differ considerably from each other and the same applies to Gorenje Group position in respective markets. In the Middle East and North Africa we are present with the Gorenje and Körting brands; in the Far East, we are marketing Gorenje and Asko; in USA and Australia Asko is our only brand; in Brazil where development of our operations is still in an early stage, we have introduced the Gorenje Brand.

Sales in Northern Africa and the Middle East were affected by socio-political conditions in 2012. Due to the Arab Spring, our operations were hindered in Egypt, Algeria, Libya, and Tunisia; its effects were also manifest in Jordan, Bahrain, and Lebanon. In 2012, Iran, a notable market for Gorenje in this region, announced a ban on white goods imports which affected our operations there in 2012.

In the Far East, home appliances connectible via Wi-Fi wireless connection to communicate with cloud servers and to allow remote control via smart devices are increasingly popular, as are washing machines and dryers with larger load capacities. Energy efficiency, previously not among the key selling points with the end buyers, is also increasingly important. Demand for luxury products declined last year compared to 2011.

Our sales activities resulted in an increase of 10% over sales in the year before. In the Middle East, we entered the market of Saudi Arabia and launched our free standing home appliances in Kuwait, Oman, and Qatar. In the United Arab Emirates and Lebanon, we introduced the new generation of washing machines and dryers. We took part in four real estate development projects in the United Arab Emirates, and another one in Qatar, managed by the Air Qatar airline company. We also entered new markets in the Far East as Gorenje brand was introduced in Cambodia and South Korea, and Asko was launched in Singapore. In Hong Kong, Singapore, Cambodia, and Taiwan, our appliances were featured as standard equipment in several luxury real estate developments.

India was also added to the portfolio of Gorenje's markets. Last year, we opened our first showrooms in this country.

Australia is the most promising market in the region. Our presence there is concentrated on the Asko brand, especially in the segment of wet appliances. In the future, we are planning to boost our sales of cooking appliances as well. Our plan is to double our sales in this market in the next three years.

11.3.2 Key markets in 2011

In 2011, Turkish and Asian manufacturers saw the highest increase of market shares in our core industry; they are highly competitive due to low prices and innovative products.

Home appliance sales rose by good two percent by value in 2011; the growth was the highest in Russia, Kazakhstan, Ukraine, and Turkey, as well as in Central and Eastern Europe. Home appliance market saw a drop in the so-called peripheral economies of the EU and in the former Yugoslav countries. Germany remains the largest European home appliance market; however, Russia has seen the most rapid growth in recent years, having become the fourth largest market in Europe. In terms of sales channels, online sales are on the rise, accounting for over eleven percent of sales by value. Online sales are increasing in all regions, including Russia.

In 2011, Turkish and Asian manufacturers saw the highest increase in their market shares, owing mostly to aggressive pricing and innovative products. The main trend in the home appliance market is energy efficiency. With the new energy label, its importance has increased further. In addition to

energy-efficient appliances, growing segments include washing machines with load capacities of seven kilograms and more, dishwashers with water consumption of 12 litres and less, combined No Frost bottom freezer refrigerators, pyrolytic ovens, and induction hobs.

11.3.3 Key markets in 2010

Sales of Gorenje Group home appliances in 2010 reached EUR 738 million (excluding the programs Tiki, complementary program, and Atag). Most of the sales (60 percent by value) were made in the markets of Eastern and Southeastern Europe, followed by Western Europe with 27 percent, and Middle and Far East markets.

Units	Industry	Gorenje Group	Market Share
Austria	1,277,559	109,794	8.59%
Belgium	1,635,528	17,628	1.08%
France	9,317,612	82,183	0.88%
Germany	11,770,286	562,884	4.78%
Italy	7,244,656	13,231	0.18%
Scandinavia	3,933,628	183,556	4.67%
United Kingdom	6,524,130	47,635	0.73%
Bulgaria	318,621	42,424	13.31%
Croatia	365,972	161,908	44.24%
Czech Republic	1,085,514	259,903	23.94%
Hungary	662,975	95,005	14.33%
Poland	2,938,786	118,527	4.03%
Romania	631,223	40,092	6.35%
Russia	5,199,386	340,278	6.54%
Slovakia	394,362	80,384	20.38%
Slovenia	244,939	111,443	45.50%
Ukraine	1,167,368	245,988	21.07%
Serbia	601,264	306,818	51.03%

Solid sales were seen in the German market where our 12-percent increase in sale was considerably above the average growth rate in the market. As a result, our market share rose from 4.3 to 4.8 percent. Our results were also pleasing in Austria, the Netherlands (Atag), Denmark, and Norway.

In the eastern markets, we did very well in Ukraine where our market share rose by 4.4 percentage points to as much as 21 percent at the end of 2010. Minor improvements were also seen in the markets of Croatia, Macedonia, Serbia, and Czech Republic. In other markets, our market shares remained the same or dropped slightly (especially in Slovakia).

In the Middle East, our sales rose by 75 percent, especially in Turkey, United Arab Emirates, Iran, and Iraq. We also launched our operations in Azerbaijan. In the Far East, we successfully presented the designer lines, especially in China, Taiwan, and Hong Kong. We also won some favourable deals as equipment providers for luxury apartments in Hong Kong and Shanghai.

11.4 Dependence of the Issuer on patents, licences, industrial, new production processes, commercial or financial contracts

The Issuer does not depend on patents, licences, industrial, new production processes, commercial or financial contracts. The Issuer mostly uses its knowledge, technology and production processes in its products.

11.5 Starting point of all issuer's statements regarding its competitive position

Gorenje Group generates over 90% of its net revenue by exports to over 90 countries around the globe. Production output in 2012 amounted to 3.5 million units of major appliances. Gorenje Group holds a 3-percent market share in the home appliance market in Europe; 90% of its products are sold under the Group's own brands.

12 Organizational structure

12.1 Brief description of the Group and the issuer's position within the Group

The issuer Gorenje, d.d., is the parent and founding company, or direct or indirect owner of the subsidiaries within the Gorenje Group

The Group companies are divided into the following three business fields:

Home, Ecology, and Portfolio Investments. Business field Home comprises both manufacturing and trade companies. Home appliances are manufactured at the companies Gorenje, d.d., Mora Moravia S.r.o., Czech Republic, Gorenje aparati za domačinstvo, d.o.o., Serbia, Gorenje Home, d.o.o., Zaječar, Gorenje Tiki, d.o.o., Serbia. In addition, business field Home includes the support manufacturing company Gorenje I.P.C., d.o.o. Also among the more important companies in the business field Home are the Dutch Atag Group, an important provider of home appliances, and the Swedish company Asko AB, dealing with home appliance development. Other companies in the field are trade companies.

Business field **Ecology** comprises the companies dealing with ecology – especially waste management/removal and processing.

Business field **Portfolio Investments** involves the companies dealing with machine building, products and services related to energy engineering, renewable energy resources and efficient use of energy, energy contracting, sale and distribution of medical equipment, IT, and HoReCa.

12.2 List of subsidiaries of the issuer

As of 31 December 2012 the Gorenje Group besides the **holding company Gorenje, d.d.** includes also the following subsidiaries and jointly controlled companies

Companies based in Slovenia		Ownership share (in %)	Area
1.	Gorenje I.P.C., d.o.o., Velenje	100,00	DOM
2.	Gorenje GTI, d.o.o., Velenje ¹	100,00	PN
3.	Gorenje Notranja oprema, d.o.o., Velenje ²	99,98	PN
4.	Gorenje Gostinstvo, d.o.o., Velenje	100,00	PN
5.	ENERGYGOR, d.o.o., Velenje	100,00	PN
6.	KEMIS, d.o.o., Vrhnika	99,984	PN
7.	Gorenje Orodjarna, d.o.o., Velenje	100,00	PN
8.	ZEOS, d.o.o., Ljubljana	51,00	EKO
9.	SUROVINA, d.d., Maribor	99,984	EKO
10.	INDOP, d.o.o., Šoštanj	100,00	PN
11.	ERICo, d.o.o., Velenje	51,00	EKO
12.	Gorenje design studio, d.o.o., Velenje	52,00	Dom
13.	PUBLICUS, d.o.o., Ljubljana	50,992	EKO
14.	EKOGOR, d.o.o., Jesenice	99,984	EKO
15.	Gorenje GAIO, d.o.o., Šoštanj	100,00	PN
16.	Gorenje GSI, d.o.o., Ljubljana	100,00	Dom

17.	Gorenje Kuhinje, d.o.o., Ljubljana ²	100,00	Dom
18.	Gorenje Keramika, d.o.o. ²	100,00	Dom

Companies based abroad		Ownership share (in%)	Area
19.	Gorenje Beteiligungsgesellschaft m.b.H., Avstrija	100,00	Dom
20.	Gorenje Austria Handelsgesellschaft m.b.H., Avstrija	100,00	Dom
21.	Gorenje Vertriebsgesellschaft m.b.H., Nemčija	100,00	Dom
22.	Gorenje Körting Italia S.r.l., Italija	100,00	Dom
23.	Gorenje France S.A.S., Francija	100,00	Dom
24.	Gorenje BELUX S.a.r.l., Belgija	100,00	Dom
25.	Gorenje Espana, S.L., Španija	100,00	Dom
26.	Gorenje UK Ltd., Velika Britanija	100,00	Dom
27.	Gorenje Skandinavien A/S, Danska	100,00	Dom
28.	Gorenje AB, Švedska	100,00	Dom
29.	Gorenje OY, Finska	100,00	Dom
30.	Gorenje AS, Norveška	100,00	Dom
31.	Gorenje spol. s r.o., Češka republika	100,00	Dom
32.	Gorenje real spol. s r.o., Češka republika	100,00	Dom
33.	Gorenje Slovakia s.r.o., Slovaška republika	100,00	Dom
34.	Gorenje Budapest Kft., Madžarska	100,00	Dom
35.	Gorenje Polska Sp. z o.o., Poljska	100,00	Dom
36.	Gorenje Bulgaria EOOD, Bolgarija	100,00	Dom
37.	Gorenje Zagreb, d.o.o., Hrvaška	100,00	Dom
38.	Gorenje Skopje, d.o.o., Makedonija	100,00	Dom
39.	Gorenje Commerce, d.o.o., Bosna in Hercegovina	100,00	Dom
40.	Gorenje, d.o.o., Srbija	100,00	Dom
41.	Gorenje Podgorica, d.o.o., Črna gora	99,972	Dom
42.	Gorenje Romania S.R.L., Romunija	100,00	Dom
43.	Gorenje aparati za domačinstvo, d.o.o., Srbija	100,00	Dom
44.	Mora Moravia s r.o., Češka republika	100,00	Dom
45.	Gorenje - kuchyně spol. s r.o., Češka republika	100,00	Dom
46.	Kemis-Termoclean, d.o.o., Hrvaška	99,984	Eko
47.	Kemis - BH, d.o.o., Bosna in Hercegovina	99,984	Eko
48.	Gorenje Studio, d.o.o., Srbija	100,00	Dom
49.	Gorenje Gulf FZE, Združeni arabski emirati	100,00	Dom
50.	Gorenje Tiki, d.o.o., Srbija	99,982	Dom
51.	Gorenje Istanbul Ltd., Turčija	100,00	Dom
52.	Gorenje TOV, Ukrajina	100,00	Dom
53.	ST Bana Nekretnine, d.o.o., Srbija	100,00	Eko
54.	Kemis d.o.o. Valjevo, Srbija	99,984	Eko
55.	Kemis – SRS d.o.o., Bosna in Hercegovina	99,984	Eko
56.	ATAG Europe BV, Nizozemska	100,00	Dom
57.	ATAG Nederland BV, Nizozemska	100,00	Dom
58.	ATAG België NV, Belgija	100,00	Dom
59.	ATAG Financiele Diensten BV, Nizozemska	100,00	Dom
60.	ATAG Financial Solutions BV, Nizozemska	100,00	Dom
61.	Intell Properties BV, Nizozemska	100,00	Dom

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62.	ATAG Special Product BV, Nizozemska	100,00	Dom
63.	Gorenje Nederland B.V., Nizozemska	100,00	Dom
64.	Gorenje Kazakhstan, TOO, Kazakhstan	100,00	Dom
65.	Gorenje kuhinje, d.o.o., Ukrajina	70,00	Dom
66.	»Euro Lumi & Surovina« SH.P.K., Kosovo	50,992	Eko
67.	ООО Gorenje BT, Rusija	100,00	Dom
68.	Gorenje GTI, d.o.o., Srbija	100,00	PN
69.	Asko Appliances AB, Švedska	100,00	Dom
70.	Asko Hvidevarer AS, Norveška	100,00	Dom
71.	AM Hvidevarer A/S, Danska	100,00	Dom
72.	Asko Appliances Inc, Združene države Amerike	100,00	Dom
73.	Asko Appliances Pty, Avstralija	100,00	Dom
74.	Asko Appliances ООО, Rusija	100,00	Dom
75.	»Gorenje Albania« SHPK, Albanija	100,00	Dom
76.	Gorenje Home Zaječar, Srbija	100,00	Dom
77.	ORSES d.o.o., Beograd, Srbija	100,00	EKO
78.	Gorenje Ekologija, d.o.o, Stara Pazova, Srbija	100,00	EKO
79.	Gorenje Corporate GmbH, Avstrija ³	99,992	Dom
80.	Cleaning sistem S, d.o.o., Srbija ³	50,992	PN
81.	Zeos Ekos-sistem d.o.o., Bosna in Hercegovina ³	99,00	EKO

Opomba: **Dom** – Area Home, **Eko**–Area Ecology, **PN**– Area Portfolio investment

Notes:

¹ As of 30 May 2012, the District Court in Celje issued a decision on entering the spin-off of the company Gorenje GTI, d.o.o. and the registration of the newly founded company Gorenje GSI, trgovina na debelo in drobno, d.o.o. The sole owner of this company is Gorenje d.d.

² As of 29 May 2012, the District Court in Celje issued a decision on entering the spin-off of the company Gorenje Notranja oprema, d.o.o. and registering the newly founded companies Gorenje Kuhinje, d.o.o. and Gorenje Keramika, d.o.o. The sole owner of both companies is Gorenje, d.d.

³ Companies founded in 2012.

13 Property and equipment

13.1 Existing property

The Gorenje Group and the Issuer Gorenje, d.d. owned the following property, plant and equipment in the years 2012, 2011 and 2010.

Goreneje Group

in thousand EUR	2012	2011	2010
Land	40,879	49,405	50,391
Buildings	144,625	165,814	166,489
Manufacturing plant and other equipment	118,341	133,190	141,197
Real estate, plant and equipment in the course of construction	37,326	10,431	17,323
Total	341,171	358,840	375,400

Issuer Gorenje, d.d.

in thousand EUR	2012	2011	2010
Land	20,365	20,365	20,365
Buildings	52,335	55,330	57,843
Manufacturing plant and other equipment	61,628	73,000	77,844
Real estate, plant and equipment in the course of construction	12,420	4,063	1,812
Total	146,748	152,758	157,864

13.2 Description of environmental problems that may influence the use of property, plant and equipment

By implementing activities in the field of environmental management, we are reducing the negative impact on the environment during all our processes. The environmental aspect has been considered in the development of home appliances as well as in the production processes and stages of managing products after the expiry of their service lives. Furthermore, we implement comprehensive waste management services in co-operation with daughter companies from the business segment Ecology. We are also providing services and products in the field of renewable energy sources and efficient energy use (e.g. solar power plants, co-generation, energy contracting services for greater energy efficiency of buildings or energy systems, etc.).

The fundamental objectives of environmental management that we pursue include:

- rationalisation of raw material and energy use,
- reducing the waste quantities produced,
- improvement of sorting effects and waste processing,
- reducing all types of emissions, with a special emphasis on waste waters,
- constant education and training of all the employees in order to increase work quality of work and their environmental awareness,
- continuous improvement in communications with customers, owners, employees, local community and the wide public,
- increasing competitiveness and expanding fields and forms of activities.

Environmental impacts are reduced by observing the requirements of ISO 14001 standard and the European regulation EMAS. Detailed results of the environmental operation are published every year in the verified Environmental EMAS Statement on the corporate website www.gorenjegroup.com.

Environmental management systems in Gorenje Group companies

	ISO14001	EMAS
Gorenje, d. d., Location Velenje	Yes	Yes
Gorenje, d. d., Location Šoštanj	Yes	Yes
Gorenje, d. d., Location Rogatec	Yes	Yes
Gorenje, IPC, d. o. o., Location Velenje	Yes	Yes
Gorenje, IPC, d. o. o., Location Šoštanj	Yes	Yes
Gorenje Orodjarna, d. o. o.	Yes	No
Gorenje GAIO, d. o. o.	Yes	No
Gorenje, Valjevo, d. o. o.	Yes	No
KEMIS, d. o. o.	Yes	No

The consumption of water has been reduced in the daughter company Gorenje I.P.C. and the parent company, where the biggest share of production activities is carried out, by means of organisational measures and constant upgrading of technological processes. Burdening by waste waters has been optimised. We strictly separate all types of waste (over 90% of waste produced during production processes is collected) and upon processing the collectors submit it to further use. Lighting replacement (external and internal lighting) has been carried out in the field of energy use control on the location in Velenje.

In the factory of cooking appliances in the Czech Republic we continued in 2012 with the launch of the environmental management system in compliance with ISO 14001 standard. The greatest effects have been observed in the field of water consumption and burdening of waste waters was also reduced. Separate collection of waste has been consistently carried out and almost 80% of all waste from the company has been processed.

As regards the production facilities in Serbia we are implementing activities for meeting environmental objectives, mostly in the field of rational use of raw materials and energy products (e.g. optimisation of technological processes, regular monitoring of all vital parameters, search for more efficient chemicals to be used in technological procedures), reducing quantities of waste produced and for consistent separation of waste. In 2012, environmental influences were regularly monitored in compliance with legal requirements and legally defined limits were not exceeded.

14 Performance and financial position

14.1 Business results

14.1.1 A Performance analysis for 2012, 2011, 2010, and the first half of 2013

Gorenje Group performance in the years 2012, 2011, 2010, and the first half of 2013

First half of 2013

In the first half of 2013, the Group consolidated sales revenue reached EUR 590.1 million, which is 2.7% less than in the equivalent period of the year before. Lower sales are a result of lower operating volume of the fields Ecology (-11.8%) and Portfolio investments (-27.5%). Revenue in the business field Home grew by 0.9% despite the uncertain conditions in the European markets (a 1.2-percent drop in sales by volume in Europe). Gorenje Group's market share in Europe rose from 3.27% in the first half of 2012 to 3.56% in the first half of 2013. Adjusting for the effect of the changes in exchange rates, organic growth in the field Home would have amounted to +1.4%.

Operating volume was increased in most downstream markets, especially in Ukraine, Russia, Croatia, Bulgaria, Romania, China, and Germany. Markets where sales were lower are fewer: the Netherlands, Spain, Czech Republic, Italy, Slovakia, and Australia.

2012

In 2012, Gorenje Group consolidated sales revenue amounted to EUR 1,263.1 million, which is EUR 18.7 million, or 1.5%, less than in the year before. In the last quarter of 2012, the Group consolidated sales revenue reached EUR 333.6 million, which is 2.2% more than in the equivalent period of the year before. Operating volume was increased in most downstream markets, especially in Russia, USA, Slovenia, Poland, Slovakia, Croatia, China, and Germany. Markets where business activities actually shrunk in the last quarter of 2012 are considerably fewer: Serbia, Czech Republic, and the Netherlands. It is important that the Group's decrease in revenue in these markets is lower than the overall drop in these markets. Results of the measures adopted in sales were already seen to some extent in the last quarter of 2012.

Sales structure by geographical segments points out the following:

- In Western Europe, our sales were lower in 2012 relative to 2011 mostly due to lower sales in the Netherlands, France, and Italy, while sales in Germany and Scandinavia increased; the trend of lower sales in the last quarter reversed and sales in Western Europe were virtually the same as in the last quarter of 2011;
- In the territory of Eastern Europe, our sales were lower, especially as a result of the failure of the deal with military vehicles. Excluding the military vehicle deal, the Group's operations in these markets expanded. Higher sales were seen in Russia, Ukraine, Poland, Slovakia, and Croatia; while lower sales were seen in Slovenia, Czech Republic, Serbia, and Romania. It is important that the territory of Eastern Europe saw a nearly 3-percent growth in sales in the last quarter of 2012 relative to the last quarter of 2011. The main generators of growth in the last quarter of 2012 were sales activities within the business field Home in the markets of Russia, Ukraine, Slovenia, Slovakia, and Poland.
- We increased our sales beyond Europe (i.e. in the so-called 'rest of World' segment), both at the annual level (5.5-percent growth) and in comparison of the last quarters of the two years (5.5-percent growth). In particular, our sales activities within the business field Home were increased in the markets of Australia, USA, and China.

The structure of revenue by business segments reveals the following:

• Decrease of the share of sales within the field Portfolio Investments (following the disposal of the energy engineering in 2011) has led to increased importance of the core activity (business field Home) in the composition of the Group's revenue. Hence, the business field Home represents nearly 85 percent of total Group revenue both annually and in the last quarter of 2012.

Development of effects on profits

EUR million	Development
EBIT 2011	43.6
Contribution margin at the level of costs of goods and material	17.4
Costs of services	-5.7
Labour costs	-6.7
Depreciation and amortization expense	2.2
Other operating expenses	3.6
Other operating income	-9.5
EBIT 2012	44.9

Operating profit (EBIT): in 2012, we attained a positive EBIT in the amount of EUR 44.9 million. Relative to 2011, EBIT is higher by EUR 1.3 million or 3.0%, mostly as a result of a stronger last quarter when EBIT was EUR 9.5 million above the corresponding figure for 2011.

The main reasons for this are the following:

- Improvement of sales in the business field Home within which we saw growth of nearly 7% in the last quarter of 2012. Our growth was positive in nearly all geographical segments (E and W Europe, Rest of World, despite the harsh conditions prevalent especially in the European markets).
- Improvement in the contribution margin at the level of costs of goods and material, especially as a result of lower prices on the futures of raw and processed materials, lower prices of trade goods/merchandise (products not manufactured at our manufacturing plants), and due to improvement in the sales composition (by geographical segments and by products).

