2013

Unaudited Interim January – September 2013

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

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

Contents

Performance Highlights of the Gorenje Group

CORE FINANCIAL INDICATORS

- Revenue was recorded at EUR 897.1m (1.5% less than in the last year's equivalent period).
- Revenue by the Business Segment Home (core activity) amounted to EUR 778.7m, which indicates a growth of 1.0% over the previous year or an increase in revenue by 2.1% if the impact of exchange differences is not taken into account.
- EBITDA of EUR 55.4m, which is 3.3% less than in the first nine months of 2012. The EBITDA margin was recorded at 6.2% and indicates a decline of 0.1 p.p. over the previous year.
- EBIT of EUR 23.6m, which is 5.7% more than in the comparable period in 2012. The EBIT margin amounted to 2.6% and indicates an improvement of 0.1 p.p. over the 2012 balance.
- Significant impact of non-recurring items (EUR -20.1m) on the Group's profitability in the first nine months of 2013:
    - non-recurring effects related to the disposal of the company Notranja oprema (EUR -6.6m) disclosed within discontinued operation,
    - impairment of investments (EUR -3.7m),
    - total effect of exchange losses recognised among the operational part of the income statement and in the financial result (EUR -9.8m).
- The loss for the period consequently amounted to EUR -18.2m. Without the impact of all stated negative non-recurring effects, the Group's profit for the period would amount to EUR 1.9m in the first nine-months of 2013.
- The loss without discontinued operation amounted to EUR-9.3m. Without the effect of non-recurring items, the Group's profit without discontinued operation, would in the first nine months of 2013 be recorded at EUR 4.2m.
- Due to the seasonally-conditioned increase in revenue, improved sales structure and the full effect of the production relocation activities, Gorenje estimates that profit without discontinued operation will in Q4 2013 amount to EUR 11.7m and the profit for the period in the amount of EUR +9.4m. Irrespective of the loss without discontinued operation recorded as at 30 September 2013, the Group estimates that profit without discontinued operation will be achieved by the year-end of 2013 in the amount of EUR 2.4m. The estimated loss for the year 2013 is recorded at EUR -8.8m. Without the non-recurring negative effects caused by the disposal of the company Notranja oprema, the impairment of investments and the total effects of exchange losses that will also have an impact on the year-round business economics, and taking account of the positive effects of this year's launch of a uniform recording of capitalised costs of development on the Group level (EUR 11m), the Gorenje Group would in 2013 according to estimates record a profit of EUR 10m. The relevant estimate is in detail outlined in the special chapter, on pages 6 and 7.

MARKETS

- Gorenje's market position in Europe has been strengthened (+0.22 p.p. to 3.51 %[1] compared to the equivalent period in 2012).
- Compared to the equivalent period in 2012, in the Business Segment Home the biggest growth was generated in the markets of Ukraine (+8.3%), Russia (+16.0%), Germany (+2.6%), UK (+12.0%), Slovenia (+4.6%), Croatia (+8.4%), Bulgaria (+18.8%), Romania (+26.2%) and China (+83.3%).
- Lower volume of sales as compared to the 30 September 2012 balance was achieved on the markets of France (-33.4%), Scandinavia (-9.6%), the Netherlands (-3.2%), Serbia (-2.9%) and Czech Republic (-5.2%).

OPTIMISATION OF PRODUCTION AND SALES FACILITIES

- The washing machine and dryer production was successfully transferred from Sweden to Slovenia, as well as the production of refrigerators and freezers from Slovenia to Serbia. The full utilisation of new production processes was implemented in Q3 2013.
- The relocation of the dishwasher production from Sweden to Slovenia was successfully completed in Q3 2013. Thus, the first production of dishwashers in Velenje was launched in September.
- The successful transfer of production processes shall be positively reflected in lower monthly employee benefits expense, partly also in costs of primary material and energy costs within the Group.
- The upgrades of sales models in France and Turkey entered its advanced stage and caused additional costs in 2013 (up to EUR 2.0m), whereby significant positive effects are expected as early as in 2014.
- The merger of sales models on certain Eastern European markets (Czech Republic and Slovakia, Croatia and Slovenia). The related positive effects are anticipated in 2014.

INDEBTEDNESS

- Q3 2013 recorded a negative narrow free cash flow[2] (EUR -23.8m), which is attributable mostly to higher investments made in connection with relocating the production processes and the loss for the period[3].
- The narrow free cash flow is negative as this is usual for the first nine months of the year (EUR -80.7m). Compared to the 30 September 2012 balance, the result worsened by EUR -33.9m, which is attributable mostly to higher investments made due to production relocation.

[1] Source: CECED Q1-3 (European Committee of Domestic Equipment Manufacturers)
[2] Narrow free cash flow is calculated based on the profit or loss for the period + amortisation and deprecitation expense – Capex + divestment – investments in net current operating assets (+/- change in inventories +/- change in trade receivables +/- change in trade payables).
[3] Loss for the period includes also all non-cash items referring to impairment of investments, disposal of companies within the framework of discontinued operation. In Q3 2013, loss for the period includes non-cash items referring to the impairment of certain investments (EUR -2.7m) and the disposal of the company Notranja oprema (EUR -5.5m).

- Indebtedness increased by EUR 18.9m over the H1 2013 (due to the negative free cash flow in Q3 2013), whereas the gross financial debt increased by EUR 42.5m as compared to the year-end balance of 2012. It should be noted that pursuant to provisions of the applicable accounting standards, the item of financial liabilities includes also the amount of EUR 10m paid by Panasonic and referring to the equity increase. The latter is due to the fact that the paid-in capital was not entered into the register of companies as at 30 September 2013 but as early as on 11 October 2013. Given that the respective equity was paid in but not registered by the end of Q3 2013, the actual total financial liabilities amounted to EUR 465.2m as at 30 September 2013. In view of last year's comparable period, the balance of total financial liabilities upon considering the paid-in equity increase is higher by EUR 6.4m and by EUR 8.9m if compared to Q2 2013.

DIVESTMENT

- EUR 22.3m was generated by divestment of non-core and underperforming assets. Most of these divestments were completed already in the first half-year of 2013.
- Gorenje withdrew from the segment of furniture production by selling the companies Gorenje Kuhinje and Gorenje Notranja oprema, both recording negative results in previous periods. On the basis of the buyer's decision to liquidate one of the acquired companies, additional write-offs occurred in Q3 2013 in the amount of EUR 5.5m and in the amount of EUR 6.6m in the first nine months, relating to the company Notranja oprema. The relevant write-offs are of non-recurring nature and will in future no longer burden the Group's profitability and free cash flow.

COST MANAGEMENT

- Gorenje successfully curbed the purchase costs of materials and raw materials (net price effect of -2.3 p.p.). The effect is partly attributable to the successfully completed transfer of production processes.
- Employee benefits expense declined over the last year's equivalent period by 5.6%. The Group's average monthly employee benefits expense dropped by up to 10.0% (most of the related effects was already accounted for in September 2013) as a result of the implemented production relocation.
- Cost of transport and logistics services grew by 3.0% over the previous year's comparable period as a result of changed transport routes due to the production relocation and the changed geographical sales structure.
- The Group standardised or uniformed the recording of development costs in 2013. Compared to 2012, the uniformity resulted in higher capitalised costs of development in the current period of 2013. In compliance with the practice in previous years, solely costs relating to the development of new products are capitalised. The capitalised costs are amortised through the expected useful life of products. In the nine-month period that ended as at 30 September 2013, costs of development were capitalised in the amount of EUR 8.2m (EUR 2.3m in the period from 1 January to 30 September 2012).

DEVELOPMENT AND NEW PRODUCTS

- New products were launched on the market, namely the next ION refrigerator-freezer generation, the Gorenje dryers with a heat pump in the energy class A-40 and A-50, new Asko dishwashers, the Gorenje ONE concept line earmarked for online sale, and the new Classico designer line earmarked predominantly for markets of Russia and Ukraine. The production of the upgraded Simplicity designer line was launched in Q3 2013. Positive effects of the sales can be expected in Q4 2013 and mostly in 2014.

CORPORATE GOVERNANCE AND SOCIAL DIALOGUE

- A uniform monitoring and management arrangement is applied in all subsidiaries in compliance with the upgraded Corporate Governance system.
- The social dialogue with employees as well as activities for reforming the existing collective agreement for companies in Slovenia were continued in Q3 2013.

EQUITY INCREASE AND THE STRATEGIC PARTNERSHIP WITH PANASONIC

- The first increase of share capital was successfully carried out. EUR 10m of fresh equity was paid in by our strategic partner Panasonic. The key areas of the strategic partnership comprise:
    - Research and development – this area includes joint development projects for the new generation of washing machines, the adjustment of existing refrigerator and cooking appliances; the exchange of specific know-how relating to market requirements, technical solutions and development techniques is also envisaged within the framework of research and development.
    - Production – the area comprises higher utilisation of production capacities in Gorenje's existing production plants (i.e. refrigerator and cooking appliances), joint investments aimed at increasing production capacities for washing machines, the exchange of production principles and culture, and improving the bargaining power during the purchase of strategic raw materials and material.
    - Sales – cover possible joint distributions in the kitchen retail sales channel in Europe, the possibility of expanding Gorenje's premium production lines by products manufactured by Panasonic, improved efficiency of joint sales and distribution channels.
- Gorenje proceeded with the activities necessary for the second equity increase, which are to be carried out in two stages. On the basis of the pre-emptive right, the newly issued shares shall first be offered to the existing shareholders. At the second stage, the respective shares will be offered to third parties and to issuer's employees.

NEW 2014 – 2018 STRATEGIC PLAN

- Changes that were implemented in the past three years (e.g. successfully completed production relocation, upgrade and merger of certain sales models on individual markets, and the withdrawal from the furniture segment) were used as the basis for drawing up a new strategic plan. Accordingly, the effects of implemented activities were fully integrated into the period 2014-2018.
- Moreover, we have redefined the new key strategic projects for implementing goals in the next 5-year period.