Following were the adverse effects on the development of operating profit, or results from operating activities (EBIT):

- Changes in the costs of services, which rose by 2.8% or EUR 5.7 million relative to the year before, despite the drop in consolidated sales revenue by 1.5%. Standing out among the costs of services are the costs of transport and logistics services: these costs rose by 16.0% or EUR 6.8 million, especially as a result of an increase of retail prices of motor fuels and changes in the composition of sales by geographical segments and countries, and further cost pressures.
- Changes in labour costs which rose by 2.7% relative to 2011, or by EUR 6.7 million. The increase in labour costs is mostly a result of the increase of the number of employees as extra labour power was needed to produce the buffer inventory required due to the north-to-south relocation of manufacturing processes (Sweden – Slovenia, Finland – Czech Republic, Slovenia – Serbia). Labour costs were also higher due to inability to adjust such costs in the short run in the periods when manufacturing capacity is not fully utilized resulting in turn from rigid labour legislation. In addition, they were negatively affected by the spontaneous work stoppage (strike) at the Velenje plant.

2011

Due to the very harsh economic conditions, Gorenje Group saw throughout the entire year 2011, and especially in the last quarter, a drop in **sales volume** and changes in terms of its geographical and product structure, which resulted in a negative effect on all levels of profitability. In addition to the volume and composition/structure of sales, Gorenje Group profitability was strongly affected by the **rising prices of raw and processed materials**. Growth from the second half of 2010 persisted and accelerated until August 2011, and steadied at the high levels from early September 2011.

Comparability of annual and quarterly **information on performance** relative to the year 2010 is strongly affected by the integration of the Asko Group in August 2010, and the divestment and elimination of the company Istrabenz Gorenje in July 2011. In order to provide comparable

information, the said categories are always additionally reported without the effects of the integration of Asko Group and of the elimination of Istrabenz Gorenje.

Asko Group faced the same challenges presented by the economic environment, in addition to historically low sales in the first quarter of the year and the activities of business integration into the Gorenje Group commenced early in the year. Hence, its results for 2011 were negative. However, considering the plans for 2012, these negative results will have been completely balanced out as early as by the end of 2012.

Gorenje Group **revenue** in 2011 reached EUR 1,288.1 million, which is EUR 66.2 million, or 5.4%, higher than the comparable level in the corresponding period of 2010. In the fourth quarter, sales rose by EUR 8.7 million or by +2.7% relative to the last quarter of 2010, which is an improvement over the dynamics of growth over the third quarter of the current year.

A closer look at the composition of Gorenje Group sales by **geographical** segments and by **divisions** reveals the following:

- integration of the Asko Group increased the share of sales in Western Europe and the rest of the world (USA, Australia), particularly in upmarket segments;
- Gorenje Group sales in geographical segments with higher yield or returns (Southeastern and Eastern Europe) dropped, which is partly a result of the elimination of the energy engineering operations; and

2010

Revenue from the last quarter of 2010, amounting to EUR 54.6 thousand, which is 17.0% more (before the effect of the Asko Group takeover), consolidated the substantial growth of sales in all quarters of 2010. Thus, Gorenje Group revenue reached EUR 1,382.2 million, or EUR 196.2 million (16.5 percent) more than in 2009. In comparable terms, after adjustment for the effects of the Asko Group takeover, sales amounted to EUR 1,315.8 million, which is EUR 129.9 million (11 percent) more than in 2009.

In the last quarter of 2010, Gorenje Group was even more successful as its revenue before the effects of the Asko Group reached EUR 374.7 million, which means an increase of EUR 54.6 million (or 17 percent), while after the Asko Group effects its sales were at EUR 416.4 million, which means growth of EUR 96.2 million, or 30.1 percent.

Gorenje Group operating profit (EBIT) at EUR 56.4 million in 2010 was EUR 44.3 million higher than in 2009. EBIT margin, too, saw a notable improvement as it was upped from 1 percent to 4.1 percent. Adjusting for the effects of the Asko Group, the Group's EBIT was EUR 41.3 million, which is EUR 29.2 million more than in the year before.

In 2010, Gorenje Group's profit after taxes (net income) was EUR 20 million, which is EUR 32.3 million more than in 2009 or, in comparable terms when the effects of the Asko Group are adjusted for, by EUR 23 million. The effect of income taxation and deferred taxes was decreased to EUR 2.4 million relative to 2009 (-16.3%), or to EUR 3.3 million (+13.5%) adjusting for the effect of the Asko Group.

14.1.2 Notable material changes in net sales

Comparability of individual categories of profitability, financial position, and cash flow of the Gorenje Group is materially affected by the divestment of Istrabenz-Gorenje in July 2011 and the resulting exit from the business segment Energy Engineering, formerly a part of the division Ecology, Energy, and Services.

14.1.3 Information of government, economic, and monetary policies that notably affected the company operations

Some Gorenje Group companies headquartered in Slovenia, including the parent company, i.e. the issuer Gorenje, d.d., took advantage in 2009 of the measures adopted by the Parliament of the Republic of Slovenia or the Government of the Republic of Slovenia to alleviate the effects of the financial and economic crisis. These effects includes subsidies for full working hours, partial aid for payments made to workers in furlough (temporary suspension), reimbursements of training expenses, and the guarantee scheme of the Republic of Slovenia. At end of 2011, the issuer paid back the borrowings from the guarantee scheme to the government. Since 2010, the issuer has not used any of the measures adopted by the Parliament of the Republic of Slovenia or the Government of the Republic of Slovenia.

Gorenje Group played an important part in devising the measures adopted by the Parliament and the Government of the Republic of Slovenia, as an initiator of systemic solutions for maintaining the jobs, and other measures to alleviate the effects of the crisis.

15 Capital assets

15.1 Information about the issuer's capital assets

15.1.1 Investments into associates

Capital assets include the following direct investments into associates

EUR thousand	Investments as at December 31, 2012	Investments as at December 31, 2011	Investments as at December 31, 2010
Gorenje I.P.C., d.o.o., Velenje	377	377	377
Gorenje design studio, d.o.o., Velenje	260	260	260
ERICo, d.o.o., Velenje	256	256	256
ENERGYGOR, d.o.o., Velenje	58	58	58
Gorenje Notranja oprema, d.o.o., Velenje	0	18,215	18,215
Gorenje Keramika, d.o.o., Velenje	4,990	0	0
Gorenje Kuhinje, d.o.o., Velenje	0	0	0
Gorenje GTI, d.o.o., Velenje	3,934	8,795	8,795
Gorenje GSI, d.o.o., Ljubljana	4,861	0	0
Gorenje Gostinstvo, d.o.o., Velenje	5,958	5,958	5,958
Gorenje Orodjarna, d.o.o., Velenje	3,038	3,038	3,038
Indop, d.o.o., Šoštanj	1,000	1,000	1,000
Gorenje GAIO, d.o.o, Šoštanj	0	1,000	1,000
Kemis, d.o.o., Radomlje	0	0	2,553
Gorenje Surovina, d.o.o., Maribor	23,490	23,490	18,938
ZEOS, d.o.o., Ljubljana	242	242	242
Istrabenz Gorenje inženiring, d.o.o., Ljubljana	0	0	7,249
Gorenje Projekt, d.o.o., Velenje	0	0	463
Gorenje Zagreb, d.o.o., Croatia	17,230	17,230	14,553
ST Bana Nekretnine, d.o.o., Serbia	50	50	50
Gorenje Tiki, d.o.o., Serbia	23,306	17,306	12,697

Gorenje Ekologija, d.o.o., Serbia	2	2	0
Gorenje Home, d.o.o., Serbia	3,001	3,001	0
Gorenje Skopje, d.o.o., Macedonia	538	538	538
Mora Moravia s r.o., Czech Republic	8,750	8,750	8,750
Gorenje Nederland BV, Netherlands	131,106	131,106	131,106
Total	232,447	240,672	238,096

Changes in Gorenje, d.d. direct, investments into Gorenje Group subsidiaries.

2012

Increase of investment into Group subsidiaries pertains to the following:

- capital increase of the subsidiary Gorenje Tiki, d.o.o., Serbia, in the amount of EUR 6,000 thousand,
- purchase of additional stake in the subsidiary Gorenje Notranja oprema, d.o.o., from third parties, in the amount of EUR 13 thousand.

During the year 2012 there were major changes in direct shares of issuer to the company Gorenje Notranja oprema, d.o.o. In comparison to 31 of December we increased investment for minority share in an amount of EUR thousand 13. Followed by the spin-offs of two companies, first Gorenje Keramika, d.o.o. in a share of EUR thousand 4,099 and second Gorenje Kuhinje, d.o.o. in amount EUR thousand 13,078.

The company recognized an impairment of the following financial investments: investment into the company Gorenje Notranja oprema, d.o.o., in the amount of EUR 160 thousand; investment into subsidiary Gorenje Kuhinje, d.o.o., in the amount of EUR 13,078 thousand; and investment into Gorenje GAIO, d.o.o., in the amount of EUR 1,000 thousand.

2011

Increase of investment into Group subsidiaries pertains to the following:

- capital increase of the subsidiary Gorenje Surovina, d.o.o., Maribor, in the amount of EUR 4,552 thousand,
- capital increase of the subsidiary Gorenje Zagreb, d.o.o., in the amount of EUR 2,677 thousand,
- capital increase of the subsidiary Gorenje Tiki, d.o.o., Serbia, in the amount of EUR 4,609 thousand,
- founding of the subsidiary Gorenje Home, d.o.o., Serbia, in the amount of EUR 3,001 thousand,
- founding of the subsidiary Gorenje Ekologija, d.o.o., Serbia, in the amount of EUR 2 thousand.

The subsidiary Gorenje Projekt, d.o.o., Velenje, was transferred among the subsidiaries due to proportional ownership, in the amount of EUR 463 thousand. Decrease of investment into Group subsidiaries pertains to the divestment of subsidiaries Istrabenz Gorenje inženiring, d.o.o., Ljubljana, Publicus, d.o.o., Ljubljana, and Kemis, d.o.o., Radomlje. The divestment resulted in gains of EUR 3,306 thousand, which are reported as financial revenue from divestment of subsidiaries.

2010

Increase of investment into Group subsidiaries pertains to the following:

- founding of the subsidiary GAIO, d.o.o., Šoštanj, in the amount of EUR 1,000 thousand,
- capital increase of the subsidiary Kemis, d.o.o., Radomlje, in the amount of EUR 1,200 thousand,
- increase of the shareholding in the subsidiary Gorenje Surovina, d.o.o., Maribor, by EUR 6,902 thousand (from 51.00% to 72.46%).

- capital increase of the subsidiary Istrabenz Gorenje inženiring, d.o.o., Ljubljana, in the amount of EUR 1,494 thousand,
- capital increase of the subsidiary Gorenje Projekt, d.o.o., Velenje, in the amount of EUR 376 thousand,
- increase of the shareholding in the subsidiary Gorenje Tiki, d.o.o., Serbia, in the amount of EUR 1,750 thousand.

The transfer pertains to the investment into the subsidiary Gorenje Tiki, d.o.o. – in liquidation, Ljubljana, in the amount of EUR 7,001 thousand. After the liquidation on August 1, 2010, this amount was transferred to other current assets.

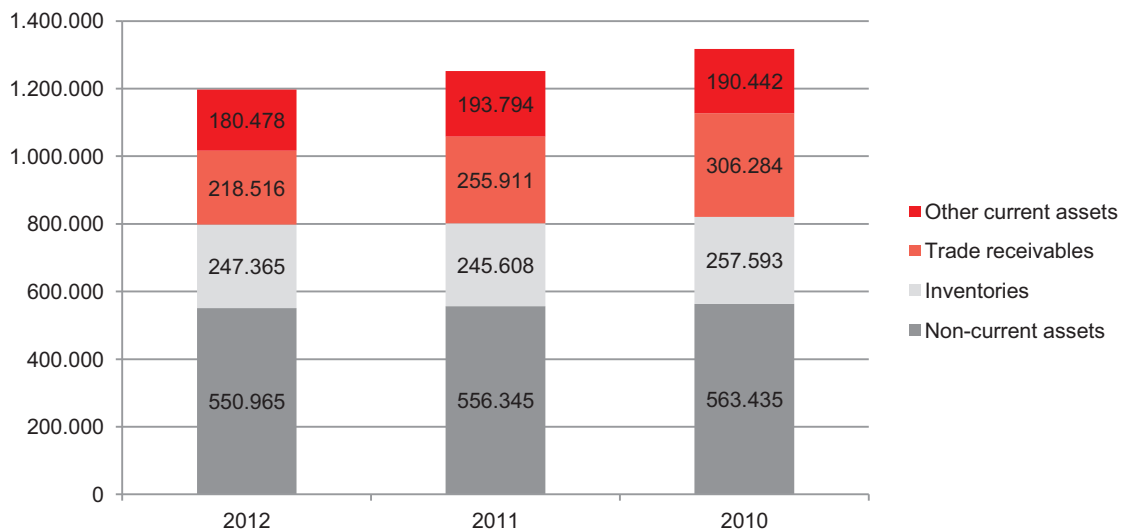
15.1.2 Issuer's assets by maturity

The value of Gorenje Group non-current assets decreased (??) in 2012 relative to 2011 by EUR 5,380 thousand.

The value of current assets also decreased, by EUR 48,954 thousand relative to the figure as at the end of 2011. The main reason for the decrease is the drop in trade receivables (by EUR 37.4 million) and cash (by EUR 46.1 million) as a result of measures taken by the Group to counter the effects the crisis, and a drop in sales.

In the composition of assets, the share of non-current assets was 46 percent, which is **1.6 percentage points more than in the year before.**

Composition of Gorenje Group assets, EUR thousand



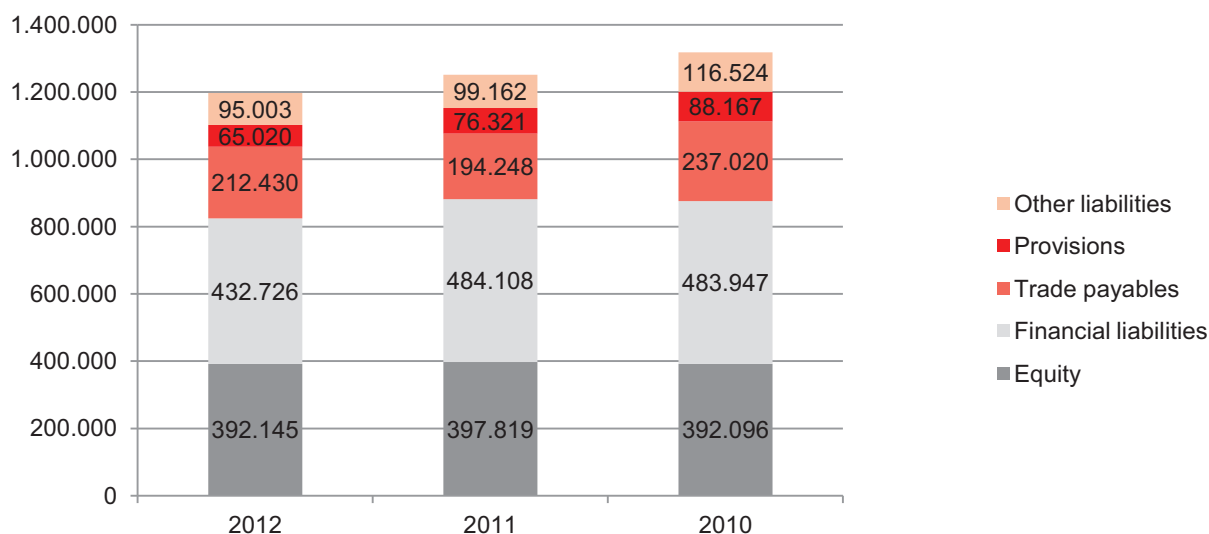
15.2 Explanation regarding liabilities and amounts, and description of financial flows

15.2.1 Explanation regarding liabilities

As at the end of 2012, Gorenje Group equity amounted to EUR 392,145 thousand, which is EUR 5,674 thousand, or 1.4 percent, less than as at the end of 2011. In the composition of liabilities, equity represents 32.8 percent, which is one percent more than in 2011.

Current trade payables decreased by EUR 12,741 thousand. Their share in total liabilities rose by 0.7 percent.

Composition of Gorenje Group liabilities, EUR thousand



15.2.2 Opis denarnih tokov

In the past, Gorenje Group was keen to seize the opportunities appearing in the market, in the form of relatively favourable loan terms and solid potential growth rates within the industry in some emerging markets.

Free cash flow (EUR million)

	2012	2011	2010
Profit after taxes (net income)	0.3	8.1	20.0
+ Depreciation and amortization expense	47.0	49.7	52.2
= Net cash flow	47.3	57.8	72.2
- CAPEX	-60.7	-47.5	-44.7
+ Divestment	11.4	4.4	4.5
Investment into net working capital	45.7	16.5	-14.2
- Change in inventories	-8.1	11.4	-6.0
- Change in trade receivables	31.7	28.2	-25.3
- Change in payables to suppliers	22.1	-23.1	17.1
Free cash flow / narrow	43.7	31.2	17.8

Note: Free cash flow items for the years 2012 and 2011 are calculated as the difference between the balances and by eliminating the companies whose operations were discontinued.

In the entire year 2012, our **free cash flow** was positive at EUR 43.7 million, which is EUR 12.5 million more than in 2011. Higher free cash flow was positively affected especially by the decrease of trade receivables (in the amount of EUR 31.7 million), while the increase of investment, entirely a result of intensified process of relocation of manufacturing operations, had a negative effect on the free cash flow.

In 2012, we divested non-core assets with total carrying (book) value of EUR 11.4 million, generating gross gains of approximately EUR 1.7 million. The largest piece of real property divested was the business and distribution center in Zagreb. IN 2012, we also divested several smaller pieces of non-core property in Croatia, Russia, Czech Republic, Bosnia and Herzegovina, and Slovenia. After the end of the fiscal year, we succeeded in divesting the business and distribution center in Ljubljana.

Net current assets (working capital) as at the end of 2012 amount to EUR 261.5 million, which is EUR 45.7 million less than as at December 31, 2011. **Trade receivables** decreased by EUR 31.7

million relative to December 31, 2011. Positive changes are a result of even stricter credit risk management and consistent collection of our receivables. It should be added that we also introduced the practice of permanent factoring of quality receivables to investors from European countries. Total expense of factoring is lower or the same as the average financing expense at the Gorenje Group. Moreover, this is consistent with our strategy of diversifying our financing sources.

Inventory rose by EUR 8.1 million relative to December 31, 2011. Increase in inventory is a result of accumulation of buffer inventory of finished products at the manufacturing plants in Velenje and Vara, Sweden; this increase accounts for EUR 10.2 million relative to December 31, 2011. The reason for the increase is the plan to relocate the manufacturing plant from Vara to Velenje and the plant from Velenje to Valjevo, which required building up safety/buffer inventory of finished products and trade goods (merchandise) due to higher operations in complementary and supplementary program (this includes products that supplement or complement the offer of our own home products). With successful introduction of so-called lean manufacturing, we decreased our inventory of raw and processed material, and work in progress, by EUR 9.3 million. This in turn decreased our average days in inventory.

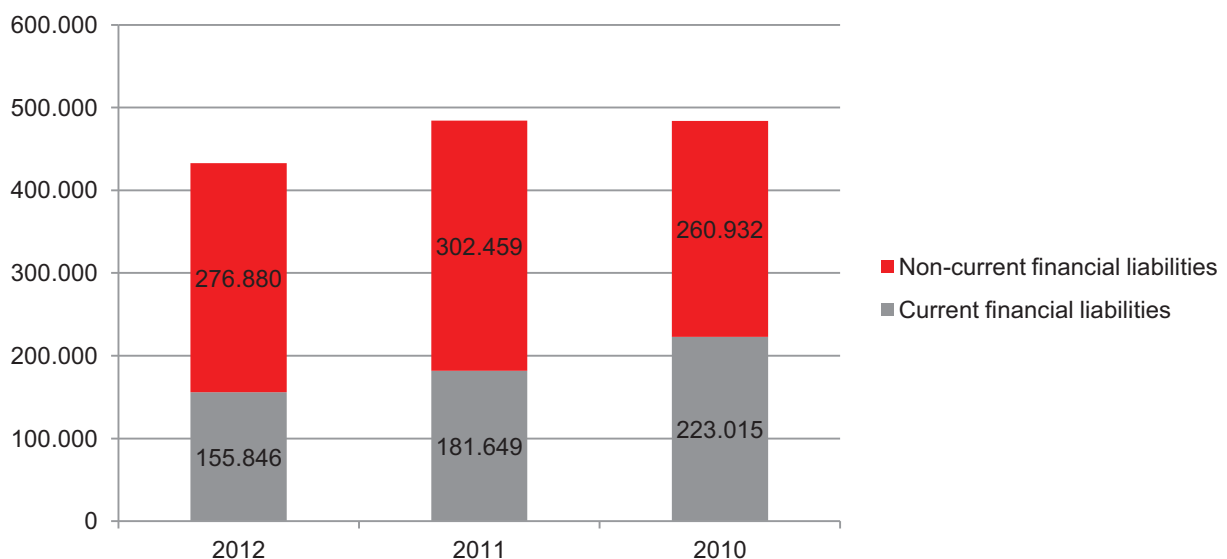
Trade payables increased by EUR 22.1 million relative to December 31, 2011. The increase is a result of accumulation of safety inventory of finished products in the last months of the year, as well as extension of payment deadlines or terms.

15.3 Information regarding requests for borrowings and structure of the issuer's financing

Financial liabilities in 2012 decreased by EUR 25.8 million relative to 2011 (14.3 percent) as most of the free cash flow was allocated for repayment of our borrowings. As at the end of the year 2012, financial liabilities represented 36.1 percent of total liabilities, which is 2.6 percentage points less than in the year before.

In addition to the decrease of financial liabilities in 2012, we saw a notable change in the composition thereof by maturity as the share of current financial liabilities decreased and the share of non-current liabilities increased.

Composition of Gorenje Group financial liabilities, EUR thousand



Kratkoročna plačilna sposobnost skupine je zagotovljena z učinkovitim upravljanjem denarnih sredstev in ustrezno višino kreditnih linij za kratkoročno uravnavanje denarnih tokov. Posebna pozornost je namenjena načrtovanju pričakovanih denarnih tokov na ravni Skupine.

Kratkoročno plačilno sposobnost Skupine kakovostno obvladujemo z odobrenimi revolving kreditnimi linijami po družbah Skupine ter denarnimi sredstvi na računih pri poslovnih bankah. Neizkoriščeni del odobrenih kratkoročnih in dolgoročnih kreditnih linij je ob koncu zadnjega četrletja 2012 znašal 102,2 milijona EUR, sredstva na računih pa še dodatnih 53,5 milijona EUR.

16 Information about trends

16.1 Strategic focus of operation of the Gorenje Group

Basic strategic focus of the operation of the Gorenje Group is quality and balanced growth of volume of business activities and a significant increase in the level of competitive abilities within the framework of the basic activity of production and sale of household products and other activities, which will enable its efficient development also in the future.

Vision of the Gorenje Group is to become the most original, design-minded creator of home appliances in the world.

and thereby it is its mission to create original, technologically perfected, superiorly designed, user and environment friendly products for a comfortable home.

We are focused on increasing customer satisfaction and creating value for the owners, employees and other partners of the Gorenje Group in a socially responsible manner.

In pursuing our vision, mission and strategic objectives, we foster those **values** that are united in the word **POLKA**: **p**robity, **o**penness, **l**oyalty, **c**reativity and **a**mbition.

To achieve the goals embodied in our new strategic plan, we have added two new values: responsibility and effectiveness.

Boosting sales of upmarket products.

Intensifying sales of products and services with high profit margins within our core activity through a systematic approach to brand management, innovation and design.

Raising process excellence and cost efficiency.

Attaining process excellence and the resulting cost efficiency in all fields of our operation.

Moving production to countries with lower labour costs.

Increasing purchasing activities in low cost environments, moving the production of products with lower added value outside of Slovenia, and optimising overhead costs (outside direct manufacturing).

Expansion to business segments with higher added value.

Intensive expansion to business segments with higher returns within strategic activities.

Expansion to markets with anticipated high growth rates.

Directing sales to markets with at least twice the growth rate of the average global gross domestic product growth.

Research and development activities

Gorenje Group is also planning to pursue its strategic goals by investments into research and development. In doing so, the Group does not depend on patents, licenses, industrial or new production processes, or on commercial or financial agreements. In manufacturing its products, the issuer mainly employs its own know-how, technology, and production processes.

In 2012, 2011, and 2010, Gorenje Group invested a total of EUR 59.6 million into Research and Development.

Research and development expenses

EUR thousand	2010	2011	2012	Total
Gorenje, d.d.	13,091	14,539	11,349	38,979
Asko AB	4,200	4,800	4,200	13,200
ATAG Europe, B.V.	1,963	1,981	2,071	6,015
Mora Moravia, S.r.o.	390	468	503	1,360
Gorenje Group	19,644	21,788	18,123	59,554

16.2 Current trends in the home appliance industry

World: According to the United Nations, global growth of the gross domestic product is still forecast at a rate of 2.4 percent in 2013 and 3.2 percent in 2014, which is considerably below the potential growth rate. Moderate growth at this pace will mean that many economies will not be able to recover the major losses of jobs from the onset of the global economic crisis.

Western Europe: Due to a weak starting point and further negative pressure, GDP will grow at a negligible rate of around 0.3 percent in 2013, while in 2014 it is expected to grow at a rate of 1.4 percent. Consumption of durables is expected to remain weak, with increasing differences between respective countries in the region. Austerity programs tend to decrease consumption, but they also differ from one country to the next. Organization and operation of the markets is another key factor for employment and wages that differs considerably between the countries in the region. The level of uncertainty in the region as the core of the euro zone has a major effect on the entire EU and other neighbouring countries, and it undermines consumer confidence.

"New" EU members: total GDP of the new EU member states in 2012 rose by 1.2 percent, despite the many uncertainties and risks.

Transition countries: As expected in the context of moderate recovery of the global growth rate, GDP in the Southeastern Europe is anticipated to rise by 3.6 percent.

17 Data on management bodies

17.1 The Management Board and the Supervisory Board

Management Board of Gorenje, d.d.

The Management Board consists of the President and CEO, and at least two Management Board members, of which one is a labour director. The number of Management Board members is specified by the Supervisory Board. The term of office of a Management Board lasts five years, after which period the Management Board may be reappointed. The current Management Board started its term on July 18, 2013; it will last until July 19, 2018.

The company Supervisory Board assigns responsibility for individual areas to respective Management Board members, in compliance with the organizational rules. The Supervisory Board appoints the Management Board members based on their expertise, work experience, and abilities to manage and coordinate different aspects and fields of operations.

The Management Board regularly, at least on a quarterly basis, reports to the Supervisory Board about all key issues of relevance for the operations of the parent company or the Group.

Management Board members also perform supervisory duties at Gorenje subsidiaries, for which they do not receive any additional compensation.

As of January 1, 2012, a new assignment of responsibilities of Management Board members is in effect, which represents a departure from the divisional organizational structure and a move to functional organization.

In recent years, no Management Board member was convicted of fraud, or had the role of an associated person performing a function at a company in bankruptcy, bankruptcy proceedings, or liquidation proceedings. Management Board members were not publicly charged by statutory or regulatory bodies, nor were they deemed inappropriate by a court of law for membership in managerial, executive, or supervisory bodies of the issuer.

Franjo Bobinac, President of Management Board and CEO



Franjo Bobinac obtained a degree in international economic relations from the Faculty of Economics - University of Ljubljana (1982). He completed his MBA studies at the Ecole Supérieure de Commerce in Paris in 1997.

He began his career in Emo Celje, where he worked for three years. In 1986 he joined Gorenje Commerce as Assistant Export Director. He was appointed Export Director in the company Gorenje Household Appliances in 1990 and one year later took on the position of Marketing Manager in the same company. From 1993 to 1998 he was Managing Director at Gorenje's branch office in Paris. After Gorenje's transformation into a public limited company in 1998, he became member of the temporary Management Board of Gorenje, d. d. in charge of sales and marketing. In 2003 he was for the first time appointed President of the Management Board of Gorenje. He began his second term of office as President of the Management Board in 2008 and will commence his third term of office on 19 July 2013.

He has international experience in various business functions, and holds in-depth theoretical and practical knowledge.

He is a member of the General Assembly of the CECED European Committee of Domestic Equipment Manufacturers, member of the Management Board of the Chamber of Commerce of Slovenia, member of the Management Board of the IEDC Bled School of Management and member of the Management Board of the University of Ljubljana and the Research Institute Jožef Stefan, member of the Council at the Faculty of Economics (University of Ljubljana), and President of the Handball Association of Slovenia. He is also Vice-President of the Managers' Association of Slovenia, and previously served a five-year term as President of the Association. He is also a member of the Management Board of the Managers' Association of SE Europe Summit 100.

He occasionally lectures at the IEDC Bled School of Management and at the Faculty of Economics, University of Ljubljana, and is a guest lecturer at the Jožef Stefan International Postgraduate School.

He was awarded the decoration of knight of national order of merit of the Republic of France and also received the award of the Chamber of Commerce of Slovenia for exceptional economic achievements in the year 2007 and the medal of Janez Vajkard Valvasor for economists granted by the Jožef Stefan International Postgraduate School.

- He holds 2,096 GRVG shares.

Marko Mrzel, Member of the Management Board in charge of Sales and Marketing



Marko Mrzel graduated from the Technical Faculty of the University of Maribor (1995). Following his university study, he further pursued his career and completed the MBA postgraduate studies in Radovljica under the patronage of the Faculty of Economics in Ljubljana, and obtained a Master's degree in economics in 1999.

After completing his traineeship at the Velenje Coal Mine, he was employed in the Finance Department of the Era trade company, and advanced to the position of Manager of Wholesale activities. In 2001 he was employed by the Gorenje Group as head of the complementary programme at the parent company. Two years later he was appointed Director of Gorenje's sales subsidiary in Belgrade. In March 2011 he took on the position of Member of the Management Board in charge of Finance and Economics. Since 1 January 2012, he has held the position of Member of the Management Board in charge of Sales and Marketing.

- He holds no GRVG shares.

Peter Groznik, PhD, Member of the Management Board in charge of Finance and Economics



After graduating from the Faculty of Economics – University of Ljubljana in 1996, Peter Groznik further pursued his academic career and completed his master's studies in economics at the Kelley School of Business, Indiana University, USA, and later received his PhD in finance in 2003 from the same institution.

After completing his PhD, he began his professional career as a consultant on financial regulation for the company Mobitel, followed by employment at various companies of KD skladi, where he was in charge of fund management from 2005 to 2009. In March 2009, he was appointed CEO of KD skladi; his term ended in September 2010.

He is currently the Supervisory Board Chairman at Pivovarna Union and at Pivovarna Laško; for two years, he was also a Supervisory Board member at Telekom Slovenije. He is the founder of the investment consultancy firm NorthGrant Consulting and a partner in the personal finance company BTP Indegra. His cooperation with Gorenje dates back to September 2011 when he was hired as an independent consultant for financial issues. He became a member of the Management Board on 19 April 2012.

Since 1996, he has taught several courses at the Faculty of Economics in Ljubljana. He was also a lecturer and visiting professor at the Kelley School of Business, USA and the International Graduate Business School in Zagreb. Since 2005, Peter has held several positions in expert and strategic bodies of the Government of the Republic of Slovenia, including that of Chairman of the Strategic Council of Economic Development from 2007 to 2009; he is still a member of the financial markets council at the Ministry of Finance.

He has received several academic awards, participated in many seminars and conferences at home and abroad, and has published several articles in Slovenian and international expert journals.

- He holds no GRVG shares.

Branko Apat Member of the Management Board in charge of Major Appliance Operations and Heating Equipment Operations and Sales



Branko Apat obtained a degree in foreign trade from the Faculty of Economics in Maribor (1984). In 1988 he completed a specialist study programme in marketing at the Cleveland State University, Ohio, USA.

After his traineeship in Gorenje, he was employed as a sales specialist for products and services beyond the Gorenje parent company. He continued his career as Export Director for the Middle East. In 1988 he became Assistant Export Director for out-of-white goods, and was also in charge of marketing in South America. In 1990 he was appointed Purchasing Director, and three years later Marketing Director (1993). From 1999 until the end of 2009, he was Managing Director of the company producing water heaters – Gorenje Tiki. In 2003 he was appointed Executive Director by the Management Board, responsible for coordinating the activities of companies in the Gorenje Group in the areas of heating systems, tool making and the manufacture of industrial equipment; from 2006 onward he was also responsible for Gorenje's supplementary programme. In 2007 he was appointed to the Company's Management Board in charge of complementary programmes, purchasing and logistics.

In 2009, he was as Member of the Management Board responsible for the whole Home Appliances Division, including sales. Since 1 January 2012 he is in charge of the the Major Appliance Operations and Heating Equipment Operations and Sales.

- He holds 626 GRVG shares

Drago Bahun Member of the Management Board - Labour Director



Drago Bahun completed his studies of sociology (majoring in human resources training) at the Faculty of Sociology, Political Sciences and Journalism - University in Ljubljana (1979), followed by postgraduate studies in staffing at the Faculty of Social Sciences-University in Ljubljana. He began his career at the Mining and Energy Engineering State Combine in Velenje in 1979, where he headed the Department of Business System Organisation until the end 1984. He has been employed at Gorenje since 1985 when he was employed as Vice-chairman of the management committee of the composite organisation for the field of socio-economic relations. From 1987 to 1990 he was a member of the Management Board of Gorenje Gospodinjski aparati responsible for staffing, and from 1990 to 1997 held the post of Director of Human Resources and General Affairs. He was then a member of the temporary Management Board after the restructuring of the Company into a public limited company in 1997. The following year he was appointed Member of the Management Board in charge of human resources and Labour Director. From 2003 to the end of 2011 he was member of the Management Board in charge of human resources, organisation and labour director. He is member of the Management Board – Labour Director since 1 January 2012.

He has been active in various institutions and professional organisations (Chamber of Commerce of Slovenia, Ministry of Labour, Employers' Association). He is a member of the supervisory board of Credy bank and the Skiing Association of Slovenia, and President of the organizational committee of Planica.

- He holds 9,032 GRVG shares.

The Supervisory Board controls operations of the company Gorenje, d.d., and the Gorenje Group within the powers and responsibilities, established by the law regulations and the Statute of the main company Gorenje, d.d., and performs other tasks within its competence.

The Supervisory Board pays most attention to the business and financial development of the Gorenje Group and the main company Gorenje, d.d., significant business events and achievements of the overall strategic and business directions. Within the Supervisory Board four committees are operating.

Supervisory Board consists of Representatives of capital and Representatives of employee.

Within the Supervisory Board five committees are operating.

In recent years, no Supervisory Board member was convicted of fraud, or had the role of an associated person performing a function at a company in bankruptcy, bankruptcy proceedings, or liquidation proceedings. Management Board members were not publicly charged by statutory or regulatory bodies, nor were they deemed inappropriate by a court of law for membership in managerial, executive, or supervisory bodies of the issuer.

Shareholder's representatives

Uroš Slavinec, chairman

Uroš Slavinec, born on January 29th 1951, holds a university degree in economics. From 01st June 1990, he has been the President of the Management Board of the company Helios Domžale d.d. He had been employed in the said company from the beginning of his working career, i.e. from 1975 until 1986, at all times working in the management department and in various fields (head of planning and analysis department, member of the collegiate management committee and chairman of the collegiate management committee). From 1986 to 1990, he was a member of the Executive Council of the Assembly of the Republic of Slovenia for industry and construction. He is Member of the Assembly of the Chamber of Commerce and Industry of Slovenia. In 1997, the Chamber of Commerce and Industry of Slovenia awarded for outstanding achievement in the field of economics and in 2006, he was awarded as the manager personality of the year.

- He holds no GRVG shares.

Maja Makovec Brenčič, PhD, deputy chairman

Maja Makovec Brenčič, PhD. is an Associate Professor of International Business and Marketing at Faculty of Economics, University of Ljubljana (FELu). Her main research areas are internationalisation of firms, international marketing, B2B and relationship marketing. She has published in Journal of International Marketing, International Marketing Review, European Journal of Marketing; Industrial Marketing Management and other international journals, mostly in the area of international business and international marketing. She is one of the leading marketing and international business academics in Slovenia, where she also publishes in academic and professional journals, especially in B2B and international marketing and business areas. She has contributed to different international monographs and conference proceedings and served as a reviewer for international conferences or academic journals in her research areas. She is involved with various professional associations (e.g. EMAC - national coordinator for Slovenia and a member of executive board, member of AMA, AMS, AIB). She is also a president of Slovenian Marketing Association and vice-chair of Slovenian Advertising Arbitration Board. At FELu, she is a Vice Dean for Development, where she coordinates new product development, strategy development, quality assurance and accreditations. She also runs FELu International Business graduate programme and often consults Slovenian international companies, mostly in the area of marketing and their international business development. She is also a vice president of the Quality Assurance

Committee at University of Ljubljana, member of the Quality Assurance Board at FELu and the president of the Board of the NAKVIS – Quality Assurance Agency for Higher Education of Slovenia.

Keith Charles Miles, member and president of the audit committee

Keith Charles Miles, born on November 28th 1941, is a Fellow of The Institute of Chartered Accountants in England and Wales. He is in retirement. He holds both Slovene and British citizenship. He was a director at several British public and non-public joint stock companies. Currently, he is the chairman of the British-Slovene Society and a lecturer on retail, finance, economics and business administration. He regularly publishes articles in the Žurnal24 daily paper and occasionally in the Finance daily paper. He is active in several other fields both in Slovenia and in Great Britain. He has gained his working experience while being employed at various companies and enterprises, mostly dealing with accounting, treasury, finance and retail. From 1958 to 1970, he was employed at G.H.FLETCHER & CO (professional public accountants and auditors), as a partner; from 1970 to 1972, he worked at the P&O Group (transport activity) in the group accounting division; from 1972 to mid 1973, he worked at the Grindlays Bank Group (banking) as an assistant company secretary (group accounts); from mid 1973 to mid 1983, he worked at Datnow "Group" (investments and sales), as a director; from mid 1983 to mid 1985, he was the director of finance and administration at the Greater London Enterprise Board (investment, local/municipal administration); from mid 1985 to 1988, he was the director of finance and administration at the Cable Authority (regulatory body); from 1988 to mid 1990, he was the director of finance and administration at the Institute of Economic Affairs (academic institution); from mid 1990 to October 1995, he worked at ETAM PLC (retail company) as the company secretary and director of finance of the Etam Group. He was also a member of numerous boards, mostly in Great Britain and he is a member of the NKMB Supervisory Board.

- He holds no GRVG shares.

Prof. dr. Marcel van Assen member

Prof.dr. Marcel van Assen (1969) is a full professor of Operational Excellence for Services at TiasNimbas Business School, the business school of the University of Tilburg and the Technical University of Eindhoven, where he teaches various courses, workshops and master classes. His consulting experience covers various operations management and innovation management issues, from operational excellence, lean six sigma to value-innovation based on strategic conversation, roadmapping and foresight, aiming to professionalise both industrial and service organisations. He holds a M.Sc. in mechanical engineering from the University of Twente, a M.Sc. in strategy and organisation from the Open University, and a Ph.D. in business administration from the Erasmus University Rotterdam. He is an ambassador of the University of Twente. He is co-author of various articles and books, including i) Operational Excellence new style: implementation, instruments and models for management excellence [in Dutch], ii) Practices of Supply Chain Management [in Dutch], iii) Key Management Models, and iv) Reconfigurations of chains and networks

- He holds no GRVG shares.

Bernard C. Pasquier, member

Bernard C. Pasquier, born on February 2nd 1954, obtained his undergraduate degree in Business Administration (Finance and Investment Analysis) from Ecole Supérieure de Commerce et d'Administration des Entreprises de Montpellier (France) in 1976 and his Masters Degree in Public Administration (Business and Economic Development) from the Harvard University, John F. Kennedy School of Government (USA) in 1984. He has been consultant since 2008; his portfolio of assignments includes advising the Monaco Parliament on economic and financial issues and the World Bank on various projects linked to private sector development. He also represents the International Finance Corporation on the Board of Directors of Grupo Mundial, Panama. In the years 2004 to 2007, he was Secretary General at COMPAGNIE MONEGASQUE DE BANQUE in Monaco, responsible for overall corporate strategy, legal department, internal and external communication

and participating in Board of Directors and Executive Committees meetings. In the years 2001 to 2004, he was Director of the Latin America and Caribbean Department at the International Finance Corporation, Washington, responsible for the overall strategy of IFC, including new investments (\$1.5 billion per year) and portfolio (\$5 billion). In the years 1984 to 2001, he also performed several other functions with the IFC: he was an investment officer through the Young Professional Programme (1984-1985), principal economist and country officer for the Africa region (1985-1990), manager of the Africa Department (1990-1995), Senior Adviser in the Office of the President of The World Bank (1998-2001) and Director of South Asia Department (2001-2004). In the years 1980 to 1983, he was a founder and the managing director of the company Dream Food International in San Francisco. In the years 1977-1980, he worked as investment analyst at The Chase Manhattan Bank in Rio de Janeiro, and in the years 1976 and 1997, he was economic consultant at the Finance Ministry in Rio de Janeiro. He is fluent in French, English and Portuguese, and has command of conversational Spanish and basic Italian. From 1998 to 2004, he was a Board member of SMBP, a private bank based in Monaco, whose shareholders were Dexia and La Caixa de Barcelona. He is also Secretary General of Monaco Méditerranée Foundation, Secretary General of the Club of Monaco, Secretary General of l'Association des Monégasques de l'Etranger and a member of the Rotary Club of Monaco.

- He holds no GRVG shares.

Bachtiar Djalil, Member

Bachtiar Djalil, born January 14, 1975 completed his undergraduate studies at the Faculty of Law in Ljubljana in 1998 and continued to pursue his academic path by enrolling the postgraduate program on European law at the University of Groningen, the Netherlands, where he was awarded the title Master of Laws in European Laws in 2000. He is currently the president of the management board at Kapitalska družba, d.d. In 1999, he was hired by NLB, d.d., as an analyst at the bank's equity investment management department. After completing his post-graduate studies, he worked from October 2000 to June 2002 at the Competition Protection Office of the Republic of Slovenia. During this period he also served for several months as a representative of the Competition Protection Office in the European Commission Merger Task Force. In July 2002, he returned to NLB, d.d., taking the position in the Equity Investment and Control Sector where he was a member of project teams for the founding of the company NLB Skladi, d.o.o. (asset management company), and the life insurance company NLB Vita, d.d. In January 2004, he was assigned general counsel at the legal affairs office at NLB Skladi, d.o.o.; in July 2007, he was appointed management board member at this company. Since January 2010, he has been employed at Kapitalska družba, d.d., where he was initially a management board member; since October 2011, he has been the president of the management board. He is also a supervisory board member at Loterija Slovenije, d.d. and a member of the Permanent Arbitration with the Slovenian Investment Fund Association (Združenje družb za upravljanje investicijskih skladov – GIZ). Previously, he was also the supervisory board president at Modra zavarovalnica (an insurance company), a member of the board of directors with the Slovenian Investment Fund Association, and a member of the board of directors with the National University Library. For a number of years, he has contributed to expert teams of the Slovenian Investment Fund Association in development of regulations on investment funds and asset management companies, taxation, and prevention of money laundering. He also took part in development of legislation on mergers and acquisitions and competition protection, and he was a member of parliamentary group task forces in charge of changes to capital investment management of the Republic of Slovenia, and bank restructuring.

- He holds no GRVG shares.

Employee representatives

Krešimir Martinjak, deputy chairman

He is a university graduate in laws and has worked for Gorenje since 1986. He carried out various duties, tasks and obligations in the field of labour, obligational and status or corporate law within the legal department of the company for sixteen years. In the year 2002 he was elected in the supervisory board of Gorenje for the first time. From 2002 to 2008 he was chairman of the SKEI Trade Union of Gorenje and then he again started working in the legal office of Gorenje.

Holding in Gorenje: 115 GRVG shares.

Drago Krenker, member of the supervisory board and of the audit committee

Born in 1956, is s deputy director of the Refrigeration and Freezers program. A sales and purchasing clerk by profession, he started his career in 1974 in the field of electronics. For 14 years he was employed in the factory of household appliances and in Process Equipment, a subsidiary of Gorenje. He also spent two years at Iskra Delta, working mainly on medical electronic equipment. In 1989 he joined the Gorenje Refrigeration and Freezers plant where he was the plant manager, the manager of production planning and the manager of production. First elected onto the Supervisory Board of Gorenje, d.d., in 1998, he is presently a member of the Gorenje d.d. Employee Council, serving his third consecutive term of office. Mr Krenker served one term of office as Vice - Chairman of the Employee Council and is presently in his second term of office as Chairman of the Occupational Health and Safety Committee.