EURm	Q3 2012	Q3 2013	Index	Jan-Sep 2012	Jan-Sep 2013	Index	Plan Jan-Sep 2013	Plan realisation	Plan 2013	Plan realisation
Revenue	304.2	307.0	100.9	910.6	897.1	98.5	973.7	92.1	1,339.6	67.0
EBITDA	12.3	18.6	150.9	57.3	55.4	96.7	64.3	86.1	96.7	57.3
EBITDA margin (%)	*4.1%*	*6.1%*	/	*6.3%*	*6.2%*	/	*6.6%*	/	*7.2%*	/
EBIT	1.0	8.1	813.0	22.4	23.6	105.7	28.6	82.6	48.9	48.3
EBIT margin (%)	*0.3%*	*2.6%*	/	*2.5%*	*2.6%*	/	*2.9%*	/	*3.7%*	/
Profit or loss before tax	-4.9	-3.6	73.1	4.1	-6.8	/	-0.8	867.8	9.4	/
Profit or loss without discontinued operation	-6.4	-4.3	67.2	0.9	-9.3	/	-3.9	236.5	4.2	/
Profit or loss from discontinued operation	-2.3	-6.1	259.4	-7.3	-8.9	122.4	/	/	/	/
Profit or loss for the period	-8.7	-10.4	119.0	-6.4	-18.2	284.7	-3.9	462.0	4.2	/
ROS (%)	*-2.9%*	*-3.4%*	/	*-0.7%*	*-2.0%*	/	*-0.4%*	/	*0.3%*	/
ROA (%)	*-2.9%*	*-3.5%*	/	*-0.7%*	*-2.0%*	/	*-0.5%*	/	*0.4%*	/
ROE (%)	*-9.0%*	*-11.0%*	/	*-2.2%*	*-6.4%*	/	*-1.3%*	/	*1.0%*	/
ROIC (%)	*0.1%*	*2.4%*	/	*0.7%*	*2.3%*	/	*2.1%*	/	*2.7%*	/
Free cash flow / narrow[4]	-13.6	-23.8	175.9	-46.8	-80.7	172.6	-19.4	416.2	10.9	/
Financial debt	458.8	475.2	103.6	458.8	475.2	103.6	394.6	120.4	365.3	130.1
Net financial debt[5]	436.7	447.5	102.5	436.7	447.5	102.5	361.9	123.6	333.8	134.0
Net financial debt / EBITDA[6]	5.8	4.6	/	5.8	4.6	/	3.6	/	3.5	/

Events Impacting Business Performance

Gorenje is in the process of discontinuing/disposing/restructuring its activities (furniture programme, sales organisations), which has had a negative impact on the Group's profitability and the cash flow in the past. The classification of activities among discontinued operations is stipulated and defined by IFRS 5. Comparability of information was maintained by reclassifying the effects of the operation of companies, which are classified as discontinued operations within the Consolidated Income Statement for the period January – September 2013 and 2012, to a separate item i.e. *Profit or loss from discontinued operation*. In addition, assets and liabilities of companies classified as discontinued operations were reclassified among *assets/liabilities held for sale* in the Group's Consolidated Balance Sheet as at 30 September 2013.

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

[4] Net profit or loss + amortisation and depreciation expense - Capex + divestment -+ change in inventories –+ change in trade receivables –+ change in trade payables
Items of free cash flow within the balance sheet for 9M 2013 are calculated based on the difference in balances without discontinued operations.
[5] Financial debt - cash
[6] Net financial debt / EBITDA for the past 12 months is calculated by taking into account the net financial debt exclusive of the amount of equity increase

PROFIT OR LOSS FORECAST FOR THE PERIOD

As the publication of the unaudited management report for the period January – September 2013 coincides with the publication of the Prospectus for the issue of new shares, the report hereof includes also the Management's estimate on the performance for the period until the end of 2013.

The Company compiled the Group's 2013 financial outlook in October 2013.

Basis of compilation

The forecast was compiled taking into account:

- Actual results of operations for the first half of 2013;
- Estimated results of operations for the third quarter of 2013; and
- Forecast results of operations for the fourth quarter of 2013.

Forecasts for the individual business segments (Business Segment Home, Business Segment Ecology and Business Segment Portfolio Investments) were developed separately and then combined to arrive at the overall forecast for the Group.

The accounting policies applied in the preparation of the forecast financial information are consistent with those applied by the Group in the preparation of its 2012 financial statements.

Key management assumptions

Key assumptions about factors, which the Group's management can influence and which have been utilised in the preparation of the projected financial information are as follows:

Business Segment Home

- In the fourth quarter of 2013, an increase in sales compared to the same period in 2012 of 5% by value and 6% by quantity has been planned. Improved sales are expected mainly in the Western European market (Germany), Central European (Ukraine, Czech Republic, Poland), and South-eastern Europe (Slovenia, Croatia, Serbia);
- Purchase prices for raw materials and subcomponents are expected to remain at substantially the same level as in the period from 1 January to 30 September 2013;
- The transfer of manufacturing operations was concluded in the first three quarters of 2013, and no further direct costs associated with this are anticipated in the fourth quarter of 2013;
- Average margin is estimated to improve by up to 2% in the fourth quarter of 2013, as all production facilities are now running as planned, and because the planned improvements of the aforementioned transfer of manufacturing operations have come online; and
- Staff costs are planned to drop by approximately 10% in the fourth quarter of 2013 in comparison to the average staff costs for the first three quarters of 2013, which is also primarily a result of the completion of the transfer of production facilities.

Business Segment Ecology

- On an annualised basis, a drop in sales revenues of 2.3% has been forecast – this is mainly a result of the loss of revenues resulting from the fire which damaged Gorenje Surovina d.o.o. facilities in the third quarter of 2013. No insurance settlement on the aforementioned fire has been included in the forecast, as it is not certain that this will be concluded in 2013;
- Average margins are expected to remain consistent with the period from 1 January to 30 September 2013; and
- Expenses are also forecast to remain at a level consistent with the period from 1 January to 30 September 2013.

Business Segment Portfolio Investments

- Forecast revenues are 10.6% lower than in 2012, primarily as a result of lower sales of coal, which has been determined based on the schedule of shipments.

Other significant non-recurring items to be recorded during the second half of 2013 and taken into account in the preparation of the forecast are as follows:

- Impairment of financial investments in the amount of EUR 7,272 thousand from investments in Probanka, Merkur and Cimos; and

- Costs associated with the disposal of discontinued operations, in the amount of EUR 8,478 thousand (included as part of the loss from discontinued operations described below).

Other significant assumptions regarding factors over which management does not have control include:

- Foreign currency exchange rates – significant foreign currencies for the Group include the United States and Australian dollar, Russian rouble, Swedish crown, and Serbian dinar. Exchange rate fluctuations in the period from 1 January 2013 to 30 September 2013 have been generally unfavourable for the Group. Management expects the key exchange rates to remain generally stable or to move favourably for the Group, through 31 December 2013. No significant movements have been forecast,
- No significant adverse or positive macro-economic developments have been forecast in the Group's major markets for the fourth quarter of 2013.

Profit or loss forecast for the period

EUR in thousand	Year ended 31 December			Forecast
	2010	2011	2012	2013
Net Sales	1,382,185	1,386,629	1,263,082	1,273,536
EBITDA	108,675	92,017	90,586	83,280
Operating Profit ("EBIT")	56,438	43,670	44,921	39,465
Profit without discontinued operations	20,024	16,435	9,173	2,410
Loss from discontinued operations	N/A	-7,329	-8,883	-11,223
Profit or loss for the period	20,024	9,106	290	-8,813

Key financial projections are summarised in final column of the table above, with a summary of historical financials for the preceding three years. The historical financial information has been extracted from audited financial statements except for EBITDA. EBITDA provides an additional performance measure of the effects of the Group's operations which are difficult to recognise directly from the Group's consolidated financial statements. EBITDA calculations have not been subject to an independent auditor's review, although items used for calculation of EBITDA have been derived from the Group's audited consolidated financial statements, with the exception of the projected figure for 2013.

Note that EBITDA measures should not be considered in isolation or as an alternative to net profit for the period, or other data presented as indicators of financial performance. The presented EBITDA measures may not be comparable to other similarly titled measures of performance for other companies.

Management commentary

The 2013 end-of-year performance estimate for the Group is influenced by four key factors: (i) impairment of certain financial investments; (ii) an expected drop in the overall European home appliance market; (iii) the negative impact of some currencies (especially the Russian rouble, Swedish crown, Serbian dinar, and Australian dollar relative to the euro), and (iv) activities and investments related to the strategic relocation of manufacturing operations.

As a result of these factors, the Group revenue through the end of 2013 is estimated at EUR 1,273,536 thousand, which is 0.8% more than in 2012. Despite the impairments to financial investments referred to above, which do not affect the Group's cash flow, it is our estimate that Group profit without discontinued operations will amount to EUR 2,410 thousand. Loss from discontinued operations, amounting to EUR -11,223 thousand, is mostly related to impairment charges resulting from the divestment of Gorenje Notranja Oprema (Home Interior). Loss from discontinued operations is also the main reason for the estimated loss of the Group of EUR -8,813 thousand. The Group's free cash flow (narrow) by the end of 2013 is estimated at EUR -15,394 thousand, and is also affected by non-recurring items.

It is important to note that, based on our analysis, the Group has succeeded in increasing its market share in the home appliance market, and successfully completed the process of relocation of certain manufacturing operations in order to establish the conditions for more successful performance in the future.

Independent practitioner's assurance report on a profit or loss forecast

KPMG Slovenija, d.o.o., the independent auditor of the Group's consolidated financial statements for each of the years 2010 to 2012, has issued an assurance report on the profit or loss forecast for 2013.

MANAGEMENT REPORT

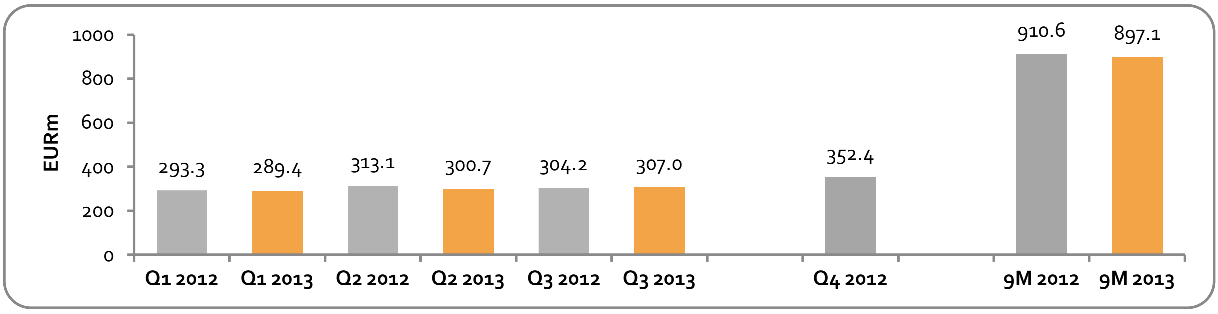
Operating Performance of the Gorenje Group

EURm	Q3 2012	Q3 2013	Index	Jan-Sep 2012	Jan-Sep 2013	Index	Plan 2013	Plan realisation
Revenue	304.2	307.0	100.9	910.6	897.1	98.5	1,339.6	67.0
CM[7]	128.8	129.6	100.6	392.1	388.0	99.0	577.6	67.2
CM (%)	*42.4%*	*42.2%*	/	*43.1%*	*43.2%*	/	*43.1%*	/
EBIT	1.0	8.1	813.0	22.4	23.6	105.7	48.9	48.3
EBIT margin (%)	*0.3%*	*2.6%*	/	*2.5%*	*2.6%*	/	*3.7%*	/
Profit or loss for the period	-8.7	-10.4	119.0	-6.4	-18.2	284.7	4.2	/
ROS (%)	*-2.9%*	*-3.4%*	/	*-0.7%*	*-2.0%*	/	*0.3%*	/

In the first nine months of 2013, the Group generated EUR 897.1m of **revenue**, which is 1.5% less than in the comparable period last year. The decline is attributable mostly to the lower volume of business activities generated by the Business Segment Ecology (-8.3%) and the Business Segment Portfolio Investments (-23.1%). The Business Segment Home generated a 1.0% growth of revenue irrespective of unforeseeable circumstances on the European markets (-0.8% decline in sales volume in Europe; the Group's market share increased from 3.29% in the first nine months of 2012 to 3.51% as at the 30 September 2013 balance). The organic growth of the Business Segment Home is recorded at +2.1% upon eliminating the foreign exchange rate fluctuations.

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

Revenue of the Gorenje Group



Revenue by geographical segments

EURm	Q3 2012	%	Q3 2013	%	Change (%)	Jan-Sep 2012	%	Jan-Sep 2013	%	Change (%)
Western Europe	113.7	37.4	110.6	36.0	-2.8	356.3	39.1	345.8	38.5	-2.9
Eastern Europe	165.6	54.4	173.3	56.5	4.7	480.1	52.7	482.6	53.8	0.5
Other	24.9	8.2	23.1	7.5	-7.3	74.2	8.2	68.7	7.7	-7.4
Total Group	**304.2**	**100.0**	**307.0**	**100.0**	**0.9**	**910.6**	**100.0**	**897.1**	**100.0**	**-1.5**
Western Europe	112.0	41.4	109.1	39.9	-2.6	351.7	45.6	342.0	43.9	-2.7
Eastern Europe	133.6	49.4	141.5	51.7	5.9	345.0	44.8	367.9	47.3	6.6
Other	24.9	9.2	23.1	8.4	-7.3	74.2	9.6	68.7	8.8	-7.4
Total Home	**270.5**	**100.0**	**273.7**	**100.0**	**1.2**	**770.9**	**100.0**	**778.6**	**100.0**	**1.0**

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

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

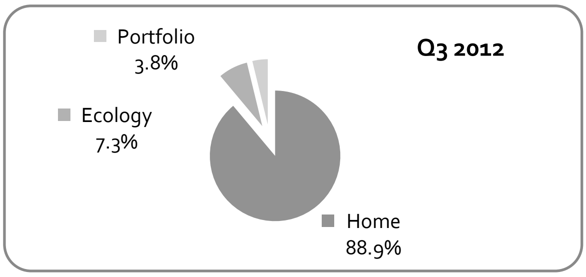
The **geographical sales structure** of the Business Segment Home indicates that:

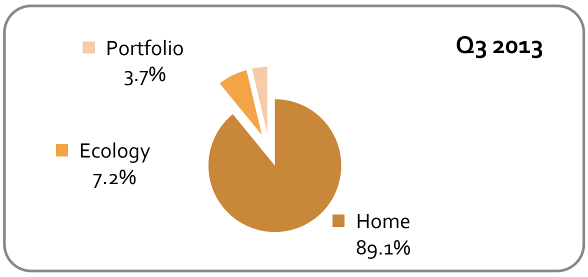
- sales volume declined in Western Europe primarily due to the sales in the Netherlands, Belgium, Italy, Turkey, and the Scandinavian markets, whereas in Germany, Austria and Great Britain the sales have increased over the previous year's comparable period. According to data provided by CECED, the markets of Western Europe recorded a decline in sales volume by 1.4%. Given the price pressure on markets, the decline in sales volume in terms of value was probably even higher.
- in Eastern Europe sales volume grew in Russia, Ukraine, Croatia, Bosnia and Herzegovina, Bulgaria and Romania. Lower sales were generated on markets of the Czech Republic, Serbia, and Slovakia.
- sales volume outside Europe (i.e. other countries worldwide) decreased by 7.4%, which is mostly due to lower sales generated with industrial partners within the framework of the Business Segment Home on the USA market and lower sales of small household appliances on the Australian market. The decline in sales was negatively impacted also by the exchange rate fluctuations. It is essential that the sale of own trademarks and large household appliances has increased on the stated markets, particularly in Asia and Australia.

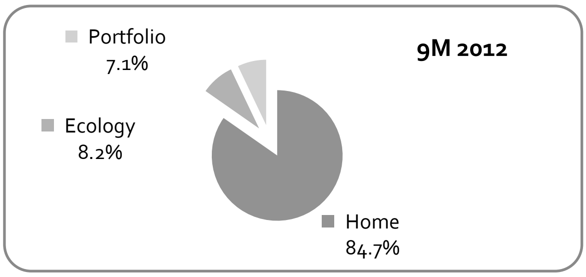
The **revenue structure by business segment** indicates that:

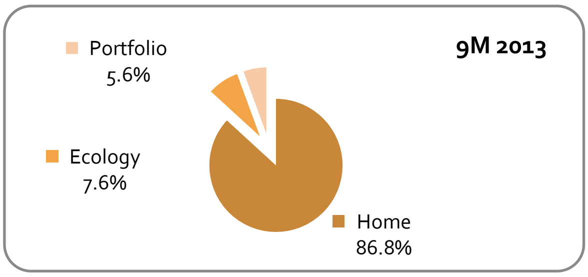
- significance of the core activity (segment Home) strengthened in the Group's revenue structure due to lowering the share of sales within the segments Ecology and Portfolio Investments. In Q3 2013, the segment Home represents already 89.1% of total Group sales (which indicates an increase of 0.2 p.p. compared to the Q3 2012). In the first nine months of 2013, 86.8% of total Group sales refer to the segment Home.

Revenue by business segment

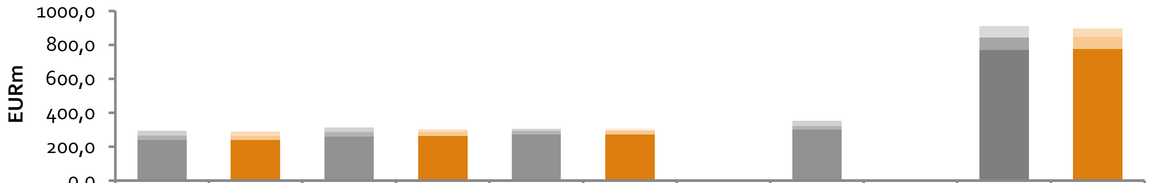








Revenue by business segment



	Q1 2012	Q1 2013	Q2 2012	Q2 2013	Q3 2012	Q3 2013		Q4 2012		9M 2012	9M 2013
Portfolio	27,6	26,0	25,8	12,7	11,5	11,2		29,6		64,9	49,9
Ecology	25,8	22,3	26,8	24,1	22,2	22,1		22,6		74,8	68,6
Home	239,9	241,0	260,5	263,9	270,5	273,7		300,4		770,9	778,6

The **Business Segment Home** generated revenue in the amount of EUR 778.7m, which is 1.0% more than in the previous year. The actual growth in value amounted to 2.1% but was, however, negatively impacted by exchange differences (1.1%). The largest growth of sales was recorded in Eastern Europe (+8.2% of organic growth if the impact of exchange rate fluctuations is eliminated, and +6.6% of slightly lower growth if the impact of exchange rate fluctuations is considered). The Eastern European markets of the segment Home with the highest recorded growth include Ukraine (+8.3%), Russia (+16.0%), Caucasus (+29.5%), Croatia (+8.4%), Bulgaria (+18.8%), and Romania (26.2%). Sales volume generated by the segment Home in Western Europe declined by -2.7% over the comparable period last year. The scope of operations increased in Germany (+2.6%), Great Britain (+12.0%), and Greece (+28.2%), whereas declined in France (-33.4%), Belgium (-3.5%), the Netherlands (-2.8%), and Turkey (-53.8%). The decline in sales is attributable to the uncertain market situation. However, it is essential that the Group's sales decline in value is not significantly higher from the sales decline on the Western European markets (-1.4% decline in sales volume on markets of Western Europe according to CECED data).

Sales in other countries worldwide declined by 11.1% in the first quarter of 2013. Compared to H1 2012, the decline in sales volume in the first six months amounted yet only to -7.5%. In the first nine months of 2013, the decline in sales amounted to -7.4% (the effect of exchange rate fluctuations is taken into account). By excluding the impact of exchange rates, the actual decrease in sales volume amounted as at 30 September 2013 yet only to -3,8% if compared to the comparable period in 2012. The decline in sales volume is the result of lower sales generated with industrial partners in Australia and the USA. It is essential that the sale of own trademarks has increased on the stated markets, particularly in Asia where the sales volume has almost doubled.

Growth of business activities on markets of Eastern Europe is essential due to the contribution margin at the level of covering fixed costs of the Business Segment Home, which is generated on these markets. Of total sales generated, 47% refers to the aforesaid geographical area, whereas in the structure of generated contribution margin at the level of covering fixed costs, these markets account for a share of more than 80%.

The **Business Segment Ecology** generated EUR 68.6m of revenue. Compared to the 30 September 2012 balance, the result shows a decrease of 8.3% or EUR 6.2m. This decrease was driven mostly by the expiry of a five-year contract concluded with a major industrial partner in Slovenia, as well as the lower level or prices for secondary raw materials, which was reflected on the revenue and the cost side. The decline in business activities was also due to weather conditions in Q1 2013 that aggravated the collection and sale of secondary raw materials.