Jurij Slemenik, member

Born in 1960, is the manager of production at the Washing Machines and Dryers plant. A mechanical technician by profession, he has been employed at Gorenje since 1978, performing different jobs at the Washing Machines and Dryers plant. He has been a member of the Employee Council since 2002: it was then that he was first elected onto the Supervisory Board of Gorenje d.d.. He is also a member of the National Committee of the SKEI Slovenia union and its Occupational Health and Safety Committee, as well as the Chairman of the Supervisory Board for the Gorenje Group SKEI union.

Holding in Gorenje: 1,738 GRVG shares.

Peter Kobal, member

Born in 1953, is the head of the Maintenance Department at Gorenje d.d.. He is an electrician by profession and has been employed at Gorenje since 1971. He has held a variety of maintenance jobs and positions, from maintenance technician to assistant manager. In 1997 he was elected Chairman of the Employee Council of Gorenje d.d.; this is his third consecutive term of office. His was first appointed onto the Supervisory Board of Gorenje d.d. in 1998. He is well-regarded in his profession and just as respected for his work on the Employee Council and the Supervisory Board.

Holding in Gorenje: 1,355 GRVG shares.

17.2 Conflict of interests of the management bodies

In the last financial year the Issuer did not conclude any transaction either with the managing director or members of the supervisory board. In compliance with this fact the Issuer declares that there exists no conflict of interests or any potential conflict of interests between the members of the management board and the supervisory board during the implementation of their function and their personal benefits.

18 Salaries, emoluments and dues

18.1 Salaries, emoluments of the Issuer to the members of the Management Board, Supervisory Board and employees working on the basis of individual employment contracts

Gorenje Group

In **2012** the companies with the Gorenje Groups paid the following gross salaries to the following groups of persons:

:

In thousand EUR	Management and management boards of the companies	Supervisory board	Employees under individual employment agreements
Salaries	7,794		8,597
Benefits and other receipts	651	175	1,009
Total	8,445	175	9,606

Holding company Gorenje, d.d.

In 2012 Gorenje, d.d. paid the following salaries and receipts to the following groups of persons:

Gross earnings in 2012

In thousand EUR	Management board	Supervisory board	Employees under individual employment agreements
- Salaries	1,087	0	5,181
- Incentive bonuses	0	0	625
- Other Income	83	0	752
- Attendance fees	0	35	
- Function-related allowance	0	106	
- Refund of work-related expenses	0	38	
Total	1,170	179	6,558

Net earnings in 2012

In thousand EUR	Management board	Supervisory board	Employees under individual employment agreements
- Salaries	492		2,642
- Incentive bonuses			300
- Other Income	81		553
- Attendance fees		27	0
- Function-related allowance		83	0
- Refund of work-related expenses		30	0
Total	573	140	3,495

Total salaries, emoluments and other benefits of the members of the management and supervisory boards and the audit committee are presented in compliance with the Companies Act.

Members of the Management Board

Gross earnings in 2012

In thousand EUR	Salaries	Incentive bonuses	Other income	Total
Franc Bobinac	234,866		25,831	260,697
Marko Mrzel	178,705		10,146	188,851
Branko Apat	192,469		10,146	202,615
Peter Groznik	112,940		9,095	122,035
Uroš Marolt	176,916		16,646	193,562
Drago Bahun	191,251		10,894	202,145
Total	1,087,147	0	82,758	1,169,905

Net earnings in 2012

In thousand EUR	Salaries	Incentive bonuses	Other income	Total
Franc Bobinac	100,040		25,491	125,531
Marko Mrzel	87,482		9,813	97,295
Branko Apat	89,392		9,810	99,202
Peter Groznik	49,932		8,815	58,747
Uroš Marolt	78,786		16,311	95,097
Drago Bahun	86,353		10,558	96,911
Total	491,985	0	80,798	572,783

Supervisory board and audit committee

Gross earnings in 2012

In thousand EUR	Attendance fee	Function-related allowance	Incentive bonuses	Other income	Total
Uroš Slavinec	3,297	12,000		1,187	16,484
Maja Makovec Brenčič	3,658	10,800		1,928	16,386
Marcel Van Assen	1,920	9,600		10,811	22,331
Peter Kraljič	2,073	6,194		3,387	11,654
Keith Miles	5,050	10,200		13,679	28,929
Bernard C. Pasquier	4,186	10,150		732	15,068
Jure Slemenik	3,370	9,600		1,210	14,180
Drago Krenker	3,840	9,600		1,210	14,650
Krešimir Martinjak	3,609	10,800		1,210	15,619
Peter Kobal	3,072	9,600		1,210	13,882
Aleksander Igličar	1,152	7,680		991	9,823
Total	35,227	106,224	0	37,555	179,006

Net earnings in 2012

In thousand EUR	Attendance fee	Function-related allowance	Incentive bonuses	Other income	Total
Uroš Slavinec	2,556	9,300		1,043	12,899
Maja Makovec Brenčič	2,835	8,370		1,618	12,823
Marcel Van Assen	1,488	7,440		8,502	17,430
Peter Kraljič	1,607	4,800		2,748	9,155
Keith Miles	3,913	7,905		10,725	22,543
Bernard C. Pasquier	3,244	7,866		691	11,801
Jure Slemenik	2,611	7,440		1,062	11,113
Drago Krenker	2,976	7,440		1,062	11,478
Krešimir Martinjak	2,797	8,370		1,062	12,229
Peter Kobal	2,381	7,440		1,062	10,883
Aleksander Igličar	893	5,952		768	7,613
Total	27,301	82,323		30,343	139,967

The company did not grant any long-term and short-term loans to the members of the management board, members of the supervisory board and inner owners.

19 Organizational practice

19.1 Start and expiry of the term of office of Management Board and Supervisory Board members

Management Board started their term on July 19, 2013. The term shall last five years, until July 19, 2018.

The Supervisory Board started their term on July 19, 2010. The term shall last four years, i.e. until July 19, 2014..

19.2 Information on the issuer's audit and remuneration committee

The Audit Committee is operating within the authorizations provided by Article 280 of the Companies Act. It includes the following Supervisory board members:

Keith Miles, chairman
Drago Krenker, member

Independent Audit Committee member is Aleksander Igličar, employed at the Faculty of Economics in Ljubljana.

The Audit Committee operates and discusses the topics pursuant to the provisions of the Companies Act (ZGD-1). Audit Committee members receive a meeting attendance fee of 80% of the attendance fee for Supervisory Board sessions. The Audit Committee has adopted Rules of Procedure with provisions on both substantive and process law.

19.3 Contracts for the services of the members of the Management and Supervisory Boards

The Issuer declares that there exists no contract for the services of the members of the Management and Supervisory Boards concluded with the Issuer or its any other subsidiary relating to extraordinary dues upon termination of an employment contract.

19.4 Corporate Governance in compliance with the Corporate Governance Code for Publicly Traded Companies

The contents of the statement includes the period from the adoption of the previous, or most recent, statement of compliance with the Corporate Governance Code, i.e. from April 20, 2012 to April 18, 2013 when the contents thereof was developed and adopted jointly by the Management Board and the Supervisory Board of Gorenje, d.d.

Management Board and Supervisory Board of the company hereby declare that the Gorenje Group complies in its operations and business conduct the Corporate Governance Code as adopted on December 8, 2009 by the Ljubljana Stock Exchange, Slovenian Director's Association, and the Manager's Association, available at the website of the Ljubljana Stock Exchange, with individual departures disclosed and explained hereinafter.

Departures to the Corporate Governance Code

Chapter: Company Management Framework

Recommendation under 1:

The key goals of the Company are not specifically defined in the Articles of Association, but are included and clearly defined in the mission of the Company: "To create innovative, design-driven products and services that bring simplicity to users."

Chapter: Relationship between the Company and Shareholders

Recommendation under 5.8:

According to current practice, the General Meeting of Shareholders decides on the granting of discharge to the members of the Management and Supervisory Boards simultaneously. This has proven to be appropriate and in compliance with the method of work employed so far, the high standards of cooperation of both bodies in their joint preparation of answers to issues of relevance for the Company and its development, the meaningfully equal treatment of the duties and responsibilities of their members as prescribed by law, and the attained level of trust.

Chapter: Supervisory Board

Recommendation under 8.4:

The Company devotes special care to the protection of business secrets. The documents intended for the members of the Supervisory Board are discussed with absolute confidentiality. Materials and notices of meetings are primarily sent to the members of the Supervisory Board as a hard copy.

Recommendation under 9:

The Supervisory Board assesses its work and the work of its committees as a whole, and assesses the work of individual members. The Supervisory Board and its committees generally meet in full composition; all members regularly participate in discussions and with their responsibility, enthusiasm, professional and other experience contribute to the quality of their work. Thus, the Supervisory Board has assessed that individual evaluation is not necessary.

20 Employees

20.1 Number of employees

The figure shows the **final number of employees** for the Gorenje Group as at December 31 for the years 2012, 2011, and 2010.

Field	2012	2011	2010
Home	9,507	9,514	9,422
Ecology	630	597	574
Portfolio investments	593	609	725
TOTAL	10,730	10,720	10,721

Gorenje Group employees by geographical location

	2012	2011	2010
Slovenia	55.2%	65.5%	65.5%
Abroad	44.8%	34.5%	34.5%

Number of employees at Gorenje, d.d., as at Dec 31

	2012	2011	2010
Number of employees at Gorenje, d.d.	4,240	4,472	4,405

20.2 Ownership and right to attractive acquisition of shares

Trading in Shares of Management and Supervisory Board Members

Compared to the 31 December 2011 balance, the number of shares owned by members of the Supervisory Board did not change. The number of shares owned by the Management Board did not change either (11,754). In accordance with applicable laws and the Company's rules, all recipients of internal information, i.e. members of the Management Board, Supervisory Board and the Audit Committee, are required to observe special rules for trading in Gorenje shares, which are commonly referred to as „trading windows“. Such persons are not allowed to trade in the Company's shares thirty days prior to the announcement of periodical results or other information that could influence the share price. In case of any other information that may influence the price per share the prohibition of trading in shares is valid all the time until such information has been made public. Regulations governing internal information and informing of persons with respect to the openness of trading windows are kept by the Secretary of the Management Board.

At the end of 2012, the company Ingor, d.o.o.,& co., k.d. was the owner of 794,473 shares accounting for a 4.9945-percent ownership share in Gorenje. The limited partners who invested their own funds in the capital of the Company are members of the narrow and broader management of Gorenje, certain members of the Supervisory board and the SKEI trade union, while the company itself is managed by a general partner – the company Ingor, d.o.o. This company is not privileged in comparison with other stakeholders. All internal owners who have, or could have, access to internal information are required to consistently observe the so-called trading windows, and are only allowed to trade in Gorenje shares when their information base is balanced with other investors. At Gorenje, we fully observe the principle of equal treatment of all stakeholders.

Trading in shares of Management and Supervisory Board Members

Year 2012	31.12.2012	
Supervisory Board	3.208	0,0202%
KOBAL PETER	1.355	0,0085%
MARTINJAK KREŠIMIR	115	0,0007%
SLEMENIK JURIJ	1.738	0,0109%
<hr/>		
Members of the Board	11.754	0,0739%
BOBINAC FRANC	2.096	0,0132%
APAT BRANKO	626	0,0039%
BAHUN DRAGO	9.032	0,0568%

The members of the Management Board and the Supervisory Board were not granted any rights to attractive acquisition or purchase of the Issuer's shares, or any other rights from the ownership of shares other than those granted to other shareholders.

20.3 Regulations of employee equity participation

The Issuer has no special regulations in respect of the employee equity participation or employee profit sharing.

21 Major Shareholders

21.1 Name of shareholders known to the Issuer

The major shareholders of Gorenje, d.d. as at 31 of August 2013:

Shareholder	No. Shares	%
KAPITALSKA DRUŽBA, D.D.	3,534,615	22.2207%
IFC	1,876,876	11.7991%
HOME PRODUCTS EUROPE B.V.	1,070,000	6.7267%
NFD 1, mešani fleksibilni podsklad	810,802	5.0972%
INGOR, d.o.o., & co. k.d.	794,473	4.9945%
RAIFFEISEN BANK AUSTRIA D.D. - FIDUCIARN	419,760	2.6389%
EECF AG	411,727	2.5884%
EATON VANCE PARAMETRIC STRUCTURED EMERGI	301,465	1.8952%
PROBANKA, d.d.- from 6.9.2013 in liquidation by the decision of Government of Republic of Slovenia and Bank of Slovenia	297,061	1.8675%
ERSTE GROUP BANK AG - CLIENT ACCOUNT	211,252	1.3281%
Total of biggest shareholders	9,728,031	61.1561%
Other shareholders	6,178,845	38.8439%
Total	15,906,876	100%

21.2 Voting rights

All shareholders have equal voting rights: the holder of one share is entitled to one vote.

21.3 Direct and indirect control

The Issuer is not controlled by any of the shareholders or other institutions.

21.4 Regulations known to the Issuer that could affect the change in the control of the Issuer

The Issuer is not aware of any agreements that could affect the change in the control of the Company.

22 Related party transactions

Related party transactions were carried out on the basis of contracts negotiated at arm's length. The transfer prices between related parties are based on independent market prices as defined in the directives of OECD on transfer prices (arm's length principle).

23 Financial information on the Issuer's assets and liabilities, financial position, and profit or loss

The financial statement of the Gorenje Group and Gorenje, d.d. for 2012, 2011, and 2010 have been prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the provisions of the Companies Act.

The financial statements presented below have been audited.

23.1 Financial statements of Gorenje, d.d.

23.1.1 Balance sheet of Gorenje, d.d. for the financial years 2012, 2011 in 2010

In thousand EUR	2012	2011	2010
ASSETS	847,894	881,299	851,648
Non-current assets	422,272	438,428	425,215
Intangible assets	14,270	15,455	15,428
Property, plant and equipment	146,748	152,758	157,864
Investment property	,147	15,217	1,695
Investments in subsidiaries	232,447	240,672	238,096
Investment in associates	976	976	
Other non-current investments	661	703	1,165
Deffered tax assets	11,023	12,647	10,967
Current assets	425,622	442,871	426,433
Inventories	84,217	81,118	93,660
Current investments	110,083	94,789	76,472
Trade receivables	194,043	187,903	183,967
Other current assets	18,307	20,971	22,656
Cash and cash equivalents	18,972	58,090	49,678
EQUITY AND LIABILITIES	847,894	881,299	851,648
Equity	319,466	335,326	332,189
Share capital	66,378	66,378	66,378
Share premium	157,712	157,712	157,712
Legal and statutory reserves	22,719	22,719	21,990
Retained earnings	73,212	89,521	82,962
Fair value reserve	2,615	2,166	6,317
Own shares	-3,170	-3,170	-3,170
Non-current liabilities	250,247	253,694	205,739
Provisions	21,632	26,227	27,397
Deffered tax liabilities	1,288	1,391	1,402
Non-current financial liabilities	227,327	226,076	176,940
Current liabilities	278,181	292,279	313,720
Current financial liabilities	108,349	133,254	137,176
Trade payables	152,164	142,027	154,803
Other current liabilities	17,668	16,998	21,741

23.1.2 Income Statement of Gorenje, d.d. for financial years 2012, 2011 and 2010

In thousand EUR	2012	2011	2010
Revenue	675,896	655,274	648,386
Change in inventories	2,583	2,026	-279
Other operating income	14,140	16,517	11,969
Gross profit	692,619	673,817	660,076
Cost of goods, materials and services	-547,499	-540,293	-513,289
Employee benefits expense	-105,068	-100,158	-102,401
Amortisation and depreciation expense	-20,235	-21,835	-26,856
Other operating expenses	-5,810	-4,293	-5,691
Operating profit	14,007	7,238	11,839
Finance income	15,846	22,928	17,114
Finance expenses	-42,451	-23,531	-27,036
Net finance expenses	-26,605	-603	-9,922
Profit or loss before tax	-12,598	6,635	1,917
Income tax expense	-1,495	653	1,008
Profit or loss for the period	-14,093	7,288	2,925
Basic and diluted earnings per share (in EUR)	-0.89	0.46	0.20

Statement of Comprehensive Income of Gorenje, d.d.

In thousand EUR	2012	2011	2010
Profit or loss for the period	-14,093	7,288	2,925
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	-6	-114	-126
Net change in fair value of available-for-sale financial assets, transferred to profit or loss	626	0	145
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-2,327	-7,230	80
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	2,182	2,155	0
Income tax on other comprehensive income	-26	1,038	49
Other comprehensive income for the period	449	-4,151	148
Total comprehensive income for the period	-13,644	3,137	3,073

23.1.3 Statement of Cash Flows of Gorenje, d.d. for the financial years 2012, 2011 in 2010

In thousand EUR	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss for the period	-14,093	7,288	2,925
Adjustments for:			
-depreciation of property, plant and equipment	17,450	19,268	24,362
-amortisation of intangible assets	2,785	2,567	2,494
-investment income	-15,846	-22,928	-17,114
-finance expenses	42,451	23,531	27,036
-gain on sale of property, plant and equipment	-907	-96	-299
-revenue from sale of investment property	-365	0	
-revaluation operating income	0	-2,468	1,528
-income tax expenses	1,495	-653	-1,008
Operating profit before changes in net operating current assets and provisions	32,970	26,509	39,924
Change in trade and other receivables	-3,663	-12,635	-28,746
Change in inventories	-3,099	12,542	-18,445
Change in provisions	-4,594	-1,170	1,285
Change in trade and other liabilities	9,116	-21,057	13,495
Cash generated from operations	-2,240	-22,320	-32,411
Interest paid	-20,729	-19,276	-12,040
Net cash from operating activities	10,001	-15,087	-4,527
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	2,790	919	1,307
Interest received	5,864	6,561	2,577
Dividends received	5,188	9,985	9,305
Disposal of investment property	2,161	0	1,260
Sales of financial investments available for sale			5,621
Liquidation of subsidiary	0	10,747	0
Disposal of subsidiary	0	15,108	
Acquisition of subsidiary	-6,013	-13,600	-12,722
Acquisition of property, plant and equipment	-16,713	-14,548	-10,986
Acquisition of intangible assets	-2,726	-13,522	
Loans	-12,682	-17,298	4,848
Other investments	-3,505	-9,374	-1,358
Acquisition of intangible assets	-1,605	-2,595	-1,923
Net cash used in investing activities	-27,241	-27,617	-2,071
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase of equity			24,920
Repayment of borrowings	-19,611	51,116	31,270
Dividends paid	-2,267	0	
NET CASH USED IN FINANCING ACTIVITIES	-21,878	51,116	56,190
Net change in cash and cash equivalents	-39,118	8,412	49,592
Cash and cash equivalents at beginning of period	58,090	49,678	86
Cash and cash equivalents at end of period	18,972	58,090	49,678

23.1.4 Statement of Changes in Equity of Gorenje, d.d. for years 2012, 2011 and 2010

Year 2012

In thousand EUR	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				-14,093			-14,093
Total other comprehensive income						449	449
Total comprehensive income for the period				-14,093		449	-13,644
Transaction with owners (when acting as owners) recognised directly in equity							
Contributions by owners and distributions to owners							
Dividends paid				-2,367			-2,367
Unpaid dividends				151			151
Creation of statutory reserves							
Total contributions by owners and distributions to owners				-2,216			-2,216
Total transactions with owners				-2,216			-2,216
Closing balance at 31 Dec 2012	66,378	157,712	22,719	73,212	-3,170	2,615	319,466

Year 2011

In thousand EUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
Opening balance at 1 Jan 2011	66,378	157,712	21,990	82,962	-3,170	6,317	332,189
Total comprehensive income for the period							
Profit or loss for the period				7,288			7,288
Total other comprehensive income						-4,151	-4,151
Total comprehensive income for the period				7,288		-4,151	3,137
Transaction with owners (when acting as owners) recognised directly in equity							
Contributions by owners and distributions to owners							
Dividends paid							
Unpaid dividends							
Creation of statutory reserves			729	-729			
Total contributions by owners and distributions to owners			729	-729			
Total transactions with owners			729	-729			
Closing balance at 31 Dec 2011	66,378	157,712	22,179	89,521	-3,170	2,166	335,326

Year 2010

In thousand EUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
Opening balance at 1 Jan 2010	58,546	140,624	21,697	87,975	-3,170	-1,476	304,196
Total comprehensive income for the period							
Profit or loss for the period				2,925			2,925
Total other comprehensive income				-7,645		7,793	148
Total comprehensive income for the period				-4,720		7,793	3,073
Transaction with owners (when acting as owners) recognised directly in equity							
Contributions by owners and distributions to owners							
Increase of Equity	7,832	17,088					24,920
Creation of statutory reserves			293	-293			
Total contributions by owners and distributions to owners	7,832	17,088	293	-293			24,920
Total transactions with owners	7,832	17,088	293	-293			24,920
Closing balance at 31 Dec 2010	66,378	157,712	21,990	82,962	-3,170	6,317	332,189

23.2 Consolidated financial statements of the Gorenje Group

23.2.1 Consolidated balance sheet of Gorenje Group for the financial years 2012, 2011 in 2010

In thousand EUR	2012	2011	2010
ASSETS	1,197,324	1,251,658	1,317,754
Non-current assets	550,965	556,345	563,435
Intangible assets	159,607	158,620	160,161
Property, plant and equipment	341,171	358,840	375,400
Investment property	23,276	15,219	4,518
Non-current investment	7,193	1,973	5,313
Investment in associates	1,298	996	0
Deffered tax assets	18,420	20,697	18,043
Current assets	646,359	695,313	754,319
Non-current assets held for sale	893	1	1,066
Inventories	247,365	245,608	257,593
Current investments	32,769	42,317	48,002
Trade receivables	218,516	255,911	306,284
Other current assets	63,274	48,746	55,438
Income tax receivable	2,833	1,110	3,208
Cash and cash equivalents	53,488	101,620	82,728
Assets held for sale	27,221	0	
EQUITY AND LIABILITIES	1,197,324	1,251,658	1,317,754
Equity	392,145	397,819	392,096
Share capital	66,378	66,378	66,378
Share premium	175,575	175,575	175,575
Legal and statutory reserves	22,719	22,719	21,990
Retained earnings	113,454	115,618	107,382
Own shares	-3,170	-3,170	-3,170
Translation reserve	5,861	9,990	8,842
Fair value reserve	8,976	8,886	13,294
Equity of holders of the parent	389,793	395,996	390,291
Equity of non-controlling interests	2,352	1,823	1,805
Non-current liabilities	349,411	385,330	356,027
Provisions	65,020	76,321	88,167
Deffered income	3,145	617	866
Deffered tax liabilities	4,366	5,933	6,062
Non-current financial liabilities	276,880	302,459	260,932
Current liabilities	455,768	468,509	596,631
Current financial liabilities	155,846	181,649	223,015