In the first nine months of 2013, the **Business Segment Portfolio Investments** generated EUR 49.9m of revenue, which is 23.1% or EUR 15.0m less than in the comparable period in 2012. The decline in revenue was primarily impacted by the discontinued operation of a business partner in Slovenia. The volume of business activities was partly impacted also by the transfer of individual business deals from the field of medicinal and professional equipment to the Q4 2013. The decline in business activities is also the result of the changed timetable for the sale of coal. An increase of business activities and consequently higher level of revenue is, however, recorded in the field of tool manufacture and engineering.

Movement of profitability at the level of EBIT:

EURm	Development
EBIT January – September 2012	**22.4**
Contribution margin at the level of cost of goods and material	-4.1
Cost of services	-2.3
Employee benefits expense	10.7
Amortisation and depreciation expense	3.1
Other operating expenses	-0.2
Other operating income	-6.0
EBIT January – September 2013	**23.6**

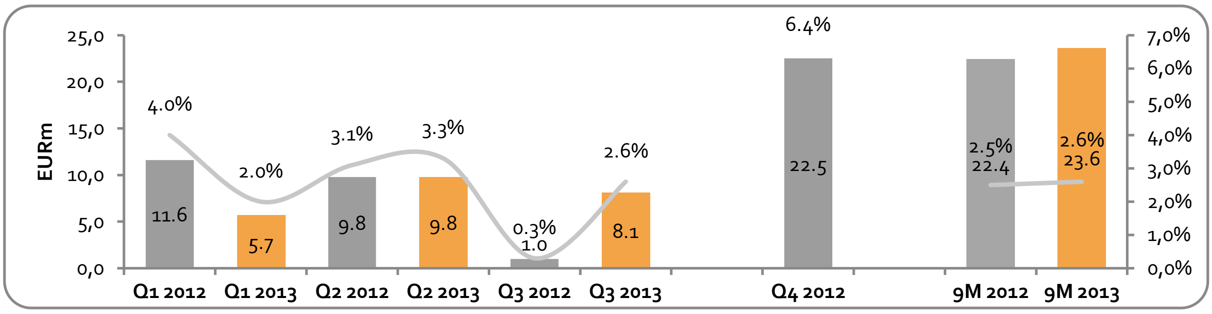
Earnings before interest and taxes (EBIT): the Group recorded in the first nine months of 2013 a positive EBIT in the amount of EUR 23.6m. Compared to the previous period, the EBIT grew by EUR 1.3m or 5.7%. The primary reasons behind this decrease are:

- lower level of other operating income by EUR 6.0m (revenue as at 30 September 2012 were higher due to reversal of provisions relating to the Asko production restructuring activities in Sweden, and revenue generated based on subsidies received for creating new jobs in Serbia),
- movement of cost of services, which grew by 1.5% or EUR 2.3m as a result of changed transport routes due to the relocation of production facilities, the changed geographical structure of sales, and the increase of rental costs and product manufacture service costs,
- lower amortisation and depreciation expense due to less investments made in the past two years, the disposal of underperforming assets and the extension of useful lives of certain property, plant and equipment since 2010. However, amortisation and depreciation expense is expected to grow again within the framework of Business Segment Home as a result of new investments required for relocating the production processes.

- lower employee benefits expenses over the previous year's comparable period; the employee benefits expense could be even more lower but based on the concluded social agreement at the production location Velenje, there were in average 238 more staff employed in H1 2013 than necessary (EUR 2.5m of additional employee benefits expense); additional employments were made with the planned relocation of the washing and dryer production from Sweden in the second quarter of 2013 and the transfer of the dishwasher production from Sweden in the Q3 of 2013.
- the Group standardised or uniformed the recording of development costs in 2013. Compared to 2012, the uniformity resulted in higher capitalised costs of development in the current period of 2013. In compliance with the practice in previous years, solely costs relating to the development of new products are capitalised. The capitalised costs are amortised through the expected useful life of products. In the nine-month period ending as at 30 September 2013, costs of development were capitalised in the amount of EUR 8.2m (EUR 2.3m in the period from 1 January to 30 September 2012).

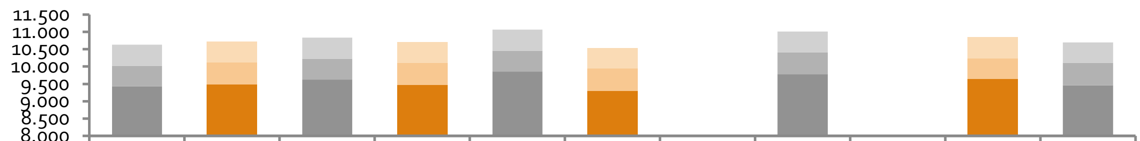
It is essential that the EBIT has increased over the comparable period in 2012, irrespective of the negative environmental factors.

EBIT and EBIT margin



The **average number of employees** was recorded at 10,691 and decreased by 150 employees compared to the equivalent period in 2012. Most of the decline is attributable to the companies Gorenje, d.d., and Asko Appliances AB Sweden, whereas the number of employees increased at the production location in Valjevo (Serbia) and Mora Moravia (Czech Republic) due to higher production activities of the Business Segment Home as a result of relocation activities. The number of employees in the Business Segment Ecology increased as a result of expanding activities to new markets (Serbia). The number of employees in the Business Segment Portfolio Investments declined by 15 employees.

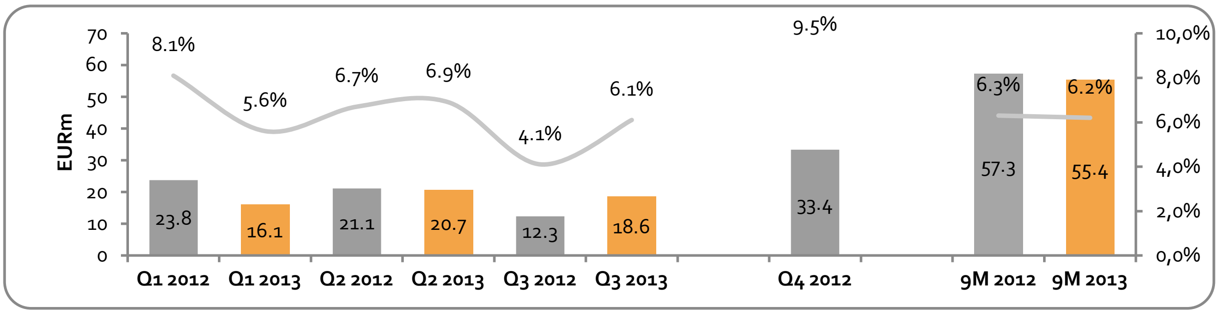
Average number of employees by business segment



	Q1 2012	Q1 2013	Q2 2012	Q2 2013	Q3 2012	Q3 2013	Q4 2012	9M 2012	9M 2013
Total:	10,627	10,706	10,833	10,699	11,061	10,528	11,009	10,841	10,691
Portfolio	605	594	610	594	603	588	597	606	591
Ecology	591	634	597	643	605	646	631	598	642
Home	9.431	9.478	9.626	9.462	9.853	9.294	9.781	9.637	9.458

The Group generated **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of EUR 55.4m, which is EUR 1.9m or 3.3% less than in the comparable period in 2012. The reasons behind this development were already in detail outlined within the movement of earnings before interest and taxes (EBIT).

EBITDA and EBITDA margin



The negative **result from financing activities** in the amount of EUR 30.5m represents an increase of EUR 12.2m. The aforesaid figure was negatively impacted by a poor result from exchange differences and other financing activities, mostly referring to impairment of financial assets held for sale and loans extended to the company Vario 2000, d.o.o. (sold company Gorenje Notranja oprema, d.o.o.), which is in liquidation as of 9 September 2013, whereby the lower negative result from interest had a positive impact.

Income tax expense of EUR 2.5m indicates a decrease of EUR 0.8m or 24.0% compared to the equivalent period in 2012. The aforesaid decline is mostly due to the changed structure of generating profit before tax per companies, and the formation and utilisation of deferred taxes.

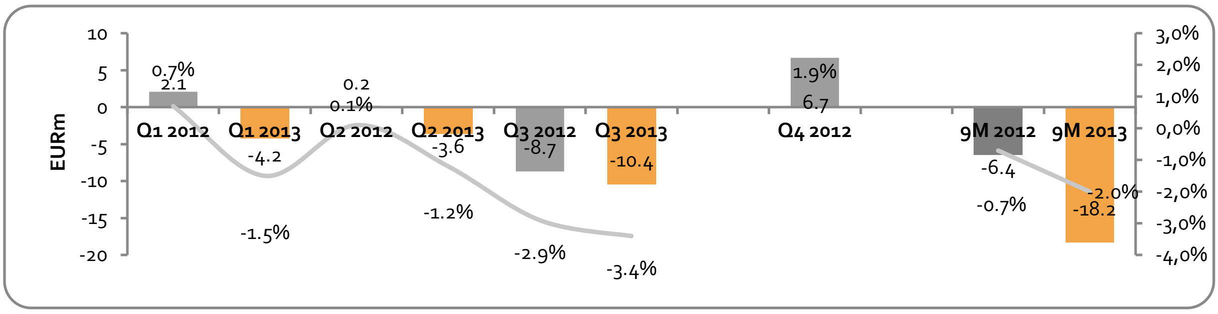
In the first nine months of 2013, Group's profitability was significantly impacted by following non-recurring items (EUR -20.1m):

- total effect of exchange losses (EUR -9.8m),
- the effect of impaired investments (EUR -3.7m),
- disposal of the company Notranja oprema (EUR -6.6m), which is classified as discontinued operation.

Consequently, **loss for the period** is recorded at EUR -18.2m.

The **loss without discontinued operation** amounted to EUR-9.3m. Without the effect of non-recurring items, the Group's profit without discontinued operation would in the first nine months of 2013 be recorded at EUR 4.2m.