Trade payables	212,430	194,248	237,020
Other current liabilities	77,962	90,806	106,698
Income tax liability	1,208	1,806	2,898
Liabilities held for sale	8,322	0	0

23.2.2 Consolidated income statement of the Gorenje Group for the financial years 2012, 2011 and 2010

In thousand EUR	2012	2011	2010
Revenue	1,263,082	1,386,629	1,382,185
Change in inventories	11,881	8,897	-13,510
Other operating income	40,929	50,564	47,554
Gross profit	1,315,892	1,446,090	1,416,229
Cost of goods, materials and services	-946,215	-1,076,437	-1,040,509
Employee benefits expense	-258,680	-253,333	-244,442
Amortisation and depreciation expense	-45,665	-48,347	-52,237
Other operating expenses	-20,411	-24,303	-22,603
Operating profit	44,921	43,670	56,438
Finance income	6,805	15,064	12,485
Finance expenses	-37,221	-40,410	-46,451
Net finance expenses	-30,416	-25,346	-33,966
Share in profits or losses of associates	301	-9	0
Profit before tax	14,806	18,315	22,472
Income tax expense	-5,633	-1,880	-2,448
Profit or loss without discontinued operation	9,173	16,435	0
Profit or loss from discontinued operation	-8,883	-7,329	0
Profit or loss for the period	290	9,106	20,024
Attributable to non-controlling interests	238	141	101
Attributable to equity holders of the parent	52	8,965	19,923
Basic or diluted earnings per share without discontinued operation (in EUR)	0.57	1.03	
Basic or diluted earnings per share (in EUR)	0.00	0.57	1.34

Statement of Comprehensive Income of Gorenje Group

In thousand EUR	2012	2011	2010
Profit or loss for the period	290	9,106	20,024
Other comprehensive income			
Change in fair value of the land	-995	-1	-7,777
Net change in fair value of available-for-sale financial assets	-27	-135	50
Net change in fair value of available-for-sale financial assets, transferred to profit or loss	626	0	145
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge or loss	-2,220	-7,499	317
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	2,182	2,154	0
Income tax on other comprehensive income	524	1,073	91
Translation reserve	-4,129	1,148	-8,563
Other comprehensive income for the period	-4,039	-3,260	-15,737
Total comprehensive income for the period	-3,749	5,846	4,287
Attributable to equity holders of the parent	-3,987	5,705	4,186
Attributable to non-controlling interests	238	141	101

23.2.3 Consolidated Statement of cash flow of Gorenje Group for financial years 2012, 2011 and 2010

	In thousand EUR	2012	2011	2010
A.	CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit for the period	290	9,106	20,024
	Adjustments for:			
	-depreciation of property, plant and equipment	40,433	43,767	46,227
	-amortisation of intangible assets	6,553	6,431	6,010
	-investment income	-6,871	-15,199	-12,485
	-finance expenses	37,474	40,587	46,451
	-gain on sale of property, plant and equipment	-1,486	-3,644	-2,321
	-revenue from sale of investment property	-365	0	-13,337
	-revaluation operating income	-3,387	-3,563	0
	-income tax expenses	5,644	2,006	2,448
	Operating profit before changes in net operating current assets and provisions	78,285	79,491	93,017
	Change in trade and other receivables	6,752	10,297	-80,635
	Change in inventories	-8,060	11,344	-39,612
	Change in provisions	-7,243	-12,021	25,664
	Change in trade and other liabilities	12,064	-38,265	60,162
	Cash generated from operations	3,513	-28,645	-34,421
	Interest paid	-25,593	-24,194	-23,607
	Taxes paid	-6,544	-4,595	-7,272
	Net cash from operating activities	49,661	22,057	27,717
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
	Proceeds from sale of property, plant and equipment	11,095	7,302	6,775
	Proceeds from sale of investment property	2,161	0	5,621
	Interest received	2,688	3,678	3,046
	Dividends received	417	118	305
	Liquidation of subsidiary, without disposed financial assets	0	10,747	0
	Disposal of subsidiary, without disposed financial assets	0	7,143	0
	Acquisition of subsidiary without gained cash	0	0	1,144
	Acquisition of property, plant and equipment	-53,527	-41,089	-39,358
	Acquisition of investment property	0	-9,819	0
	Available-for-sale investments	-337	-33	-1,695
	Loans	2,073	9,325	-2,564
	Other investments	-898	-14,246	14,341
	Acquisition of intangible assets	-7,217	-6,379	-5,310
	Net cash used in investing activities	-43,545	-33,253	-17,695
C.	CASH FLOWS FROM FINANCING			

	ACTIVITIES			
	Acquisition of uncontrolling interest	0	0	-6,902
	Increase of equity			24,920
	Repayment of borrowings	-50,881	30,088	27,558
	Dividends paid	-2,267	0	0
	NET CASH USED IN FINANCING ACTIVITIES	-53,148	30,088	45,576
	Net change in cash and cash equivalents	-47,032	18,892	55,598
	Cash and cash equivalents at beginning of period	101,620	82,728	27,130
	Cash and cash equivalents at end of period	54,588	101,620	82,728

23.2.4 Statement of Changes in Equity of Gorenje Group for finance years 2012, 2011 and 2010

Year 2012

In thousand EUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Translation reserve	Fair value reserve	Equity of 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 for the period				52				52	238	290
Total other comprehensive income						-4,129	90	-4,039		-4,039
Total comprehensive income for the period	0	0	0	52	0	-4,129	90	-3,987	238	-3,749
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Equity increase								0		0
Dividends				-2,367				-2,367		-2,367
Unpaid dividends				151				151		151
Total contributions by owners and distribution to owners	0	0	0	-2,216	0	0	0	-2,216	0	-2,216
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Inclusion of subsidiaries to the Group	0	0	0	0	0	0	0	0	291	291
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	291	291
Total transactions with owners	0	0	0	-2,216	0	0	0	-2,216	291	-1,925
Closing balance at 31 Dec 2012	66,378	175,575	22,719	113,454	-3,170	5,861	8,976	389,793	2,352	392,145

In thousand EUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Translation reserve	Fair value reserve	Equity of holders of the parent	Non-controlling interests	Total
Opening balance at 1 Jan 2011	66,378	175,575	21,990	107,382	-3,170	8,842	13,294	390,291	1,805	392,096
Total comprehensive income for the period										
Profit or loss for the period				8,965				8,965	141	9,106
Total other comprehensive income						1,148	-4,408	-3,260		-3,260
Total comprehensive income for the period	0	0	0	8,965	0	1,148	-4,408	5,705	141	5,846
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
Formation of statutory reserves			729	-729				0		0
Total contributions by owners and distribution to owners			729	-729				0	0	0
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Changes in ownership interests								0	-123	-123
Total changes in ownership interests in subsidiaries								0	-123	-123
Total transactions with owners	0	0	729	-729	0	0	0	0	-123	-123
Closing balance at 31 Dec 2011	66,378	175,575	22,719	115,618	-3,170	9,990	8,886	395,996	1,823	397,819

Year 2010

In thousand EUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Translation reserve	Fair value reserve	Equity of holders of the parent	Non-controlling interests	Total
Opening balance at 1 Jan 2010	58,546	158,487	21,697	97,788	-3,170	17,405	12,822	363,575	6,069	369,644
Total comprehensive income for the period										
Profit or loss for the period				19,923				19,923	101	20,024
Total other comprehensive income				-7,646		-8,563	472	-15,737		-15,737
Total comprehensive income for the period				12,277		-8,563	472	4,186	0	4,287
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Equity increase	7,832	17,088						24,920		24,920
Dividends										
Formation of statutory reserves			293	-293						
Total contributions by owners and distribution to owners	7,832	17,088	293	-293				24,920		24,920
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Changes in ownership interests										
Acquisition of uncontrolling interests				-2,390				-2,390	-4,365	-6,755
Total changes in ownership interests in subsidiaries				-2,390				-2,390	-4,365	-6,755
Total transactions with owners	7,832	17,088	293	-2,683	0	0	0	22,530	-4,365	18,165
Closing balance at 31 Dec 2010	66,378	175,575	21,990	107,382	-3,170	8,842	13,294	390,291	1,805	392,096

23.3 Financial reports

Annual reports of Gorenje Group you could find on the following e-mail address http://www.gorenjegroup.com/si/odnosi_z_investitorji/letna_porocila

23.4 Auditor reports



Independent Auditor's Report

To The Shareholders of Gorenje, d.d., Velenje

Report on the Financial Statements

We have audited the accompanying financial statements of the company Gorenje, d.d., Velenje, which comprise the balance sheet as at 31 December 2012, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company Gorenje, d.d., Velenje as at 31 December 2012, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.

Boštjan Mertelj
Certified Auditor

Ljubljana, 9 April 2013

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Jason Stachurski
Partner

KPMG Slovenija, d.o.o.



Independent Auditor's Report

To the Shareholders of Gorenje, d.d., Velenje

We have audited the accompanying financial statements of Gorenje, d.d., which comprise the statement of financial position as at 31 December 2011, the income statement and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gorenje, d.d., as at 31 December 2011, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Other matters

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.


Danilo Bukovec, B.Sc.Ec.
Certified Auditor

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

JASON Stachurski, B.Sc.Ec.
Certified Auditor
Partner

Ljubljana, 6 April 2012

KPMG Slovenija, d.o.o.



Independent Auditor's Report

To the Shareholders of Gorenje, d.d., Velenje

We have audited the accompanying financial statements of Gorenje, d.d., which comprise the statement of financial position as at 31 December 2010, the income statement and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

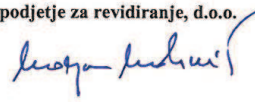
In our opinion, the financial statements present fairly, in all material respects, the financial position of Gorenje, d.d. as at 31 December 2010, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by EU.

Other matters

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.


Danilo Bukovec, B.Sc.Ec.
Certified Auditor

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.


Marjan Mahnič, B.Sc.Ec.
Certified Auditor
Partner

Ljubljana, 7 April 2011

KPMG Slovenija, d.o.o.
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Independent Auditor's Report

To the Shareholders of Gorenje, d.d., Velenje

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the company Gorenje, d.d., Velenje and its subsidiaries (the Gorenje Group), which comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Gorenje Group as at 31 December 2012, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.


Boštjan Mertelj
Certified Auditor

Ljubljana, 9 April 2013

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Jason Stachurski
Partner

KPMG Slovenija, d.o.o.
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Independent Auditor's Report

To the Shareholders of Gorenje, d.d., Velenje

We have audited the accompanying consolidated financial statements of Gorenje, d.d. and its subsidiaries (Gorenje Group), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Gorenje Group as at 31 December 2011, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Other matters

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying consolidated financial statements.


Danilo Bukovec, B.Sc.Ec.
Certified Auditor

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Jason Stachurski, B.Sc.Ec.
Certified Auditor
Partner

Ljubljana, 6 April 2012

KPMG Slovenija, d.o.o.
1



Independent Auditor's Report

To the Shareholders of Gorenje, d.d., Velenje

We have audited the accompanying consolidated financial statements of Gorenje, d.d. and its subsidiaries (Gorenje Group), which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Gorenje Group as at 31 December 2010, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Other matters

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying consolidated financial statements.

Danilo Bukovec, B.Sc.Ec.
Certified Auditor

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Marjan Mahnič, B.Sc.Ec.
Certified Auditor
Partner

Ljubljana, 7 April 2011

KPMG Slovenija, d.o.o.

23.5 Interim financial information – first half of financial year 2013

The Interim report of the non-audited non-consolidated Interim report of Gorenje, d. d., and non-audited consolidated Interim report of the Gorenje Group for the period January – June 2013 is published on 30th of August 2013 by the company Gorenje, d.d., Partizanska 12, Si-3503 Velenje, Slovenia, as provided by the Regulations of the Ljubljana Stock Exchange (Ljubljanska borza vrednostnih papirjev, d. d.), and the Securities Market Act. The report could be found on-line at: http://www.gorenjegroup.com/si/odnosi_z_investitorji/medletna_porocila

23.5.1 Unaudited financial statements of Gorenje, d.d. for financial period January-June 2013

Balance sheet of Gorenje, d.d.

EURk	Balance at 30 Jun 2012	Balance at 30 Jun 2013
ASSETS	835,927	847,222
Non-current assets	434,475	440,927
Intangible assets	14,503	12,600
Property, plant and equipment	145,722	160,093
Investment property	13,451	23,428
Investments in subsidiaries	246,685	232,447
Investments in associates	976	976
Other non-current investments	686	697
Deferred tax assets	12,452	10,686
Current assets	401,452	406,295
Inventories	81,766	83,046
Current investments	104,056	109,458
Trade receivables	195,070	193,356
Other current assets	17,427	18,825
Cash and cash equivalents	3,133	1,610
EQUITY AND LIABILITIES	835,927	847,222
Equity	330,075	321,522
Share capital	66,378	66,378
Share premium	157,712	157,712
Legal and statutory reserves	22,719	22,719
Retained earnings	84,408	74,020
Own shares	-3,170	-3,170
Fair value reserve	2,028	3,863
Non-current liabilities	230,510	235,723
Provisions	25,672	20,799
Deferred tax liabilities	1,249	1,288
Non-current financial liabilities	203,589	213,636
Current liabilities	275,342	289,977
Current financial liabilities	127,885	128,304
Trade payables	126,325	130,829
Other current liabilities	21,132	30,844

Income statement of Gorenje, d.d.

EURk	Jan-Jun 2012	Jan-Jun 2013
Revenue	316,251	317,859
Change in inventories	736	-4,393
Other operating income	5,075	4,865
Gross profit	322,062	318,331
Cost of goods, materials and services	-260,897	-256,057
Employee benefits expense	-50,093	-46,543
Amortisation and depreciation expense	-10,600	-8,873
Other operating expenses	-2,884	-2,617
Operating profit or loss	-2,412	4,241
Finance income	9,797	10,595
Finance expenses	-12,521	-13,947
Net finance expenses	-2,724	-3,352
Profit or loss before tax	-5,136	889
Income tax expenses	-129	-81
Profit or loss for the period	-5,265	808
Basic or diluted earnings per share (in EUR)	-0.67	0.10

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

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

Statements 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

23.5.2 Unaudited Consolidated Financial statements of the Gorenje Group for financial period January-June 2013

Consolidated Balance Sheet of the Gorenje Group

EURk	Balance at 30 Jun 2012	Balance at 30 Jun 2013
ASSETS	1,188,908	1,189,034
Non-current assets	551,287	558,431
Intangible assets	158,945	157,247
Property, plant and equipment	343,821	351,792
Investment property	13,242	21,170
Non-current investments	13,865	8,173
Investments in associates	1,047	1,257
Deferred tax assets	20,367	18,792
Current assets	637,621	630,603
Non-current assets held for sale	51	1,051
Inventories	255,033	267,003
Current investments	28,591	35,940
Trade receivables	272,392	225,084
Other current assets	50,915	69,984
Cash and cash equivalents	30,639	24,701
Assets held for sale	0	6,840
EQUITY AND LIABILITIES	1,188,908	1,189,034
Equity	391,464	381,830
Share capital	66,378	66,378
Share premium	175,575	175,575
Legal and statutory reserves	22,719	22,719
Retained earnings	117,994	105,509
Own shares	-3,170	-3,170
Translation reserve	1,301	2,182
Fair value reserve	8,748	10,224
Equity of holders of the parent	389,545	379,417
Equity of non-controlling interests	1,919	2,413
Non-current liabilities	345,004	337,561
Provisions	71,230	64,501
Deferred income	652	3,210
Deferred tax liabilities	5,080	4,492
Non-current financial liabilities	268,042	265,358
Current liabilities	452,440	469,643
Current financial liabilities	186,957	190,982
Trade payables	171,189	183,123
Other current liabilities	94,294	91,237
Liabilities held for sale	0	4,301

Consolidated Income Statement of the Gorenje Group

EURk	Jan-Jun 2012	Jan-Jun 2013
Revenue	606,455	590,098
Change in inventories	17,367	15,489
Other operating income	17,092	13,374
Gross profit	640,914	618,961
Cost of goods, materials and services	-459,730	-447,618
Employee benefits expense	-127,403	-124,971
Amortisation and depreciation expense	-23,551	-21,254
Other operating expenses	-8,854	-9,588
Operating profit	21,376	15,530
Finance income	6,090	2,556
Finance expenses	-18,454	-21,268
Net finance expenses	-12,364	-18,712
Share in profits or losses in associates	50	-42
Profit or loss before tax	9,062	-3,224
Income tax expense	-1,834	-1,812
Profit or loss without discontinued operation	7,228	-5,036
Profit or loss from discontinued operation	-4,904	-2,785
Profit or loss for the period	2,324	-7,821
Attributable to non-controlling interests	100	124
Attributable to equity holders of the parent	2,224	-7,945
Basic or diluted earnings per share (in EUR)	0.14	-0.50

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

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

23.6 Dividend policy

Dividend shall be paid out as provided in the company Articles of Association and the Shareholders Assembly resolution on the allocation of distributable profit.

According to the adopted Gorenje Group dividend policy for the period 2011-2015, up to one third of the Group's profit after taxes (net income) shall be allocated for dividend payment each year.

Dividend policy of other companies of the Gorenje Group shall be specified each year in the course of development of annual (operational) plans for the Gorenje Group companies and for the Gorenje Group as a whole.

23.7 Legal and arbitration proceedings

The Issuer is not a party to any major governmental, legal or arbitration proceedings that could have impact on the Issuer's financial position or profitability.

23.8A considerable change in the financial and market position of the Issuer

After the closing date of the last financial period there has been no considerable change in the financial and market position of the issuing company.

24 Additional Information

24.1 Shareholders' equity

24.1.1 Share capital

The Issuer's share capital has been entered in the court register in the amount of EUR 66,378,217.32. The subscribed share capital has been paid in full.

24.1.2 Issued shares

The company share capital is divided into 15,906,876 ordinary freely transferable registered no-par value shares. All shares are issued in dematerialized form, and they are entered in the central securities register with the Central Securities Clearing Corporation (KDD).

This prospectus pertains to the issue of 2,320,186 ordinary freely transferable registered no-par value shares which have not yet been issued. New 2,320,186 shares will be issued upon the payment of EUR 10,000,001.66 by the company Panasonic Corporation, which payment is expected in the second half of September 2013.

On August 23, 2013, the issuer's Shareholders Assembly adopted a resolution on the increase of share capital by EUR 9,681,964.61, which shall be effected by issue of 2,320,196 new ordinary freely transferable registered no par value shares. The entire issue of such new shares is intended for the Panasonic Corporation. On August 23, 2013, the issuer's Shareholders Assembly also adopted a resolution on the second increase of share capital by EUR 43,568,833.52, which shall be effected by issue of 10,440,835 new ordinary freely transferable

registered no par value shares for cash contributions. Moreover, the Shareholders Assembly adopted on August 23, 2013 the resolution according to which the Management Board shall be authorized to, subject to Supervisory Board consent, carry out another capital increase within no later than one year after the changes to the Articles of Association as adopted at the 20th company Shareholders Assembly are duly registered; at the time of such capital increase, the company share capital shall amount to no more than EUR 119,629,015.46 and it shall be divided into no more than 28,667,897 ordinary freely transferable registered no-par value shares; with the capital increase, this share capital shall be increased by an amount of no more than EUR 9,681,964.61 (approved capital) to a total of no more than EUR 129,310,980.07, by issue of new shares in exchange for non-cash (in-kind) contributions. The new shares shall be of the same class as the outstanding (already issued) shares. Increase of the share capital by the said amount of up to EUR 9,681,964.61 shall be effected by issue of no more than 2,320,186 new ordinary freely transferable registered no par value shares.

With the decision No Srg 2013/35795 dated September 5, 2013, the District Court of Celje duly entered the Shareholders Assembly resolution on the increase of share capital from EUR 66,378.32 to EUR 76,060,181.93 by an issue of 2,320,186 new ordinary freely transferable registered no-par value shares, so that the share capital is divided into 18,227,062 ordinary freely transferable registered no-par value shares. Moreover, the District Court of Celje duly entered with the said decision dated September 5, 2013 the Shareholders Assembly resolution on the second increase of share capital from EUR 76,060,181.93 to no more than EUR 119,629,015.46 by an issue of no more than 10,440,835 new ordinary freely transferable registered no-par value shares, so that the share capital is divided into 28,667,897 ordinary freely transferable registered no-par value shares.

24.1.3 Own shares

Treasury shares

	2012	2011	2010
Number of GRVG treasury shares (Dec 31)	121,311	121,311	121,311

The number of treasury shares remained unchanged throughout 2012. The company holds 121,311 treasury shares, representing a 0.7626-percent ownership share.

24.1.4 Book value of GRVG shares

In EUR	2012	2011	2010
Book value of GRVG share (in EUR) (capital of the holding company) / (number of shares – number of own shares)	24,84	21,24	21,04
Unit price (inEUR)	3,79	5,0	13,49

24.1.5 Convertible securities

The Issuer has not issued any convertible securities.

24.1.6 Restriction of rights arising from shares

The Issuer's Articles of Association do not restrict the voting rights arising from shares

24.1.7 Approved capital

The issuer's Articles of Association do not provide for a capital increase by approved capital. The issuer's Articles of Association do not provide for a capital increase by approved capital; however, the Shareholders Assembly adopted on August 23, 2013 the resolution according to which the Management Board shall be authorized, subject to Supervisory Board consent, to carry out a capital increase within no later than one year after the changes to the Articles of Association as adopted at the 20th company Shareholders Assembly are duly registered; at the time of such capital increase, the company share capital shall amount to no more than EUR 119,629,015.46 and it shall be divided into no more than 28,667,897 ordinary freely transferable registered no-par value shares; with the capital increase, this share capital shall be increased by an amount of no more than EUR 9,681,964.61 (approved capital) to a total of no more than EUR 129,310,980.07, by issue of new shares in exchange for non-cash (in-kind) contributions. The new shares shall be of the same class as the outstanding (already issued) shares.

24.1.8 Contingent capital increase

An increase in the Company's share capital subject to contingency is not provided for in the Issuer's Articles of Association.

24.1.9 A history of share capital, highlighting information about any changes

The balance of share capital in the periods presented in the historical financial information:

In thousand EUR	2012	2011	2010
Share capital	66.378	66.378	66.378

Share capital hasn't been changed in last three years.

24.2 Issuer's Articles of Association

24.2.1 Issuer's objects and purposes

The core business activity of the Issuer is the manufacture of home appliances. The issuer also performs other activities which are, for the most part, inseparably linked to the core business

activity, or they are performed in order to improve the utilisation of free capacities, knowledge, and experience.