Profit or loss for the period and ROS

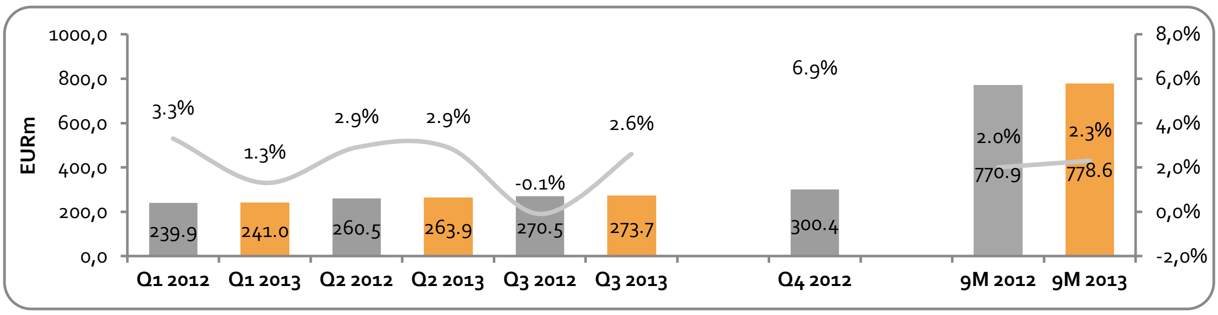


Operating Performance by Business Segment

Home

EURm	Q3 2012	Q3 2013	Index	Jan-Sep 2012	Jan-Sep 2013	Index	Plan 2013	Plan realisation
Revenue	270.5	273.7	101.2	770.9	778.6	101.0	1,159.2	67.2
CM[8]	112.2	111.1	99.1	337.4	332.5	98.6	496.4	67.0
CM (%)	*41.5%*	*40.6%*	/	*43.8%*	*42.7%*	/	*42.8%*	/
EBIT	-0.2	7.1	/	15.3	18.0	117.8	40.7	44.2
EBIT margin (%)	-0.1%	2.6%	/	2.0%	2.3%	/	3.5%	/

Revenue and the EBIT margin of the Business Segment Home



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

Cost of services reached the level of EUR 131.3m which was by 0.2% or EUR 0.3m above the level recorded in the comparable period in 2012. This growth is mostly attributable to higher cost of transport services as the result of changed transport routes due to the relocation of production facilities, as well as the rental costs and product manufacture service costs.
At EUR 27.8m, **depreciation and amortisation expense** declined by EUR 3.2m, which is the result of lower volume of investments made in the past two years, the divestment of non-core and underperforming assets and the extension of useful lives of few property, plant and equipment since 2010. However, amortisation and depreciation expense is expected to grow again within the framework of Business Segment Home as a result of new investments required for relocating the production processes.

Other operating income in the amount of EUR 14.8m declined by EUR 7.0m compared to the first nine months in 2012, which is attributable primarily to lower provision reversals for the restructuring activities of the Asko production facility, Sweden, and to subsidies received last year for creating new jobs in Serbia.

Movement of business activities of the segment Home by individual markets is outlined on page 10 of the report hereof.

In the first nine months of 2013, a positive **EBIT** was recorded in the amount of EUR 18.0m. Compared to equivalent period in 2012, the EBIT increased by EUR 2.7m and is the result of:

- higher balance of operating income by EUR 7.7m (particularly on markets of Eastern Europe),
- movement of employee benefits expense, which declined by 6.4% or EUR 10.7m; due to the concluded social agreement, the production plant Velenje employed in average 238 more staff than necessary in H1 2013 (EUR 2.5m of additional employee benefits expense); it is essential that these employments were made as a result of the transferred washing and dryer production from Sweden in Q2 2013 and the transfer of the dishwasher production from Sweden in the Q3 2013; the effects of the transferred production processes are since September 2013 for the most part already recognised within lower employee benefits expense of the business Segment Home.

It is important that irrespective of the described environmental pressure (i.e. decline in the European home appliances market, pressure on prices for household appliances, negative effects of exchange differences), the EBIT was improved and is attributable to:

- improved geographical (higher growth in Eastern European markets) and product sales structure (higher sales volume of small household appliances by 24.4% and cooking appliances by 10.8%),
- more favourable lease of material and raw materials, and purchases of merchandise (products manufactured beyond own production facilities),
- successful divesting of non-core and underperforming assets,
- additional measures adopted in the cost-cutting area.

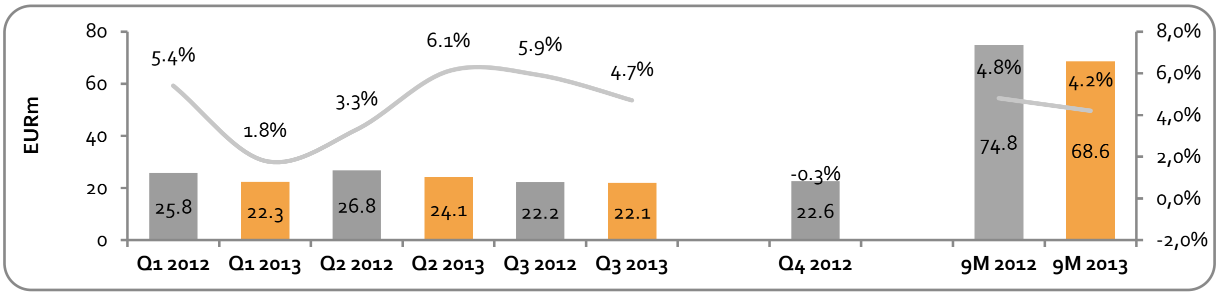
Movement of profitability at the level of EBIT:

EURm	Development
EBIT January – September 2012	**15.3**
Contribution margin at the level of cost of goods and material	-4.8
Cost of services	-0.3
Employee benefits expense	10.7
Amortisation and depreciation expense	3.2
Other operating expenses	0.9
Other operating income	-7.0
EBIT January – September 2013	**18.0**

Ecology

EURm	Q3 2012	Q3 2013	Index	Jan-Sep 2012	Jan-Sep 2013	Index	Plan 2013	Plan realisation
Revenue	22.2	22.1	100.1	74.8	68.6	91.7	97.2	70.6
CM[9]	11.3	12.0	106.2	33.3	35.1	105.4	46.6	75.4
CM (%)	*51.1%*	*54.3%*	/	*44.5%*	*51.2%*	/	*47.9%*	/
EBIT	1.3	1.0	78.4	3.6	2.9	80.9	4.7	62.2
EBIT margin (%)	*5.9%*	*4.7%*	/	*4.8%*	*4.2%*	/	*4.8%*	/

Revenue and the EBIT margin of the Business Segment Ecology



As at 30 September 2013, the Business Segment Ecology generated EUR 68.6m of revenue. Compared to equivalent period last year, the result shows a decline of EUR 6.2m or 8.3%. This decrease was driven primarily by the expiry of a five-year contract with a major industrial partner in Slovenia, and the decline in business activities due to less favourable weather conditions that aggravated the collection and consequently the sale of secondary raw materials, and the lower level of prices for secondary raw materials.

A positive EBIT in the amount of EUR 2.9m was generated and indicates a decrease of EUR 0.7m over the 30 September 2012 balance.

Cost of services increased compared to the same period last year by EUR 2.1m or 13.6%. This growth is the result of the higher alternative fuel activity and the related increase of transport and logistics services, and higher costs of waste collection and waste management. Development-related activities and the expansion of the segment's activities in the territory of South-East Europe resulted in higher costs, whereby added value in this relation is expected in the coming periods.

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

Movement of profitability at the level of EBIT:

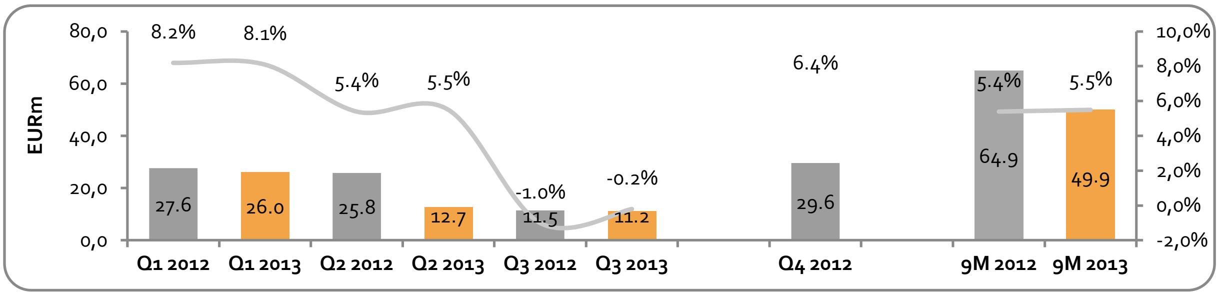
EURm	Development
EBIT January – September 2012	**3.6**
Contribution margin at the level of cost of goods and material	1.8
Cost of services	-2.1
Employee benefits expense	-0.1
Amortisation and depreciation expense	-0.1
Other operating expenses	-1.1
Other operating income	0.9
EBIT January – September 2013	**2.9**

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

Portfolio Investments

EURm	Q3 2012	Q3 2013	Index	Jan-Sep 2012	Jan-Sep 2013	Index	Plan 2013	Plan realisation
Revenue	11.5	11.2	97.3	64.9	49.9	76.9	83.2	60.0
CM[10]	5.3	6.5	121.7	21.4	20.3	95.0	34.7	58.6
CM (%)	*46.4%*	*58.1%*	/	*33.0%*	*40.8%*	/	*41.7%*	/
EBIT	-0.1	-0.02	17.1	3.5	2.8	78.4	3.5	78.2
EBIT margin (%)	*-1.0%*	*-0.2%*	/	*5.4%*	*5.5%*	/	*4.3%*	/

Revenue and the EBIT margin of the Business Segment Portfolio investments



Regardless of the significant decline in revenue, the **EBIT** amounted to EUR 2.8m in the first nine months of 2013, which is lower over the previous year's comparable period by EUR 0.7m. This EBIT is the result of:

- lower scope of business activities,
- **employee benefits expense** which are higher in the revenue structure and slightly lower if compared to the equivalent period last year (by EUR 0.2m or 1.5%),
- lower **cost of services** due to the elimination of operations with a business partner from Slovenia by Gorenje GTI, d.o.o., which also favourably impacted the EBIT,
- other categories of **operating expenses** or **income** had no material impact on the profitability at the level of EBIT.