The Issuer's objectives and intention are, above all, to maximize the value of the Company and to create value for shareholders.

24.2.2 Summary of provisions of the Issuer's Articles of Association with respect to the members of the administrative, management and supervisory bodies

Management Board

The Company is represented and presented by the Management Board, which is comprised of the president and at least two members, one of them being the workers' director. The term of office of the Management Board is 5 years, with reappointment option.

The Management Board is appointed and recalled by the Supervisory Board. In a resolution adopted by the Supervisory Board, the number of members of the Management Board and their working areas are determined.

The workers director is a member of the Management Board and represents employees' interests in human resources management and in social matters. He/she is not authorised to represent the Company, except if a member of the Management Board is also appointed the workers director.

The president and the members of the Management Board represent the Company individually and without restrictions. When representing the Company, the members of the Management Board take into consideration the relations between the members of the Management Board as defined in the Rules of Procedure of the Management Board.

The Management Board makes decisions within its competence by a simple majority of votes, with each member of the Management Board having one vote.

The remuneration of the Management Board members is to be in appropriate proportion to the competences and responsibilities of each member and the Company's financial situation. In the event of deterioration of the Company's financial situation, when the Company's economic position is threatened, the Supervisory Board may unilaterally decrease the remuneration of the Management Board members.

The Management Board may, when exercising its powers under the legislation in force, the Articles of Association, or a resolution of the Supervisory Board, devolve the performance of certain matters upon individual employees with special powers and responsibilities. It may also devolve the right of representation of the Company upon these employees by means of authorisation and within the area they manage. The Management Board cannot devolve its powers in their entirety.

Supervisory Board

The Company's Supervisory Board comprises ten members.

Six members of the Supervisory Board, who represent shareholders' interests, are elected by the Shareholders' Meeting. Four members of the Supervisory Board, who represent workers' interests, are elected by the workers' council in accordance with the Workers Participation in Management Act and the general acts of the workers' council.

The Supervisory Board members are elected for a period of four years. Their term of office can be renewed without limitations.

The Supervisory Board elects the president among the members of the Supervisory Board who represent shareholders' interests and one or more deputy presidents.

The presence of at least half of the members of the Supervisory Board constitutes a quorum. At least one of the members is to be a workers' representative. The Supervisory Board may validly adopt resolutions without workers' representatives being present if the workers' council has not elected its representatives or if it has not notified the Shareholders' Meeting of their election.

The Supervisory Board adopts resolutions by a simple majority of votes cast. In the event of a tied vote, the president has the casting vote. When the session is conducted by the deputy president for reasons of absence of the president, he/she has the same status as the president.

The Supervisory Board supervises the management of the Company's business. It performs its supervisory function by examining the reports of the Management Board on:

- planned business policy and other business issues of principle;
- the Company's profitability, in particular the return on equity;
- the Company's financial position;
- transactions that might have a significant impact on the Company's profitability and solvency;
- other business issues of the Company and its related companies.

The Supervisory Board also performs other tasks. Particularly, it:

- appoints the president and members of the Management Board and decides on the recall of the Management Board;
- defines the criteria for conclusion of management contracts and the volume of remuneration of the president and members of the Management Board;
- proposes the auditor to the Shareholders' Meeting;
- proposes the resolutions to the Shareholders' Meeting, if so stipulated by law;
- approves the interim dividend;
- harmonizes the wording of the Company's Articles of Association with the valid resolutions of the Shareholders' Meeting;
- performs other tasks.

The president of the Supervisory Board represents the Company against the Management Board members.

The Supervisory Board examines the annual report and the proposal of the Management Board concerning the appropriation of accumulated profit submitted by the Management Board. A written report on the results of examination of the annual report is compiled by the Supervisory Board and presented to the Shareholders' Meeting. The report also states the manner and the scope of examination of the management of the Company's business during the year, and defines the Supervisory Board's position to the Auditor's Report. If the Supervisory Board approves the annual report, the annual report is accepted.

24.2.3 Rights, preferences and restrictions attaching to each class of the existing shares

All shares of the Issuer are of one class of shares giving all holders the same rights. The only exception are own shares that have no voting rights.

24.2.4 Actions that are necessary to change the rights of holders of the shares, indicating where the conditions are more stringent than is required by law

The Issuer's Articles of Association do not include any more stringent conditions than required by law in respect of the actions that are necessary to change the rights of holders of the shares.

24.2.5 Conditions governing the manner in which general meetings and general meetings of shareholders are called

The Shareholders Assembly shall be convened by the Management Board pursuant to the relevant legislation.

The Management Board shall be obliged to convene the Shareholders Assembly upon request by the Supervisory Board or upon a written request by shareholders whose combined total shareholding is equivalent to at least one twentieth of the total share capital. The request by the shareholders shall include the purpose and the reason for the Shareholders Assembly convocation.

The Shareholders Assembly is presided over by a chairperson elected by the simple majority of shareholders upon a proposal by the convening party.

The Shareholders Assembly shall, as a rule, be convened once per year. The Shareholders Assembly shall take place at the company headquarters, or elsewhere based on a decision of the company Management Board.

The convocation of the Assembly shall be announced at least one month before the Assembly session in the DELO daily paper. Convocation of the Shareholders Assembly shall include the agenda and resolution proposals to each agenda item. Documentation for the Shareholders Assembly shall be available at the company headquarters.

Prerequisite for attendance at the shareholders assembly and exercising the voting right is that the shareholder confirms her or his attendance in writing to the company Management Board no less than four days before the Shareholders Assembly session.

The shareholders shall exercise their voting rights themselves or through a legal representatives directly, or through a proxy, for which a written authorization shall be required. Each share bears one vote to the shareholder.

The Shareholders Assembly shall adopt the resolutions with majority of the votes cast, except in cases where qualified majority of the votes cast or the share capital represented in the decision-making process is required pursuant to relevant legislation or the company Articles of Association.

The Shareholders Assembly may adopt Rules of Procedure to specify the details regarding the decision-making process.

The Shareholders Assembly is authorized to adopt decision in particular on the following issues:

- Articles of Association and changes and amendments thereto;
- allocation of distributable profit and granting discharge – relief of duty to Management Board and Supervisory Board members;
- Annual Report, in cases specified by the relevant legislation;
- measures for increase and decrease of share capital,
- appointment of the auditor;
- appointment and relief of duty of the Supervisory Board members;
- status changes and winding up / dissolution of the company;
- other issues as specified by the legislation or the company Articles of Association.

The decision of the Shareholders Assembly regarding the allocation of distributable profit shall be consistent with the adopted annual report.

The Shareholders Assembly shall decide with regard to the adoption of the annual report only if the Supervisory Board has not approved the annual report or in case that Management Board and the Supervisory Board have ceded the decision on annual report adoption to the Shareholders Assembly.

If the Shareholders Assembly makes any changes to the annual report, which is to be audited pursuant to relevant legislation, such annual report shall be audited by an auditor within two weeks following the adoption at the Shareholders Assembly.

24.2.6 Brief description of any provision of the Issuer's Memorandum and Articles of Association, statutes, charters or bylaws that would have an effect of delaying, deferring or preventing a change in control of the Issuer

The Issuer's Articles of Association do not include any provision that would determine or have an effect of delaying, deferring or preventing a change in control of the Issuer.

24.2.7 Indication of the Memorandum and Articles of Association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed

The Issuer's Articles of Association do not include any provision that would govern the ownership threshold above which shareholder ownership must be disclosed.

24.2.8 Description of the conditions imposed by the Memorandum and Articles of Association, statutes, charters or bylaws governing changes in the capital, where such conditions are more stringent than is required by law

The Issuer's Articles of Association do not include any provisions governing changes in the capital, where conditions are more stringent than is required by law.

25 Material Contracts

The issuer signed on July 5, 2013 with the Panasonic Corporation an agreement on long-term strategic partnership in production, development, research, and sales. In addition to this agreement, the issuer signed with the Panasonic Corporation an agreement based on which Panasonic Corporation obliged to pay EUR 10,000,000.00, subject to adoption of the relevant resolution by the company Shareholders Assembly, to become a shareholder of the issuer. The issuer and the Panasonic Corporation also signed a standstill agreement according to which the Panasonic Corporation shall not increase without consent of the issuer's Management Board and Supervisory Board within five years from the signing of the agreements, i.e. until July 5, 2017, its interest held in the issuer.

Upon entry into the ownership structure of Gorenje, Panasonic will be a strategic shareholder with whom an agreement on a long-term strategic partnership has already been signed. Panasonic is certainly one of the most recognized and reputable companies in the white goods industry, especially in Asia. Cash contribution in the approximate amount of EUR 10,000,001.66 which is to be invested into Gorenje by Panasonic represents an upgrade to the agreed strategic partnership and consolidation of long-term cooperation.

In the stringent conditions that dominate the current business and economic landscape, every increase in share capital with new cash contributions is of critical importance to the company and the shareholders. The issue of new shares and the inflow of cash would allow the company to invest in the development of new products and services, step up the investment activity in the business field Home, and especially by repaying a part of its debt to improve capital stability and performance, and therefore meet the financial covenants specified in the loan agreements signed with creditor banks. Gorenje Group's strategic plan for the period until 2015 includes a decrease of the net-debt-to-EBITDA ratio to no more than 3 starting in the year 2014 and beyond. Increase of capital would contribute to the pursuit of this goal.

26 Third Party Information and Statement by Experts and Declarations of any Interest

The Prospectus does not include any third party information or statements by experts or declarations of any interest.

27 Documents on Display

The following documents may be inspected by shareholders in the registered office of the Company every working day from 9 a.m. to 12 a.m., on SEOnet, the electronic information system of the Ljubljana Stock Exchange, and on the Company's website www.gorenje.com:

1. the Articles of Association of the Issuer;
2. the historical annual reports and audited financial statements of the Issuer

28 Information on interests

Companies	Share capital (in thousand EUR)	Number of employees
Gorenje, d.d., Slovenija	66.378	4.268
Gorenje I.P.C., d.o.o., Slovenija	93	792
Gorenje GTI, d.o.o., Slovenija	3.769	56
Gorenje Notranja oprema, d.o.o., Slovenija	160	171
Gorenje Gostinstvo, d.o.o., Slovenija	3.790	170
Energygor, d.o.o., Slovenija	9	0
Kemis, d.o.o., Slovenija	2.650	31
Gorenje Orodjarna, d.o.o., Slovenija	927	212
Indop, d.o.o., Slovenija	1.000	6
ZEOS, d.o.o., Slovenija	477	4
Gorenje Surovina, d.o.o., Slovenija	9.402	323
ERICo, d.o.o., Slovenija	278	53
Gorenje design studio, d.o.o., Slovenija	500	21
PUBLICUS, d.o.o., Slovenija	897	98
EKOGOR, d.o.o., Slovenija	50	0
Gorenje GAIO, d.o.o., Slovenija	1.000	87
Gorenje GSI, d.o.o., Slovenija	4.657	77
Gorenje Kuhinje, d.o.o., Slovenija	3.606	227
Gorenje Keramika, d.o.o., Slovenija	69	105
Gorenje Beteiligungs GmbH, Avstrija	26.600	5
Gorenje Austria Handels GmbH, Avstrija	3.275	56
Gorenje Vertriebs GmbH, Nemčija	5.700	67
Gorenje Körting Italia S.r.l., Italija	90	7
Gorenje France S.A.S., Francija	3.225	29
Gorenje Belux S.a.r.l., Belgija	19	5
Gorenje UK Ltd., Velika Britanija	368	14
Gorenje Group Nordic A/S, Danska	2.388	72
Gorenje AB, Švedska	233	6
Gorenje spol. s r.o., Češka republika	4.877	42
Gorenje real spol. s r.o., Češka republika	10.338	28
Gorenje Slovakia s.r.o., Slovaška republika	1.892	32
Gorenje Budapest Kft., Madžarska	2.446	24
Gorenje Polska Sp. z o.o., Poljska	8.529	39
Gorenje Bulgaria EOOD, Bolgarija	3.175	18
Gorenje Zagreb, d.o.o., Hrvaška	14.957	101
Gorenje Skopje, d.o.o., Makedonija	249	17
Gorenje Commerce, d.o.o., Bosna in Hercegovina	1	77
Gorenje, d.o.o., Srbija	3.409	63
Gorenje Studio, d.o.o., Srbija	891	0
Gorenje Podgorica, d.o.o., Črna gora	2.800	16
Gorenje OY, Finska	115	23
Gorenje AS, Norveška	299	9
Gorenje Romania S.r.l., Romunija	368	12
Gorenje aparati za domačinstvo, d.o.o., Srbija	27.204	668
Mora Moravia s r.o., Češka republika	10.883	644
Gorenje – kuchyně spol. s r.o., Češka republika	1.670	2

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Gorenje Group

ST Bana Nekretnine, d.o.o., Srbija	2.101	0
KEMIS – Termoclean, d.o.o., Hrvatska	752	57
Kemis – BH, d.o.o., Bosna in Hercegovina	210	10
Gorenje Gulf FZE, Združeni arabski emirati	210	7
Gorenje Espana S.L., Španija	3	0
Gorenje Tiki, d.o.o., Srbija	19.120	421
Gorenje Istanbul Ltd., Turčija	8.020	8
Gorenje TOV, Ukrajina	65	17
Gorenje kuhinje, d.o.o., Ukrajina	924	2
Kemis – SRS, d.o.o., Bosna in Hercegovina	72	2
ATAG Nederland BV, Nizozemska	16	382
ATAG België NV, Belgija	248	47
ATAG Financiele Diensten BV, Nizozemska	200	0
ATAG Financial Solutions BV, Nizozemska	18	0
Intell Properties BV, Nizozemska	45	0
ATAG Europe BV, Nizozemska	18	0
ATAG Special Products BV, Nizozemska	18	0
Gorenje Nederland BV, Nizozemska	20.796	1
Gorenje Kazakhstan, TOO, Kazahstan	1.208	3
OOO Gorenje BT, Rusija	719	94
»Euro Lumi & Surovina« SH.P.K., Kosovo	431	10
Kemis Valjevo, d.o.o., Srbija	1.233	25
Gorenje GTI, d.o.o., Beograd, Srbija	1	21
Asko Appliances AB, Švedska	25.052	575
Asko Hvidevarer AS, Norveška	2.041	0
AM Hvidevarer A/S, Danska	536	0
Asko Appliances Inc, ZDA	1	36
Asko Appliances Pty, Avstralija	7.867	70
Asko Appliances OOO, Rusija	10	14
»Gorenje Albania« SHPK, Albanija	1	4
Gorenje Home d.o.o. Zaječar, Srbija	2.821	116
Gorenje Ekologija, d.o.o., Stara Pazova, Srbija	9	0
ORSES d.o.o., Beograd, Srbija	498	1
Gorenje Corporate GmbH, Avstrija	35	1
ZEOS eko-sistem d.o.o., Bosna in Hercegovina	399	0
Cleaning sistem S, d.o.o. , Srbija	709	14

Appendix

Appendix is enclosed in agreement with the company Panasonic Corporation. We also enclosed financial Statements of companies Gorenje Aparati za domačinstvo, d.o.o. and Gorenje Home, d.o.o. Serbia, where joint production of the goods under brand names of Gorenje Group and Panasonic Corporation is planned.

Appendix 1: Representation and Warranties

In addition to representations and warranties which the issuer gives according to valid legislation, the issuer, as agreed with Panasonic Corporation, represents and warrants the following:

Where the Representations and Warranties as contained in this Schedule 1 are related to Company's Subsidiaries, they are given to the best of the Company's knowledge.

(a) Organization and Authority. The Company and each of its Subsidiaries:

- (i) is a legal entity duly organized and validly existing under the laws of its place of incorporation;
- (ii) has full corporate power and authority to own, lease and operate its properties and assets and to conduct its business as of the Prospectus date; and
- (iii) holds all necessary regulatory and administrative permits, approvals, consents, licenses and similar instruments which qualify it to conduct its business as of the Prospectus date, for the ownership of its assets and properties, and for any construction measures necessary to conduct its business as of the Prospectus date.

(b) Capital Structure of the Company.

- (i) The Charter accurately sets out the number and type of shares of the Company. All shares of the Company have been fully paid-in and have been lawfully issued. No claims for additional payments regarding or in connection with any Company's shares exist;
- (ii) The Subscription
Shares will be duly and validly issued, fully paid and non-assessable, free of all Encumbrances, and will not be subject to preemptive rights, rights of first refusal or other restrictions on transfers or other third party rights.

(c) Compliance with Law. The Company, to the best of its knowledge and effort and each of its Subsidiaries is in compliance with all applicable Laws including environmental, antitrust, labour and competition laws.

(d) No insolvency. Neither the Company nor its Subsidiaries are insolvent (as determined by the insolvency laws applicable in Slovenia or in the place of incorporation of each respective Subsidiary, respectively), and the Company and its Subsidiaries are able to pay their debts as they fall due. No proceeding for the winding up of the Company or any of its Subsidiaries has been threatened, commenced or initiated nor has any petition for such proceeding been submitted. No administrator or liquidator or similar has been appointed by any person regarding the Company, any of its Subsidiaries or any of their respective assets. The Company and its Subsidiaries have not entered into any compromise or similar arrangement with any of their creditors.

(e) Record keeping. The Company and its Subsidiaries keep and maintain books, accounts and records that fairly reflect their material assets, properties, liabilities, obligations and results of the conduct and operation of their business. The corporate record books of the Company and its Subsidiaries accurately reflect all corporate action taken by their respective management and supervisory bodies.

(f) Financial statements. The audited stand-alone and consolidated financial statements of the Company for the years 2011 and 2012, as contained in the Annual Report (the

"**Financial Statements**"), are consistent in all material respects with the books and records of the Company and its Subsidiaries and fairly present, in conformity with all applicable Laws and accounting standards applied on a consistent basis (except as may be indicated in the notes thereto), the financial position of the Company and its Subsidiaries as of the dates thereof, and their results of operations and cash flows for the periods then ended. The Company's and its Subsidiaries' revenue recognition policies and the application of those policies comply with applicable accounting standards, applied on a consistent basis. Nothing has come to the attention of the Company since the respective dates of the Financial Statements that would indicate that any of the Financial Statements are not true and correct in all material respects as of the date thereof.

(g) Serbian Financial Statements. The audited stand-alone financial statements of Gorenje Zaječar and Gorenje Valjevo for the year 2012 (the "**Serbian Financial Statements**") are consistent in all material respects with the books and records of Gorenje Zaječar and Gorenje Valjevo, respectively, and fairly present, in conformity with all applicable Laws and accounting standards applied on a consistent basis (except as may be indicated in the notes thereto), the financial position of Gorenje Zaječar and Gorenje Valjevo, respectively, as of the dates thereof, and their results of operations and cash flows for the periods then ended. Gorenje Zaječar and Gorenje Valjevo do not have any material off balance obligations or contingent obligations except for the liabilities disclosed under the Serbian Financial Statements. Nothing has come to the attention of the Company since the respective dates of the Serbian Financial Statements that would indicate that any of the Serbian Financial Statements are not true and correct in all material respects as of the date thereof.

(h) Mid-Term Business Plan. The Mid-Term Business Plan represents good faith estimates of the performance of the Company and its Subsidiaries for the periods stated therein, based upon assumptions which were in good faith believed to be reasonable when made and continue to be reasonable as of the Prospectus date.

(i) Properties and assets. The Company, Gorenje Valjevo and Gorenje Zaječar have good and transferable title to their respective properties and assets reflected as being owned by them in the Financial Statements and the Serbian Financial Statements, respectively. Except as stated otherwise in the Annual Report, all properties and assets owned by the Company, Gorenje Valjevo and Gorenje Zaječar are free and clear of any Encumbrances or pending claims (including restitution and denationalization claims) as well as built with all required Authorizations.

(j) Equipment and machinery, production licenses. To the best of the Company's knowledge and belief all equipment and machinery which is necessary to the business of the Company, Gorenje Valjevo and/or Gorenje Zaječar is in good condition and repair (ordinary wear and tear excepted) and all leases of assets or property to which the Company, Gorenje Valjevo and/or Gorenje Zaječar are a party are fully effective and afford the Company, Gorenje Valjevo and Gorenje Zaječar, respectively, peaceful and undisturbed possession of the subject matter to the lease. To the best of the Company's knowledge and belief the equipment and machinery of the Company, Gorenje Valjevo and Gorenje Zaječar are sufficient for the conduct of their respective business as presently conducted. Production in the Company, in Gorenje Valjevo and Gorenje Zaječar does not depend upon any third party's intellectual or know-how licenses to manufacture or produce certain products.

(k) Financing. Gorenje Group's borrowings are disclosed in the Annual Report. In the case of a breach of financial covenants the Company always takes all the necessary measures with the respective counterparties to remedy the breach. To the best of the Company's knowledge there are no outstanding due financial obligations arising from the breach of financial covenants towards third persons.

(l) Tax. The Company and its Subsidiaries have filed, in accordance with all applicable Laws, all appropriate or necessary Tax, customs and similar returns or filings and such returns and filings have been, at the time of filing, and are, as of the Prospectus Date, and will continue to be complete, accurate and correct. To the best of the Company's knowledge there are no material undisclosed tax obligations. No material tax matters are known to the Company and its Subsidiaries which are not properly disclosed or accounted for.

(m) Commercial agreements. To the best of the Company's knowledge the Company, Gorenje Valjevo and Gorenje Zaječar are a party to all agreements required for the conduct of their respective business in accordance with good and sound business practice and are in

possession of such agreements; no such agreement contains any terms unusually onerous to the Company, Gorenje Valjevo and/or Gorenje Zaječar, respectively, and all material agreements, undertakings, arrangements or similar of the Company, Gorenje Valjevo and Gorenje Zaječar are duly documented in writing.

(n) **Environment.** The Company, Gorenje Zaječar and Gorenje Valjevo, to the best of its knowledge have obtained and hold all environmental, health and safety permits which are required for operating their business activities under the applicable Laws, and they have at all times complied with all applicable environmental Laws and with the terms and conditions of all such environmental, health and safety permits where such non-compliance could result in legal and/or financial consequences and/or remedial requests also after the Prospectus date. To the best of the Company's knowledge there are no outstanding or potential liabilities of the Company, Gorenje Zaječar or Gorenje Valjevo with respect to any environmental, health or safety audit, study or research by or at the request of any Authority. To the best of the Company's knowledge the Company, Gorenje Zaječar and Gorenje Valjevo: (i) have never released into the environment any material, the presence or release of which is or may be considered hazardous or damaging for the public health and/or the environment, and (ii) have duly transported, stored, treated or disposed of all generated waste. To the best of the Company's knowledge the real property used by the Company Gorenje Zaječar and Gorenje Valjevo, respectively, including the soil and the ground water under such real property, are not contaminated by hazardous materials (including asbestos) in such a way or to such an extent as to cause any liabilities to the Company Gorenje Zaječar and/or Gorenje Valjevo. To the best of the Company's knowledge there are no environmental levies or charges due by the Company, Gorenje Zaječar and/or Gorenje Valjevo to any relevant authority.

(o) **Related party transactions.** To the best of the Company's knowledge all transactions and agreements between the Company, Gorenje Zaječar and Gorenje Valjevo, respectively, and the members of their management or supervisory bodies, Substantial Shareholders, officers or employees, or their respective immediate family members or Affiliates have been concluded at market prices of the respective products and services or at arm's length, or otherwise an adequate disclosure with regards to the related party transactions has been made in the Annual Report. All payments and other considerations made by the Company to these persons have been determined and paid at market prices of the respective products and services or at arm's length, or otherwise an adequate disclosure with regards to the related party transactions has been made in the Annual Report. There are no loans, leases or other agreements or transactions between the Company and any present or former Substantial Shareholder, member of the Company's management or supervisory bodies, officer or employee of the Company, or their respective immediate family members or Affiliates, except for the loan agreement with the International Finance Corporation. No Substantial Shareholder, member of the Company's management or supervisory bodies, officer or employee of the Company, or their respective immediate family members or Affiliates, owns directly or indirectly, on an individual or joint basis, any substantial interest in, or serves as an officer or director or in another similar capacity of, any competitor, customer or supplier of the Company, or any person which has a material contract or arrangement with the Company.

(p) **Litigation.** To the best of the Company's knowledge there are no material litigation, arbitration, administrative, tax or criminal proceedings, investigations or asserted claims pending or notified or threatened relating to the Company, Gorenje Valjevo or Gorenje Zaječar, any of their assets or business, other than those disclosed in the Annual Report.

(q) **Integrity and business ethics.** The Company and its Subsidiaries have not made directly or indirectly any payment prohibited by Law to a public official or any domestic or foreign Authority, a political party or its officers, or any candidate for public office and have in all respects and aspects complied with all applicable Laws and acted consistently with principles of good conduct and business ethics.

(r) **Separate Representations and Warranties.** Each of the Representations and Warranties in Schedule 1 is separate and independent and, except as expressly provided to the contrary herein, is not limited by reference to any other Representation or Warranty or by anything else.

Appendix 2: Financial statements of companies Gorenje Aparati za Domaćinstvo, d.o.o., Valjevo and Gorenje Home, d.o.o. Zaječar for financial years 2012, 2011, 2010 and 1- 6 2013

Balance sheet

Gorenje aparati za domaćinstvo, d.o.o.

In thousand EUR

	31.12.2010	31.12.2011	31.12.2012	30.6.2013
ASSETS	43,991	47,633	79,712	108,371
LONG-TERM ASSETS	15,671	15,688	35,095	48,119
Intangible assests and log-term deferred costs and accrued income	2,156	2,212	264	390
Tangible assets	13,481	13,386	34,345	47,240
Investment immovables	0	0	0	0
Long-term investment	0	8	325	328
Long-term accounts receivables	0	0	0	0
Deferred tax assets	34	82	160	161
SHORT-TERM ASSETS	28,318	31,939	44,614	60,117
Long-term marketable assets	0	0	0	0
Inventories	5,528	3,392	4,730	15,422
<i>materials</i>	4,031	2,728	3,182	9,998
<i>work in progress</i>	355	355	475	1,315
<i>products</i>	317	147	374	2,769
<i>commercial goods</i>	0	0	0	7
<i>advance payments</i>	825	162	699	1,333
Short-term investments	419	4,437	3,234	3,057
Short-term accounts receivables	22,007	23,895	32,911	41,463
Cash, banks cheques	364	215	3,739	175
Deferred costs (expenses ⁹ and accrued income	2	6	3	135
LIABILITIES AND EQUITY	43,991	47,633	79,712	108,371
SHAREHOLDER'S EQUITY	31,005	36,418	43,898	43,112
Called-in equity capital	23,415	24,283	27,204	27,290
Nominal capital	0	0	0	0
Reserves	0	0	0	0
Surplus from revaluation	0	0	0	0
Retained earn./accum .loss after dividends paid	2,671	7,872	11,090	16,794
Net profit or loss for accounting period	5,145	4,336	5,624	-980
Transfer to and from reserves	0	0	0	0
Exchange rate differences	-225	-72	-20	8
PROVISION	3,418	1,929	1,838	2,371

LONG-TERM LIABILITIES	0	0	1,613	12,795
Long-term financial obligations	0	0	1,613	12,795
Long-term operating liabilities	0	0	0	0
Deferred tax liabilities	0	0	0	0
SHORT-TERM LIABILITIES	9,479	9,226	31,526	48,442
Payables, included in marketable assets for disposal	0	0	0	0
Short-financial obligations	985	0	3,642	6,946
Short-term operating liabilities	8,494	9,226	27,884	41,496
DEFERRED INCOME AND ACCRUED COSTS (EXPENSES)	89	59	837	1,651
CONTINGENT LIABILITIES	-1,119	-1,285	3,341	-906

INCOME STATEMENT

Gorenje aparati za domačinstvo, d.o.o.

In thousand EUR	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2012	Jan-jun 2013
Net sales	63,465	55,145	65,387	53,507
In-/Decrease of finished products and work in progress	208	-198	392	3,257
Manufacturing costs capitalized	0	0	0	0
Other operating income	110	2,405	6,618	109
Gross operating yield	63,783	57,352	72,397	56,874
Costs of raw materials, supplies, etc.	50,910	45,698	60,807	51,071
<i>Cost of purchased merchandise</i>	294	260	793	1,177
<i>Costs of raw materials and supplies</i>	42,525	38,624	46,538	40,501
<i>Costs of services</i>	8,091	6,814	13,476	9,393
Personnel expenses	3,706	3,615	3,964	3,567
<i>Depreciation</i>	3,016	2,937	3,174	2,851
<i>Expenses for compulsory employee ben.</i>	560	549	634	547
<i>Expenses for other employee benefits</i>	130	129	156	169
Write-offs	1,955	1,965	1,562	1,586
<i>Depreciation</i>	1,930	1,940	1,497	1,528
<i>Revaluating operating expenses from intangible and tangible assets</i>	0	5	1	0
<i>Revaluating expenses of current</i>	25	20	64	58
Other operating expenses	933	874	1,106	498
Provision	1,966	1,137	1,027	643
Operating result	4,313	4,062	3,931	-491
Income from financial activities	4,123	3,743	5,990	3,466
Expenses from financial activities	3,299	3,516	4,382	3,945
Financial result	824	227	1,608	-479

Profit or loss from ordinary activities	5,137	4,289	5,539	-970
Extraordinary income	0	0	0	0
Extraordinary expenses	2	0	0	9
Extraordinary result	-2	0	0	-9
Total profit or loss before taxes	5,136	4,289	5,539	-979
Taxes on current and deferred income	-9	-47	-85	1
Net profit or loss for accounting period	5,145	4,336	5,624	-980

Balance sheet

Gorenje Home d.o.o. Zaječar

In thousand EUR	31.12.2011	31.12.2012	30.6.2013
ASSETS	10,644	18,133	16,679
LONG-TERM ASSETS	5,654	9,637	9,790
Intangible assests and log-term deferred costs and accrued income	0	0	0
Tangible assets	5,654	9,637	9,790
Investment immovables	0	0	0
Long-term investment	0	0	0
Long-term accounts receivables	0	0	0
Deferred tax assets	0	0	0
SHORT-TERM ASSETS	4,234	8,496	6,889
Long-term marketable assets	0	0	0
Inventories	934	1,523	2,087
<i>materials</i>	507	879	993
<i>work in progress</i>	0	48	33
<i>products</i>	358	570	921
<i>commercial goods</i>	0	0	0
<i>advance payments</i>	69	27	140
Short-term investments	1,263	1,557	1,271
Short-term accounts receivables	1,106	5,333	3,129
Cash, banks cheques	931	83	403
Deferred costs (expenses) and accrued income	756	0	0
LIABILITIES AND EQUITY	10,644	18,133	16,679
SHAREHOLDER'S EQUITY	4,606	4,986	4,531
Called-in equity capital	2,975	2,821	2,843
Nominal capital	0	0	0
Reserves	0	0	0
Surplus from revaluation	0	0	0
Retained earn./accum .loss after dividends paid	0	1,491	2,177
Net profit or loss for accounting period	1,658	676	-494
Transfer to and from reserves	0	0	0
Exchange rate differences	-28	-2	4
PROVISION	0	1,659	1,670

LONG-TERM LIABILITIES	81	94	94
Long-term financial obligations	0	0	0
Long-term operating liabilities	0	0	0
Deferred tax liabilities	81	94	94
SHORT-TERM LIABILITIES	5,957	11,389	8,198
Payables, included in marketable assets for disposal	0	0	0
Short-financial obligations	3,271	2,479	2,806
Short-term operating liabilities	2,686	8,909	5,392
DEFERRED INCOME AND ACCRUED COSTS (EXPENSES)	0	6	2,185
CONTINGENT LIABILITIES	0	808	1,516

Income statement

Gorenje Home d.o.o. Zaječar

In thousand EUR	Jan-Dec 2011	Jan-Dec 2012	Jan-jun 2013
Net sales	1.334	15.336	6.445
In-/Decrease of finished products and work in progress	364	292	335
Manufacturing costs capitalized	0	0	0
Other operating income	1.572	1.841	5
Gross operating yield	3.271	17.469	6.786
Costs of raw materials, supplies, etc.	1.144	15.420	6.648
<i>Cost of purchased merchandise</i>	0	558	174
<i>Costs of raw materials and supplies</i>	990	7.392	3.468
<i>Costs of services</i>	154	7.470	3.005
Personnel expenses	126	602	305
<i>Depreciation</i>	93	457	234
<i>Expenses for compulsory employee ben.</i>	19	91	46
<i>Expenses for other employee benefits</i>	14	54	25
Write-offs	29	385	207
<i>Depreciation</i>	29	375	193
<i>Revaluating operating expenses from intangible and tangible assets</i>	0	0	11
<i>Revaluating expenses of current</i>	0	10	3
Other operating expenses	4	62	21
Provision	0	5	1
Operating result	1.968	995	-396
Income from financial activities	94	728	246
Expenses from financial activities	321	1.028	344
Financial result	-228	-300	-98

Profit or loss from ordinary activities	1.741	695	-494
Extraordinary income	0	0	0
Extraordinary expenses	0	0	0
Extraordinary result	0	0	0
Total profit or loss before taxes	1.741	695	-494
Taxes on current and deferred income	83	19	0
Net profit or loss for accounting period	1.658	676	-494

**STRATEGIC PLAN
OF THE GORENJE GROUP
2012 – 2015**

(Summary)

Gorenje, d.d., Management Board

Velenje, December 20th 2011

Changes in the environment

- Due to the unstable economic environment stirred by the global financial crisis, the operating conditions have changed drastically relative to the time of announcement of the previous strategic plan (early 2010).

Changes at the Gorenje Group

- In August 2010, the Group acquired the Asko Group – a Swedish home appliance manufacturer.
- In 2011, intensive activities were launched for divestment of non-core property and activities (disposal of interest in the company Istrabenz-Gorenje, divestments in France, Serbia etc.).

Adjustment to the requirements of effective management

- Taking a medium-term view of the Gorenje Group operating performance

Market uncertainty in 2011

- High volatility in the raw material / commodity markets
- Stringent competition in the industry prevents increasing the downstream prices
- Euro debt crisis
- Problems in the European financial system (high revaluation adjustments, Basel III implementation)
- High unemployment rate



Challenges for the Gorenje Group

- Unpredictable changes in material costs
- Pressure on profit margins
- Conservative stance of the end-buyers as they find it hard to secure a loan
- Possibility of further problems of retail chains due to payment defaults

Possible scenarios:

- A closer fiscal union – gradual decrease of sovereign debt and recapitalization at banks
- Debt write-off following the Greek example
- Abandonment of the Euro zone by any of the member states

Effects on Gorenje Group:

- Terms and conditions of refinancing and debt reduction
- (Weakened) financing power by the end-buyers and retail chains
- Effect on the euro exchange rate relative to local currencies – particularly in the South-eastern European region

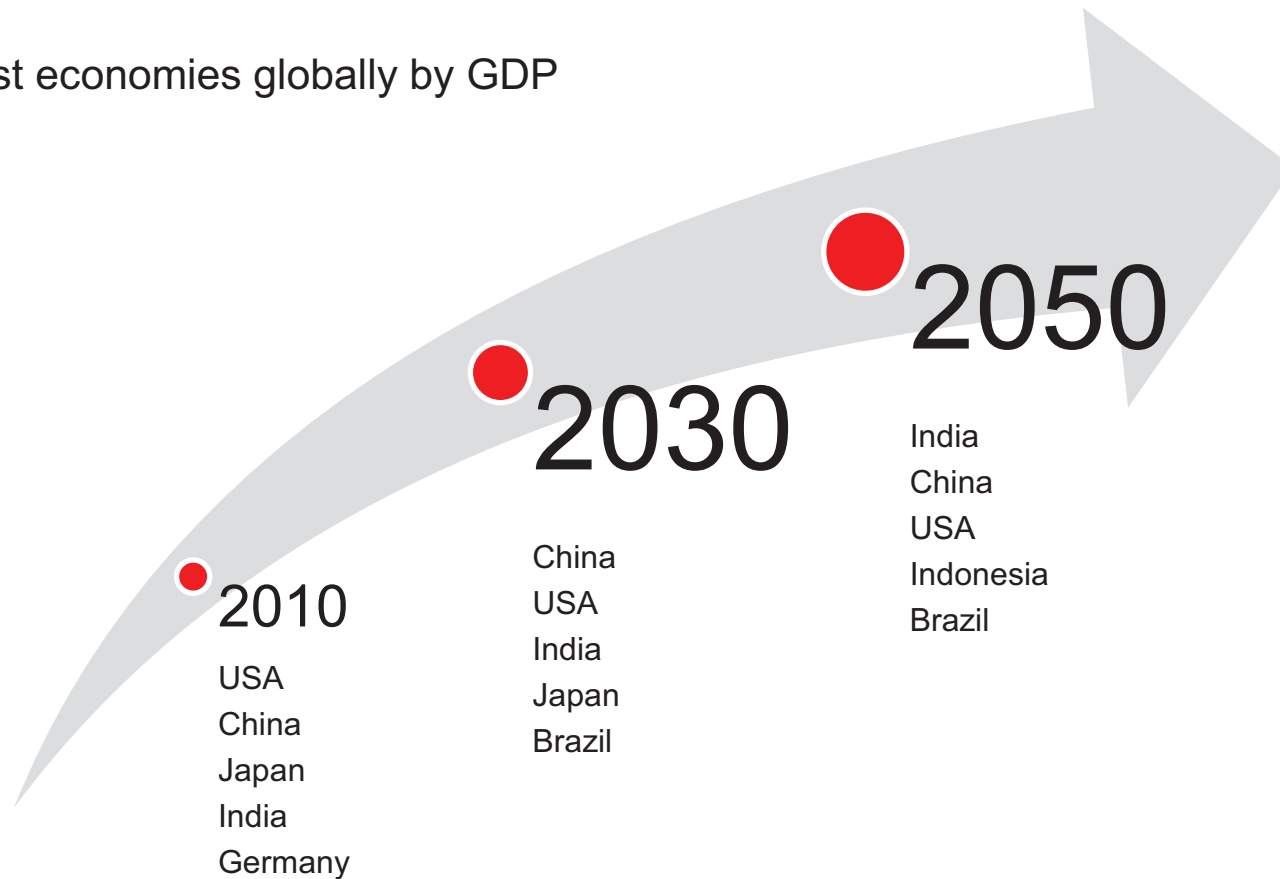
Possible scenarios:

- Goldman Sachs analysts forecast an increase in oil price by 15 percent in 2012, and further growth in 2013.
- Steel sheet prices in 2012 are expected to rise due to low stock in the supply chain, inventory replenishment cycle, downsized production capacity in the steel industry, and pricey supply of raw materials. Annual price increases are expected to be more moderate in the coming years due to lower demand by the real economy.
- Strong dependence of upstream and downstream raw material prices on the global economic growth in emerging or promising markets (China, India, Brazil, Russia).

Effects on Gorenje Group:

- As a result of harsh competition and excess manufacturing capacities in the industry, high prices of raw and processed material cannot be entirely levied on the downstream (sales) prices.
- This can cause pressure on operating profitability and unstable cash flow.

Five largest economies globally by GDP

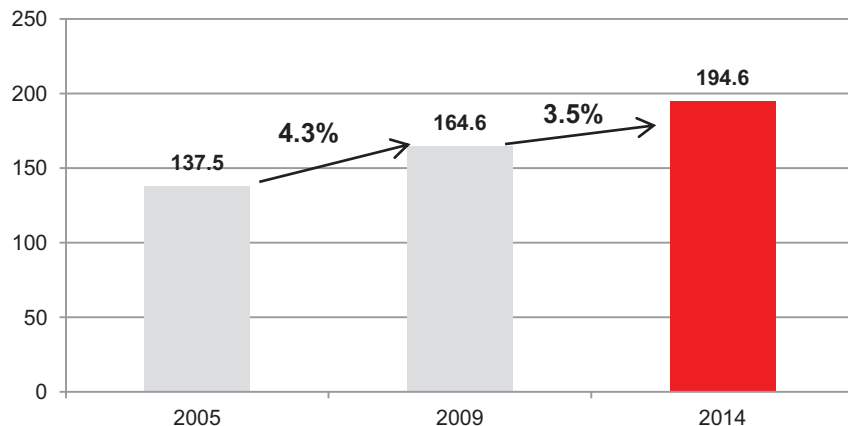


A change in the list of the largest economies requires greater focus of sales on the markets of the future.

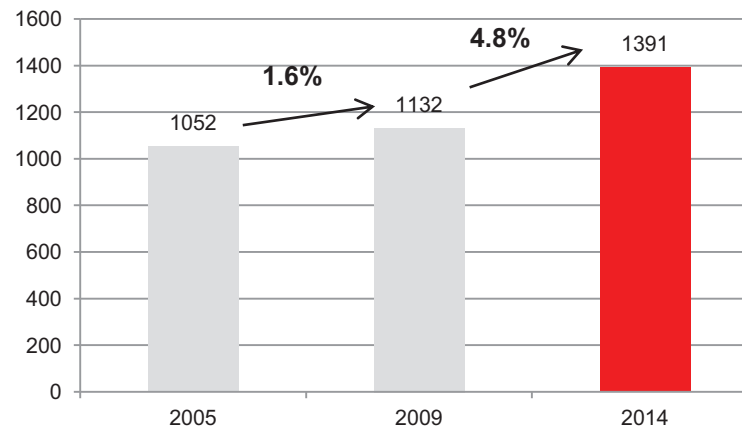
TRENDS IN THE INDUSTRY – HOME APPLIANCE SALES



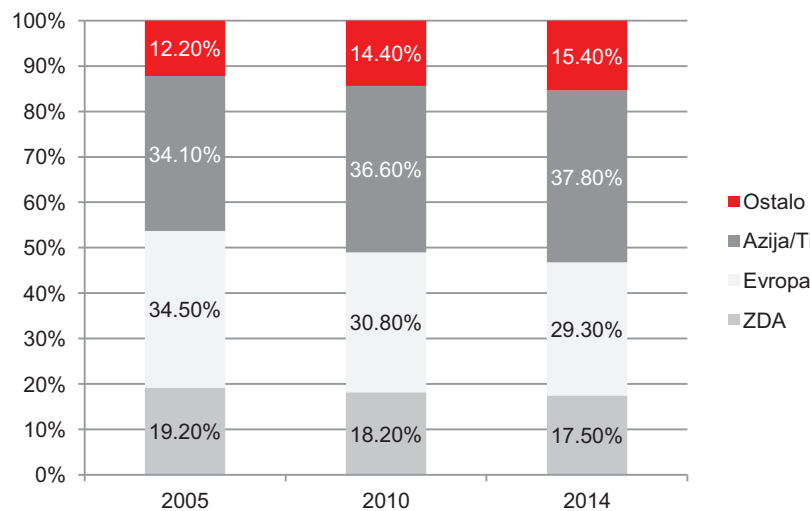
Sales by value (EUR billion)



Sales volume (million units)



Composition of sales by value



Growth of sales value by markets

	2005-2010	2010-2014
USA	3.20%	2.50%
Europe	2.00%	2.10%
Asia/Pacific	5.80%	4.30%
Other markets	7.80%	5.10%

Global growth of major appliance sales is estimated at 3.5%; higher growth is anticipated beyond Europe, growth in Europe expected at 2.1%.

- Individualization of households, smaller families in developed countries
- Demographic changes (ageing population)
- Consumer focus on a healthy lifestyle
- Higher ecological awareness due to climate changes
- Technological trends: smart appliances, advanced technologies, energy efficiency

These changes in lifestyles and consumer behaviour affect the development and design of appliances.