Movement of profitability at the level of EBIT:

EURm	Development
EBIT January – September 2012	**3.5**
Contribution margin at the level of cost of goods and material	-1.1
Cost of services	0.1
Employee benefits expense	0.2
Amortisation and depreciation expense	0.0
Other operating expenses	0.0
Other operating income	0.1
EBIT January – September 2013	**2.8**

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

Financial Performance of the Gorenje Group

Free Cash Flow Management

Free cash flow

	EURm	Q3 2012	Q3 2013	Index	Jan-Sep 2012	Jan-Sep 2013	Index	Plan 2013	Plan realisation
	Profit or loss for the period	-8.7	-10.4	119.0	-6.4	-18.2	284.7	4.2	/
+	Amortisation and depreciation expense	11.6	10.5	90.0	35.9	31.7	88.5	47.8	66.5
=	Net cash flow	**2.9**	**0.1**	**4.3**	**29.5**	**13.5**	**46.0**	**52.0**	**26.1**
-	Capex	-19.2	-23.8	123.8	-33.0	-55.9	169.9	-69.8	80.1
+	Divestment	0.2	0.2	96.1	3.1	17.5	558.0	13.5	129.8
-	Investments in net current assets	2.5	-0.3	/	-46.4	-55.8	120.3	15.2	/
	- change in inventories	7.3	17.0	232.4	-2.1	-2.6	125.0	6.8	/
	- change in trade receivables	-9.9	-12.1	122.3	-26.4	-18.7	70.8	17.7	/
	- change in trade payables	5.1	-5.2	/	-17.9	-34.5	192.7	-9.3	371.7
=	**Free cash flow / narrow[11]**	**-13.6**	**-23.8**	**175.9**	**-46.8**	**-80.7**	**172.6**	**10.9**	**/**

In the first nine months of 2013, negative narrow free cash flow was generated in the amount of EUR 80.7m, which is a decline of EUR 33.9m if compared to the equivalent period in 2012. In Q3 2013, a negative narrow free cash flow of EUR 23.8m was recorded. Higher negative narrow free cash flow in the first nine months of 2013 if compared to the comparable period last year, is primarily the result of more investments made (EUR 22.9m more than in 2012) and poor net profit or loss for the period (EUR 11.8m less than in 2012). The profit or loss for the period was materially impacted by certain non-recurring items (EUR-20.1m) among them the total effect of exchange losses recognised in the operational part of the income statement and in the financial result (EUR -9.8m), the effects of impaired investments (EUR -3.7m), and the effect of eliminating the company Notranja oprema (EUR -6.6m).

In the first nine months, investments were recorded at EUR 55.9m and indicate an increase of EUR 22.9m over the comparable period in 2012. This is the result of intensive activities of relocating the refrigerator-freezer production from Slovenia to Serbia (Valjevo) and the related investments required for the construction of a new production facility and a new line of free standing refrigerator-freezer appliances in Valjevo. The production of washing machines, dryers and dishwashers was relocated from Sweden (Vara) to Velenje, whereby constant investments were made in the development of new products.

Non-core and underperforming assets were sold in the amount of EUR 17.5m in the first nine months and the biggest among properties sold were the business-distribution centre at Brnčičeva in Ljubljana (implemented already in Q1 2013), the warehouse centre in Prague, the production facilities in Vara (Sweden) and two real properties in Paris. No significant sale in terms of value was implemented in Q3 2013.

As at 30 September 2013, the balance of **net current operating assets** was recorded at EUR 309.3m, which is EUR 44.4m lower compared to the previous year's equivalent period and EUR 55.9m higher than the 31 December 2012 balance. Compared to Q2 2013, the relevant balance remained on the same level.

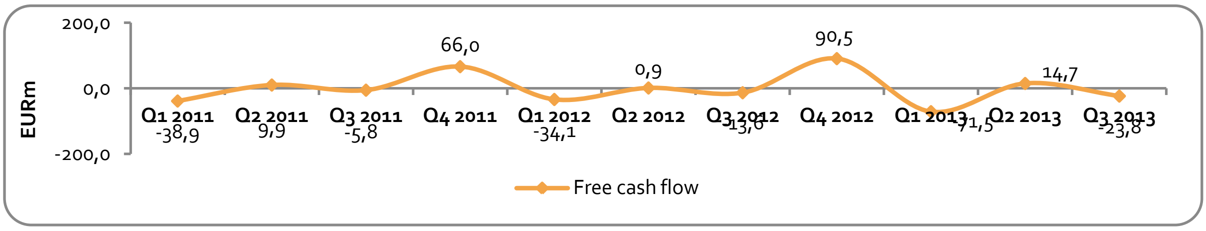
Compared to the year-end balance of 2012, **trade receivables** increased by EUR 18.7m as at 30 September 2013. Compared to Q2 2013, trade receivables grew by EUR 12.1m, which is attributable to higher seasonally-conditioned sales, particularly in September and consequently also in Q3 (primarily impacted by higher sales in Russia). This trend is quite typical in view of the sale's nature and its interim movement.

Compared to the Q2 2013, **inventories** declined by EUR 17.0m and increased by EUR 2.6m if compared to the 31 December 2012 balance. The biggest decline in inventories of products in Q3 was recorded by the company Asko AB in Vara, where the production was fully halted by the end of June. The emergency stock has almost fully been sold since the production of dishwashers was relocated from Sweden to Slovenia. The level of inventories as at 30 September 2013 is comparable with the level of the previous year's equivalent period. The movement of inventories indicates that by completing the relocation of production processes, the inventories were adjusted up to their usual level, as planned. At the same time, additional processes of lowering inventories of products and merchandise were launched already in the previous quarter with positive impacts being recorded already in Q3 2013 and more thereof are expected in the coming periods.

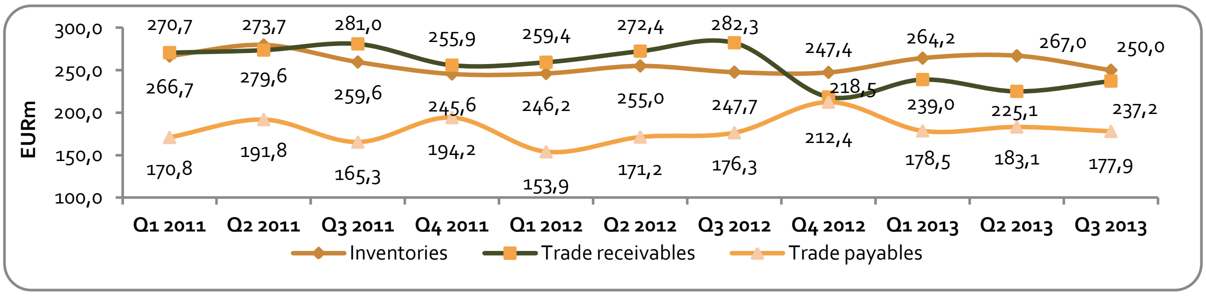
[11] Items of free cash flow within the statement of financial position are for the period of 9M 2013 calculated based on the difference in balances without discontinued operation.

Given the year-end balance of 2012, **trade payables** record a decline by EUR 34.5m as at 30 September 2013 and decreased by EUR 5.2m if compared to Q2 2013. Their movement reflects the regular year-on-year dynamics. The level of trade payables is lower from the optimum level primarily because part of the unused material transferred from the production facility in Sweden to Slovenia, is already paid for as a result of shorter payment deadlines than generally achieved in the Gorenje Group. With the ever grater scope of production in Serbia, Gorenje was additionally hit by the longest payment deadline of 60 days, which is statutory in Serbia.

Free cash flow



Investments in net current operating assets



Other Financial Management Activities

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

Currency risks to which the Group is exposed are hedged and minimised predominantly by natural cash flow balancing/hedging for each currency, which primarily in sales companies cannot be fully implemented. The Group therefore and mostly in European countries that are not part of the euro area, selectively applies forward exchange contracts. The primary reasons behind the Group's loss for the period in the first nine months of 2013 are the depreciation of the Russian rouble, the Australian dollar, the Serbian dinar and the Swedish krona. In compliance with estimates made by analysts and current developments, these currency fluctuations are assumed to be of temporary nature and shall partly be neutralised by the year-end. **Risk of short-term liquidity** of the Group is managed by revolving credit lines approved for Group companies, approved bank account overdrafts, and cash deposits in bank accounts. The undrawn part of current and non-current credit lines at the end of the first nine months of 2013 amounted to EUR 68.1m and bank balances amounted to an additional EUR 27.7m.

Balance sheet of the Gorenje Group

EURm	Q3 2012	Q3 2013	Plan 2013
Non-current assets	463.2	484.9	478.1
Inventories	247.7	250.0	232.4
Trade receivables	282.3	237.2	238.1
Trade payables	-176.3	-177.9	-176.2
Other operating assets / liabilities	-43.0	-16.3	-35.6
Net working capital	310.7	293.0	258.7
NET ASSETS	773.9	777.9	736.8

EURm	Q3 2012	Q3 2013	Plan 2013
Equity	381.6	370.2	433.6
Non-current financial liabilities	257.2	219.2	232.8
Current financial liabilities	201.6	256.0	132.4
Cash and cash equivalents	-22.1	-27.7	-31.4
Net debt equity	436.7	447.5	333.8
Investments	-44.4	-39.8	-30.6
NET EQUITY INVESTED	773.9	777.9	736.8

Total financial liabilities amounted as at 30 September 2013 to EUR 475.2m, which is EUR 42.5m more than at the end of 2012. Their increase is significantly lower than the recorded negative free cash flow. It should be noted that pursuant to provisions of the applicable accounting standards, the item of financial liabilities includes also the amount of EUR 10m paid by Panasonic and referring to the equity increase. The latter is due to the fact that the paid-in capital was not entered into the register of companies as at 30 September 2013 but as early as on 11 October 2013. Given that the respective equity was paid in but not registered by the end of Q3 2013, the actual total financial liabilities amounted as at 30 September 2013 to EUR 465.2m.

In view of the last year's equivalent period and considering the higher paid-in equity, total financial liabilities increased by EUR 6.4m and by EUR 8.9m if compared to Q3 2012. The planned and generally strong positive free cash flow in the last quarter, in addition to the expected inflows from company's higher equity as a result of the second and third phase of equity increase, indicate that total financial liabilities will significantly decline by the year-end.

By taking into account the elimination of paid-in equity increase, **net financial liabilities** (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 437.5m in the first nine months of 2013 and indicate an increase of EUR 58.2m over the 31 December 2012 balance and EUR 0.8m if compared to the last year's equivalent period. This balance is attributable to the negative movement of free cash flow, which was primarily impacted by the current profit or loss for the period as well as intensive investments (mostly because of managing the production relocation processes).

Maturity structure of financial liabilities worsened by 16.9 p.p compared to the year-end balance of 2012. This decline is attributable to the seasonally financing of net working capital in the first half-year, predominantly by means of current financing sources and the fact that the loan, payable in one lump sum and due in July 2014, was transferred in Q3 2013 to the current portion of non-current borrowings. At 30 September 2013 and by taking into account the elimination of paid-in equity increase, non-current financial liabilities account for 47.1% in the total financial liabilities structure, which is 8.9 p.p. less than at the end of the previous year's comparable period.

Investments by business segment

Investments by business segment

EURm	Q3 2012	Q3 2013	Index	Jan-Sep 2012	Jan-Sep 2013	Index	Plan 2013	Plan realisation
Home	18.5	22.7	123.0	29.4	52.2	177.8	64.5	81.0
Ecology	0.1	0.9	796.4	2.1	2.5	120.1	3.8	63.7
Portfolio investments	0.6	0.2	23.8	1.5	1.2	78.8	1.5	80.8
Total	**19.2**	**23.8**	**123.8**	**33.0**	**55.9**	**169.6**	**69.8**	**80.1**

Gorenje Group's investments amounted to EUR 55.9m as at 30 September 2013. Most of the investments were implemented within the segment Home i.e. EUR 52.2m, whereof EUR 29.6m by the parent company, primarily for relocating the production of Asko tumble dryers, washing machines and dishwashers from Sweden to Velenje, and for starting production of the new assembly line for manufacturing build-in ovens within the cooking appliances programme. Other investments refer to the development of new products, the purchase of diverse technological equipment, logistics means, and the purchase of HW equipment and SW products for the informatics and IT department. The remaining share of investments recorded by the Business Segment Home primarily relates to the new production facility in Valjevo, the relevant transferred equipment for manufacturing refrigerator-freezer appliances (600 mm), and the purchase of technical equipment necessary for the refrigerator-freezer production.

The Business Segment Ecology implemented investments in the amount of EUR 2.5m. These investments refer predominantly to the companies Gorenje Surovina d.d. Maribor, PUBLICUS d.o.o. Ljubljana, and EKOGOR d.o.o. Jesenice.

The Business Segment Portfolio Investments implemented investments in the amount of EUR 1.2m for the purpose of replacing the old equipment, and for constructing photovoltaic power plants in Valjevo and Zaječar, which are both planned to be sold upon obtaining the required permits.

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

Operating performance of Gorenje, d.d.

EURm	Q3 2012	Q3 2013	Index	Jan-Sep 2012	Jan-Sep 2013	Index	Plan 2013	Plan realisation
Revenue	**163.2**	**153.9**	**94.3**	**479.5**	**471.8**	**98.4**	**699.2**	**67.5**
CM[12]	52.9	48.7	92.1	149.8	148.5	99.1	234.2	63.4
CM (%)	*32.4%*	*31.6%*	/	*31.2%*	*31.5%*	/	*33.5%*	/
EBITDA	**2.9**	**5.5**	**189.7**	**11.1**	**18.6**	**167.6**	**35.4**	**52.5**
EBITDA margin (%)	*1.8%*	*3.6%*	/	*2.3%*	*3.9%*	/	*5.1%*	/
EBIT	**-2.1**	**1.0**	**/**	**-4.5**	**5.2**	**/**	**14.4**	**36.2**
EBIT margin (%)	*-1.3%*	*0.6%*	/	*-0.9%*	*1.1%*	/	*2.1%*	/
Profit or loss before tax	**-6.8**	**-5.3**	**77.9**	**-11.9**	**-4.4**	**36.8**	**7.9**	**/**
Profit or loss for the period	**-7.2**	**-4.8**	**66.7**	**-12.5**	**-4.0**	**31.9**	**7.3**	**/**
ROS (%)	*-4.4%*	*-3.1%*	/	*-2.6%*	*-0.8%*	/	*1.0%*	/
ROA (%)	*-3.4%*	*-2.2%*	/	*-1.9%*	*-0.6%*	/	*0.9%*	/
ROE (%)	*-8.9%*	*-6.0%*	/	*-5.1%*	*-1.7%*	/	*2.4%*	/
Employee / end of period	**4,603**	**4,182**	**90.9**	**4,603**	**4,182**	**90.9**	**4,367**	**95.8**
Employee / average	**4,471**	**4,174**	**93.4**	**4,454**	**4,182**	**93.9**	**4,367**	**95.8**

Revenue generated by the parent company amounted to EUR 471.8m as at 30 September 2013 and indicate a decrease of EUR 7.7m or 1.6% compared to the equivalent period in 2012.

Revenue generated by the entire Business Segment Home amounted to EUR 442.7m, which shows a growth of 0.4% compared to the previous year's comparable period and primarily the result of:

- increased sales of small household appliances within the complementary programme,
- increased sales of large household appliances via dealers – Valjevo programme,
- higher number of orders for products produced in-house (higher utilisation of production capacities of the cooking and washing-dryer programmes).

Revenue generated in sales beyond the Business Segment Home were recorded at EUR 29.1m and indicate a decline over the last year's comparable period by 24.8%, which is attributable mostly to lower sales of coal as a result of the changed sales timetable in 2013 if compared to 2012.

The level of the contribution margin (gross margin) at the level of difference between revenue and cost of goods and material declined over the previous period by EUR 1.3m due to quicker growth dynamics of sales costs via dealers for Home than the growth dynamics of revenue. The gross margin was favourably impacted by the movement of the purchase price for material and raw materials, and the change in managing relations between the parent company and the production subsidiaries within the framework of the Business Segment Home.

The decrease of the gross margin resulted also in higher added value by only EUR 0.8m if compared to the previous year's equivalent period. The share of employee benefits expense in the added value thus declined from 87.4% to 79.0%.

Irrespective of lower employee benefits expense it should be emphasised that due to the concluded social agreement, the production plant Velenje employed in average 238 more staff than necessary in H1 2013 (EUR 2.5m of additional employee benefits expense). Additional employments were made as a result of the planned relocation of the washing and dryer production from Sweden in the Q2 2013 and the transfer of the dishwasher production from Sweden in Q3 2013. No excess employees were recorded at the production plant in Velenje in September 2013.

The balance of negative financial result worsened in the first nine months of 2013 by EUR 2.2m due to the impairment of investments.

Improved **EBIT** is attributable primarily to:

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

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

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

EURm	Development
Profit or loss for the period January – September 2012	**-12.5**
Contribution margin at the level of cost of goods and material	-0.7
Cost of services	1.2
Employee benefits expense	6.8
Amortisation and depreciation expense	2.2
Other operating expenses	0.2
Other operating income	0.0
Financial result	-2.2
Income tax expense and deferred taxes	1.0
Profit or loss for the period January – September 2013	**-4.0**

Ownership Structure and GRVG Share

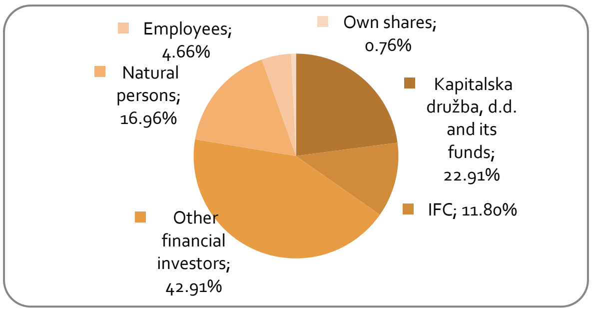
The Articles of Association of Gorenje, d.d. do not contain any provisions invalidating the proportionality of rights arising from share ownership, such as the rights of minority shareholders or restrictions of voting rights, and has not adopted any resolutions on the conditional increase of capital.

17,617 shareholders were entered in the share register as of **30 September 2013**, which is 3.5 percent less than at the end of 2012 (18,261).

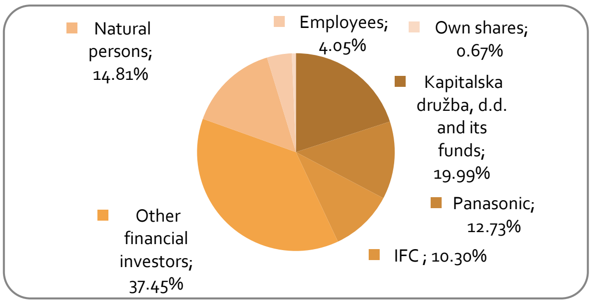
Gorenje's ten major shareholders and owners

Ten major shareholders	No. of shares (31 Dec 2012)	Share in %	No. of shares (30 Sep 2012)	Share in %	No. of shares (11 Oct 2013)	Share in %
KAPITALSKA DRUŽBA, D.D.	3,534,615	22.22%	3,534,615	22.22%	3,534,615	19.39%
PANASONIC CORPORATION	/	/	/	/	2,320,186	12.73%
IFC	1,876,876	11.80%	1,876,876	11.80%	1,876,876	10.30%
HOME PRODUCTS EUROPE B.V.	1,070,000	6.73%	1,070,000	6.73%	1,070,000	5.87%
NFD 1, mixed flexible sub-fund - South	996,388	6.26%	810,802	5.10%	810,802	4.45%
INGOR, d.o.o., & co. k.d.	794,473	4.99%	794,473	4.99%	794,473	4.36%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACOUNT	550,587	3.46%	385,260	2.42%	385,260	2.11%
EECF AG	411,727	2.59%	411,727	2.59%	411,727	2.26%
EATON VANCE PARAMETRIC STRUCTURED EMERGING FUND	/	/	301,465	1.90%	301,465	1.65%
PROBANKA, d.d.	297,061	1.87%	/	/	/	/
BANKA SLOVENIJE LJUBLJANA	/	/	297,061	1.87%	/	/
CONSEQ INVEST PUBLIC LIMITED COMPANY	/	/	287,705	1.81%	339,204	1.86%
ERSTE GROUP BANK AG – FIDUCIARY ACCOUNT	216,197	1.36%	/	/	/	/
TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIGLAV	257,628	1.62%	/	/	/	/
Total major shareholders	**10,005,552**	**62.90%**	**9,769,984**	**61.42%**	**11,844,608**	**64.98%**
Other shareholders	5,901,324	37.10%	6,136,892	38.58%	6,382,454	35.02%
Total	**15,906,876**	**100%**	**15,906,876**	**100%**	**18,227,062**	**100%**

Ownership structure as at 30 September 2013



Ownership structure as at 11 October 2013



The number of own shares or treasury shares as at **30 September 2013** remained the same compared to the year-end balance of 2012 i.e. at **121,311 own shares**, which accounts for **0.7626%** of total share capital. With the entry of the company Panasonic Corporation into Gorenje's ownership structure as at 11 October 2013, the share of own shares declined to **0.6656%**.

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

The **closing price per share** as at the last trading day in September 2013 was recorded at EUR 4.05 and was by 6.9% higher than recorded on the last trading day in 2012 (EUR 3.79). The prime market index SBITOP declined in the same period by 3.3%.