1. Increase robustness to the effects financial crises

- Profitable increase in volume of business operations
- Short-term generation of value: increase in free cash flow
- Long-term generation of value: improvement in economic profit / EVA
- Debt management: improving the capacity of self-financing, divestment of non-core assets and activities, diversification of financing sources → possibility of listing the share in an international stock exchange

2. Seizing the opportunities in the core industry

- Simplifying/streamlining the operations – new organization.
- Looking for market niches (both in terms of geographical distribution and products)
- Even more focus on design and innovation
- Multi-brand strategy to cover all price segments
- A shift from pan-European to global presence, especially with niche products

VISION

TO BECOME WORLD BEST
DESIGN DRIVEN INNOVATOR
OF HOME PRODUCTS

MISSION

TO CREATE INNOVATIVE, **DESIGN DRIVEN AND**
TECHNICALLY PERFECT PRODUCTS AND SERVICES
THAT BRING SIMPLICITY TO OUR USERS

AMBITION

CREATIVITY

RESPONSIBILITY

HONESTY

SIMPLICITY

FUNDAMENTAL VALUES

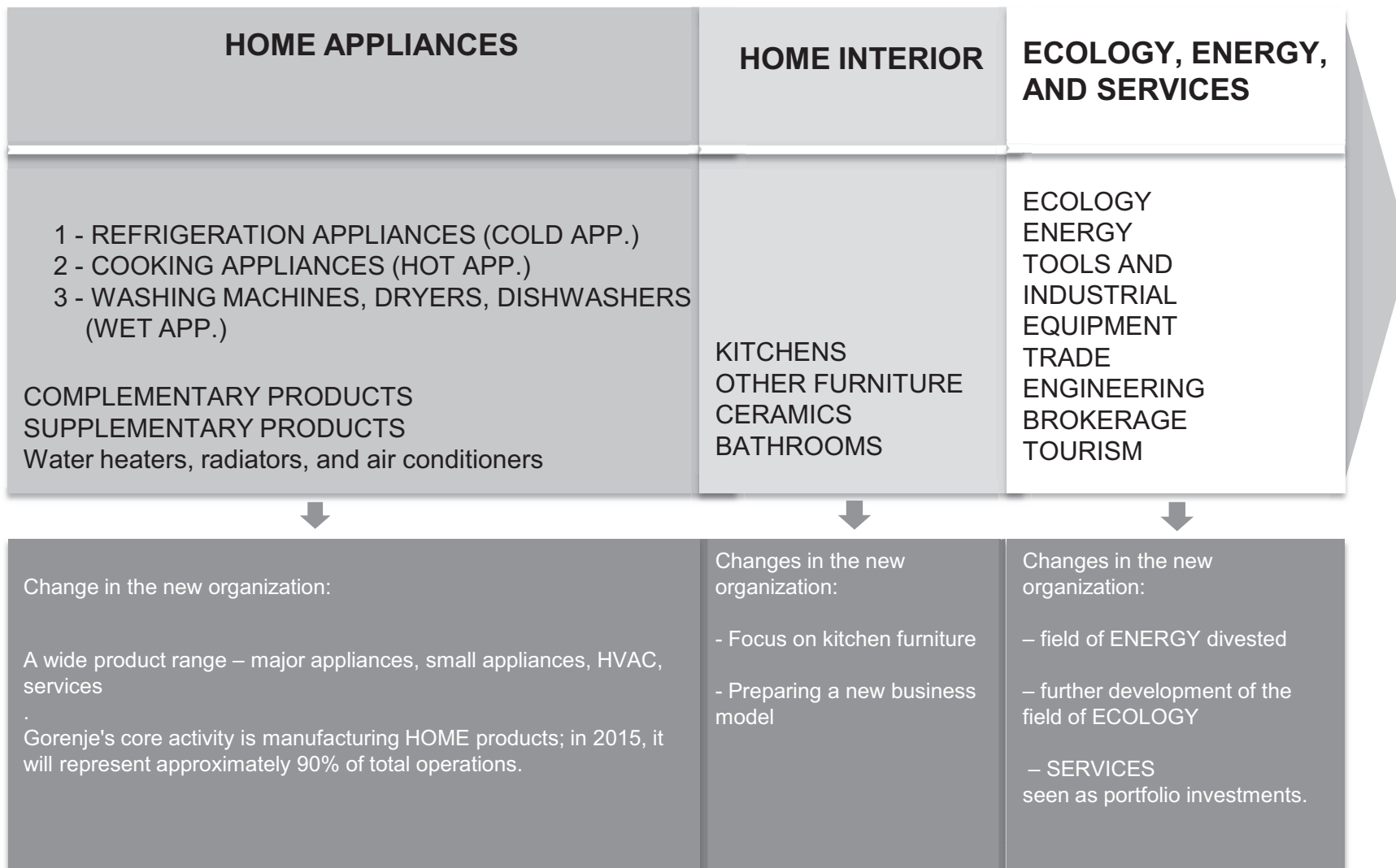
www.gorenje.com



MEASURE: CHANGES TO THE GROUP ORGANIZATION



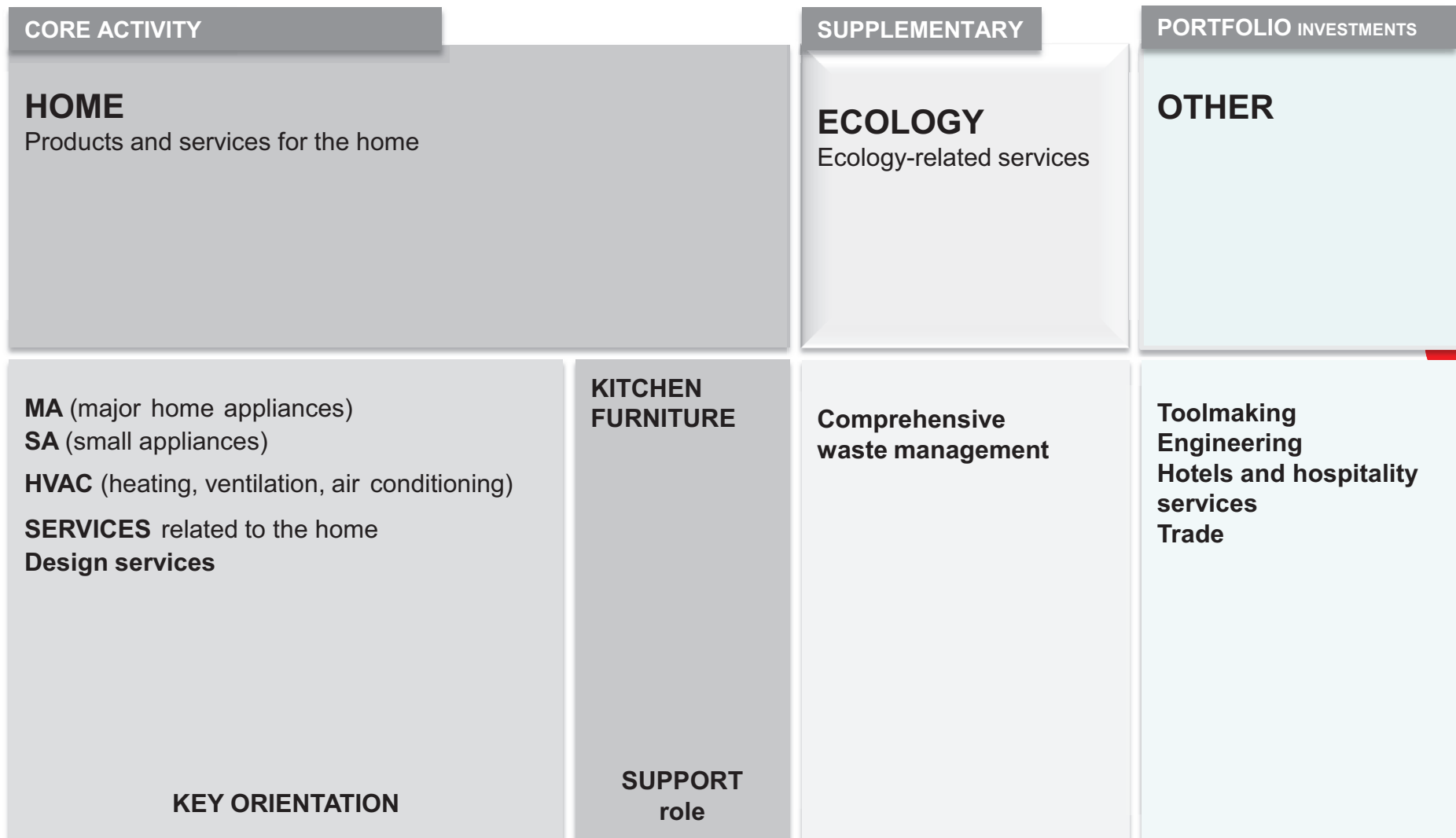
Previous Gorenje Group organization: three divisions



MEASURE: NEW GROUP ORGANIZATION

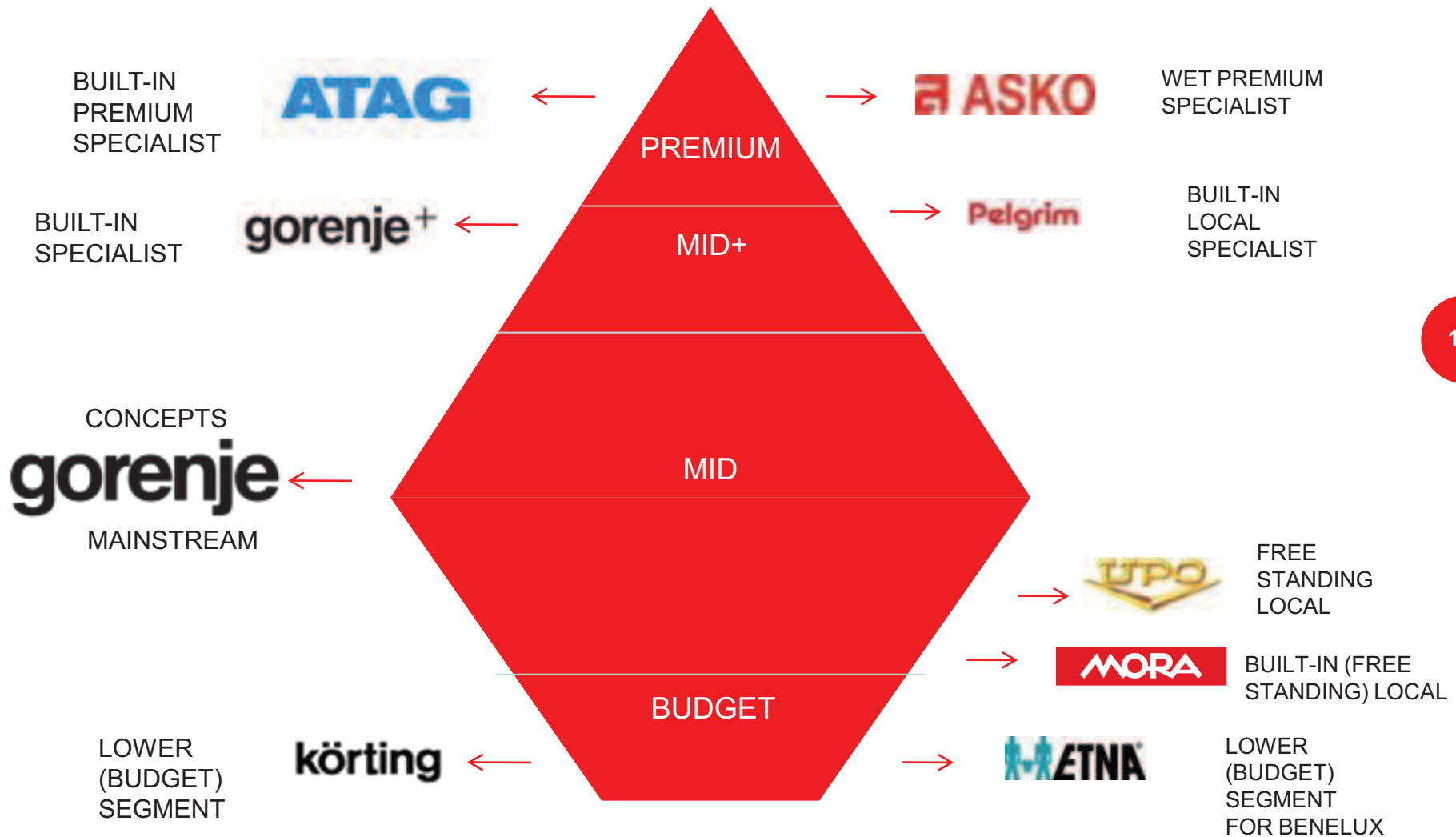


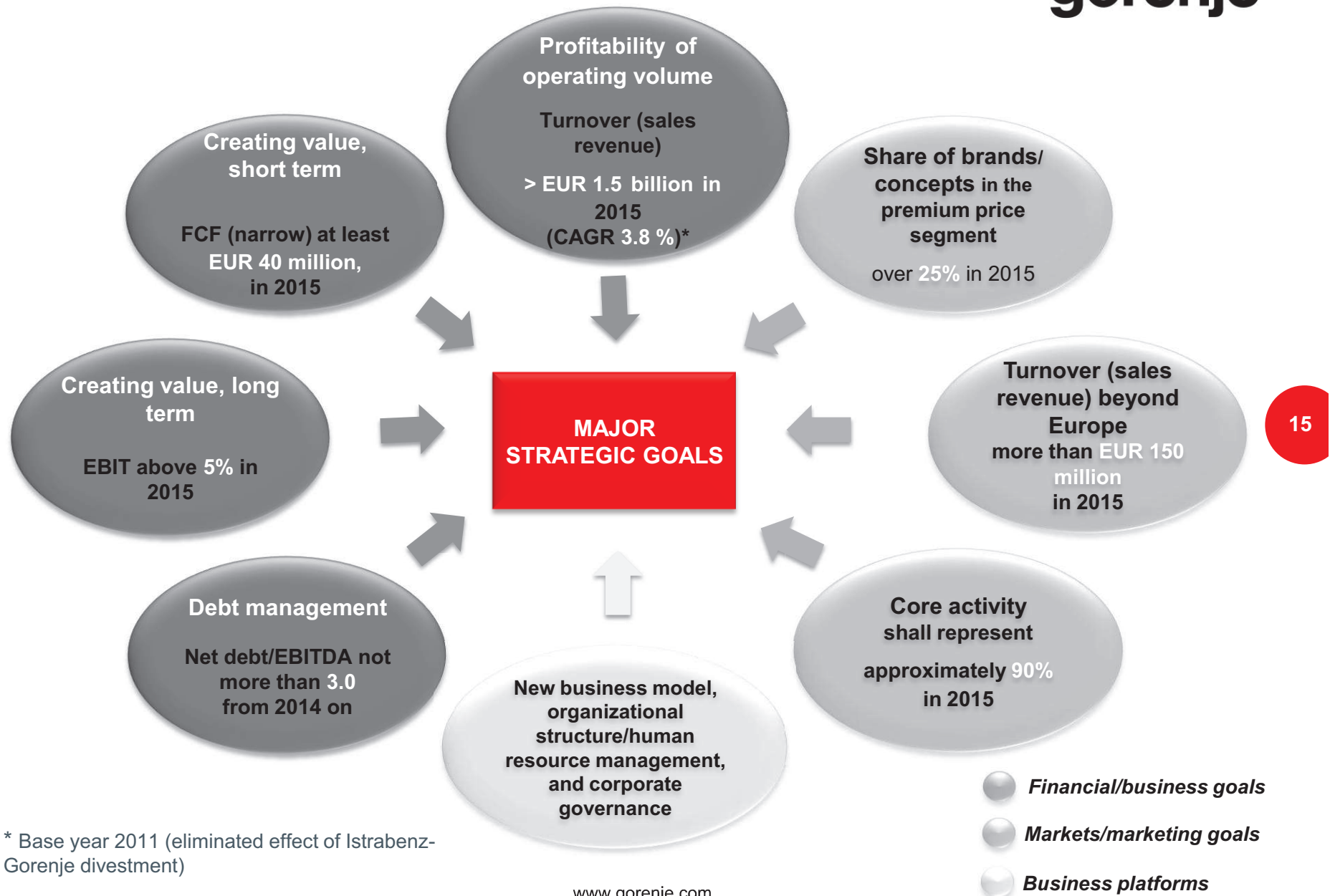
Organization of Gorenje Group by new business fields:





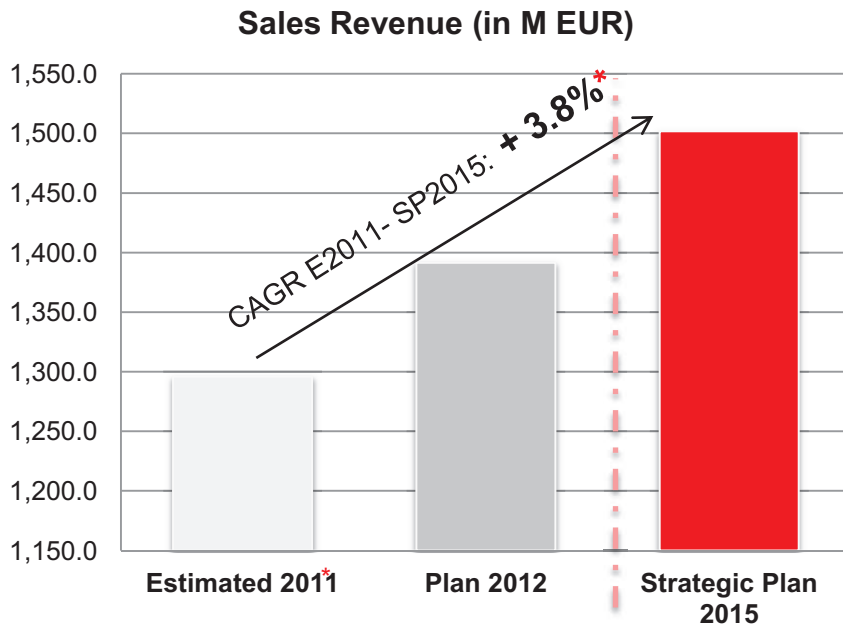
Multi-brand strategy to cover all price segments





* Base year 2011 (eliminated effect of Istrabenz-Gorenje divestment)

SPECIFIC GOAL BY 2015 – HIGHER VOLUME OF OPERATIONS **gorenje**

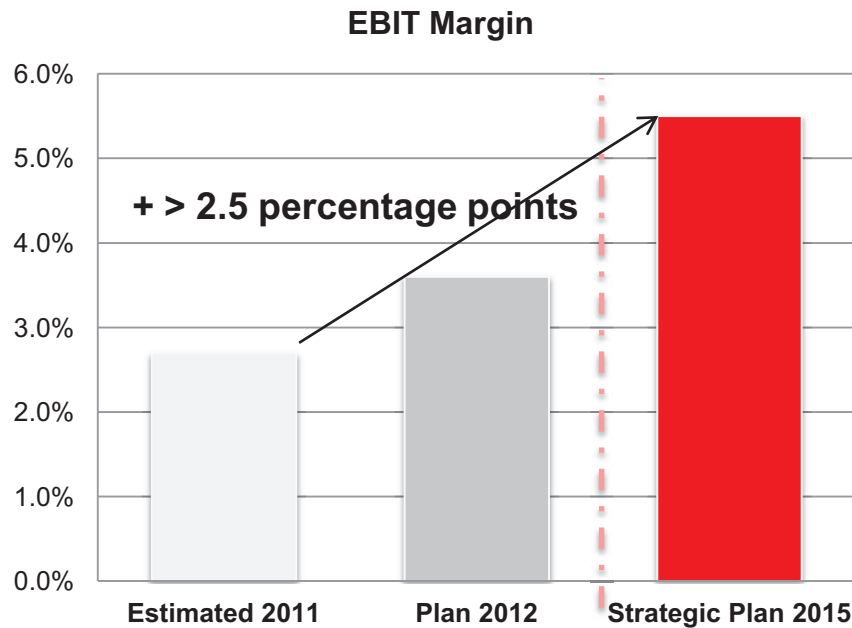


Planned activities:

- ▶ Expansion to the emerging BRIC markets and other overseas countries
- ▶ Focus on product niches (e.g. built-in appliances)
- ▶ Focus on profitable growth of sales volume

* Comparable base 2011 without revenue from the energy segment (elimination in July 2011)

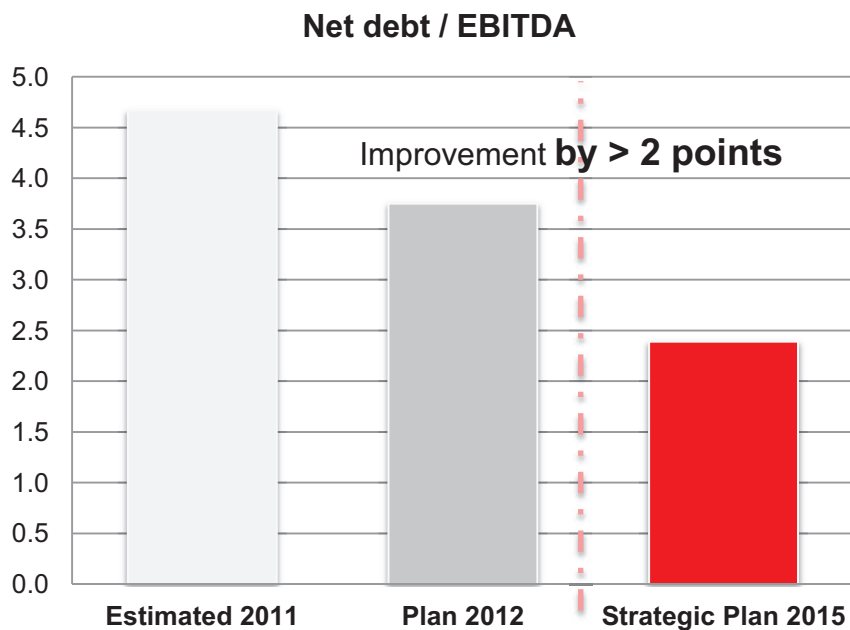
SPECIFIC GOAL BY 2015 – IMPROVED PROFITABILITY



Planned activities:

- ▶ Improvement of composition of sales by products and geographical distribution, with moderate volume growth
- ▶ Cost rationalization – further optimization of manufacturing sites
- ▶ Focus on products with higher value added
- ▶ Focus on core activity: HOME

SPECIFIC GOAL BY 2015 – IMPROVING ROBUSTNESS TO FINANCIAL CRISES



Planned activities:

- ▶ The goal will be accomplished by 2014.
- ▶ Increase in the self-financing capacity in the function of financing development and reducing the debt
- ▶ Optimization of key elements of debt reduction: increase in profitability of operations, focused investment, and net working capital management

The dividend policy of the Gorenje Group and its parent company in the strategic period shall remain consistent with the policy effective before 2009. Thus, up to one third of Gorenje Group net profit (profit after taxes) shall be allocated for dividend payment every year.

- ▶ Annual update of the strategy.
- ▶ The Management Board shall monitor strategy implementation on a monthly basis:
 - ▶ KPI, key strategic goals
 - ▶ Key implementation projects
- ▶ The Management Board shall report **at each Supervisory Board session** about the strategy implementation activities.
- ▶ **Annual review and adjustment** of strategy – once per year, to be performed by the Strategic Business Council.



DISCLOSURE: Forward-looking statements

This document includes forward-looking forecasts and information, i.e. statements regarding the future, rather than the past, and statements 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 (Ljubljanska borza, d.d.). 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. As a result of these factors, 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 the industries in which 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 the customers; decrease in prices as a result of persistently harsh market conditions, in an extent much higher than currently expected by the Gorenje 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 or 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.