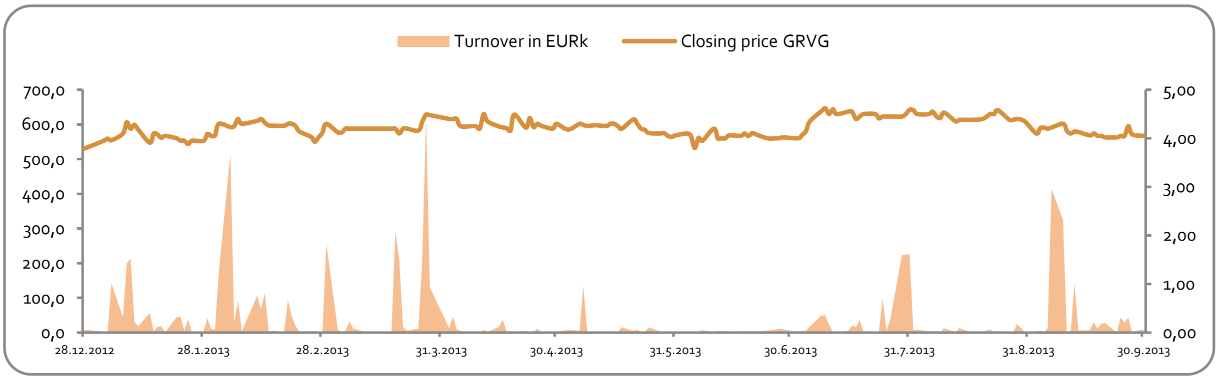
Earnings per share calculated as the ratio between the Group's profit or loss for the period in the period January – September 2013 and the number of shares issued, less average number of treasury shares (15,785,565 shares) amounts to EUR -1.16 (2012: EUR -0.41)

Book value of the GRVG share as at 30 September 2013 amounted to EUR 24.17 (EUR 24.84 as at 31 December 2012). It is calculated as the ratio between book value of Group's ordinary share capital and the number of shares issued less the number of treasury shares as at 30 June 2013 (15,785,565 shares).

The ratio between the market and the book value of the GRVG share is recorded at 0.17 (0.15 as at 31 December 2012).

The dividend policy of the Gorenje Group and its parent company shall in the strategic period 2012 - 2015 follow the policy that applied prior to 2009. Thus, up to one-third of the Gorenje Group's net profit shall be allocated for dividend payout each year. Due to the onset of the economic crisis, which has had a strong impact on Gorenje's operations since the last quarter of 2008, no dividends were paid out for the years 2008, 2009, and 2010. A dividend payout in the amount of EUR 0.15 gross per share was conducted for the financial year 2011. As proposed by the Management and the Supervisory Board, the Shareholders' Meeting adopted during its session on 5 July 2013 the decision not to pay out dividends for 2012 in 2013.

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



Significant Events after the Balance Sheet Date

On the basis of the completed procedure of registering and paying in new Gorenje shares, the parent company received on 4 October 2013 a decision from the District Court in Celje under the entry no. Srg 2013/40264 dated 4 October 2013. The relevant decision discusses the registration of the changed share capital from EUR 66,378,217.32 to EUR 76,060,181.93, the changed number of shares from 15,906,876 to 18,227,062, and the status-related change which encompasses the above-mentioned modifications.

KDD d.d., Ljubljana registered the issue of shares in a dematerialised form on 11 October 2013, whereby their listing on the organised market that is managed by Ljubljana Stock Exchange was carried out on 14 October 2013.

On October 29, 2013, the Supervisory Board adopted an updated Gorenje Group Strategic Plan for the period from 2014 to 2018. Gorenje decided to revise its strategy after having completed the process of strategic shifts of manufacturing operations, forging a strategic alliance with the Panasonic Corporation, divesting their furniture manufacturing operations, and reorganizing and optimizing their sales structure, all in the course of the last 18 months. Such changes affect the Group operations. Moreover, the updated strategy deals with the unrelentingly harsh conditions in the markets.

No other significant events occurred after the date of compiling the balance sheet date as of 30 September 2013.

Significant Business Events

Awards

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

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

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

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

reddot design award
winner 2013

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

Other events

Restructuring of production locations underway as planned

Gorenje started a major production restructuring programme last year aimed at increasing profitability and improving its competitive position. Up to the present, the entire production of cooking appliances was transferred from Finland to the Czech Republic, the production of freestanding refrigerators from Slovenia to Serbia (Valjevo) for which a new plant was built, the entire production of washing machines and tumble dryers from Sweden to Velenje, whereas the entire production of dishwashers is planned to be shifted from Sweden to Velenje in the summer months and the related production is to resume in September. Once all restructuring activities are completed, Gorenje's household appliances will be manufactured solely on three locations, namely in Slovenia, Serbia and the Czech Republic.

Gorenje sold the furniture manufacturing segment to CoBe Capital

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

Gorenje makes an appearance at the LivingKitchen @ IMM 2013

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

Gorenje opens its first showroom in Israel

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

Gorenje opened in India its 4th Experience Centre

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

Gorenje Orodjarna completes an extensive technological upgrade

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

Gorenje at the IFA fair in Berlin

Berlin hosted again one of the world's largest consumer electronics and home appliances fairs - IFA on 6 September 2013. It was Gorenje's 6th consecutive appearance at the fair, where it premiered its novelties among them two own trademarks i.e. Gorenje and Asko.

Education

Under the patronage of the Corporate University Gorenje, the new training programme of the Internal Business Academy Gorenje was implemented in the spring. Within the framework of the International Business Academy Gorenje (IBAG), Gorenje aims at developing knowledge in the field of business strategy, international marketing and sales, as well as group policies earmarked for key employees at home and abroad, who are directly engaged in the international environment.

ACCOUNTING REPORT

Reporting company

Gorenje, d.d., is a company headquartered in Slovenia. The address of the registered head office is at Partizanska 12, 3503 Velenje.

Consolidated financial statements of Gorenje, d.d. for the nine-month period ended on 30 September, 2013 include the parent company and its subsidiaries (hereinafter jointly referred to as 'the Group'), shareholdings in jointly controlled companies, and shareholdings in associated companies. The Group's core activity is manufacturing and sale of home appliances.

Basis of preparation

(a) Statement of compliance

Consolidated interim financial statements are compiled pursuant to IAS 34 – Interim Financial Reporting, and pursuant to provisions of the Companies Act. The financial statements do not include all information required by the entire IFRS. In any case, the selected explanatory information is included in the report in order to clarify the business events and transactions material for the understanding of the changes in the financial position and income or results of the Gorenje Group in the period following the most recent annual consolidated financial statements.
The Management Board of Gorenje, d.d. confirmed these financial statements on 28 October 2013.

(b) Use of estimates and judgements

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

Material estimates of uncertainty and critical judgements or evaluations made by the management in the process of pursuing the accounting policies, which have the strongest effect on the amounts in the financial statements are similar to those used by the management when drawing up the consolidated financial statements as at 31 December 2012.

Fundamental Accounting Policies and Significant Notes to the Financial Statements

Accounting policies applied in these interim financial statements are identical to those used in the consolidated financial statements compiled as at 31 December 2012.

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

Changes in the Composition of the Gorenje Group

Changes that occurred in the composition of the Gorenje Group up to and including 30 September 2013 were as follows:

- As of 11 January 2013, the company Gorenje Surovina Fotoreciklaža, d.o.o., was established. Gorenje Surovina, d.o.o., is the sole owner (100%) of this company.
- As of 27 February 2013, Gorenje, d.d., sold the production companies Gorenje Kuhinje, d.o.o., and Gorenje Notranja oprema, d.o.o., to the investment company CoBe Capital.
- As of 5 March 2013, the company Gorenje Solarna energija Solago, d.o.o., Valjevo was established. Gorenje aparati za domaćinstvo, d.o.o., Valjevo, is the sole owner (100%) of this company.
- As of 12 March 2013, the company Gorenje Sola-Home, d.o.o., Valjevo was established. Gorenje aparati za domaćinstvo, d.o.o., Valjevo, is the sole owner (100%) of this company.
- As of 24 May 2013, the company Gorenje Studio, trgovina na drobno, d.o.o., Ljubljana was established. Gorenje GSI, trgovina na debelo in drobno, d.o.o., is the sole owner of this company.

- As of 29 July 2013, the company Gorenje MDM d.o.o. was established in Kragujevac. Gorenje Orodjarna, d.o.o., is the sole owner of this company.
- On the basis of previous decisions made by competent corporate governance bodies, the company Gorenje Electronics Trading LLC was established on 31 July 2013 in Dubai, United Arab Emirates, in which Gorenje Gulf holds a 49% equity interest and the foreign partner a 51% interest.

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

	Companies operating in Slovenia	Equity interest in %	Business Segment
1.	Gorenje I.P.C., d.o.o., Velenje	100.00	BSH
2.	Gorenje GTI, d.o.o., Velenje	100.00	BSPI
3.	Gorenje Gostinstvo, d.o.o., Velenje	100.00	BSPI
4.	Energygor, d.o.o., Velenje	100.00	BSPI
5.	Kemis, d.o.o., Vrhnika	99.984	BSE
6.	Gorenje Orodjarna, d.o.o., Velenje	100.00	BSPI
7.	ZEOS, d.o.o., Ljubljana	51.00	BSE
8.	Gorenje Surovina, d.o.o., Maribor	99.984	BSE
9.	Indop, d.o.o., Šoštanj	100.00	BSPI
10.	ERICo, d.o.o., Velenje	51.00	BSE
11.	Gorenje design studio, d.o.o., Velenje	52.00	BSH
12.	PUBLICUS, d.o.o., Ljubljana	50.992	BSE
13.	EKOGOR, d.o.o., Jesenice	99.984	BSE
14.	Gorenje GAIO, d.o.o, Šoštanj	100.00	BSPI
15.	Gorenje GSI, d.o.o., Ljubljana	100.00	BSH
16.	Gorenje Keramika, d.o.o., Velenje	100.00	BSH
17.	Gorenje Surovina Fotoreciklaža, d.o.o., Maribor	99.984	BSE
18.	Gorenje Studio, d.o.o., Ljubljana	100.00	BSH

	Foreign operations	Equity interest in %	Business Segment
1.	Gorenje Beteiligungs GmbH, Austria	100.00	BSH
2.	Gorenje Austria Handels GmbH, Austria	100.00	BSH
3.	Gorenje Vertriebs GmbH, Germany	100.00	BSH
4.	Gorenje Körting Italia S.r.l., Italy	100.00	BSH
5.	Gorenje France S.A.S., France	100.00	BSH
6.	Gorenje Belux S.a.r.l., Belgium	100.00	BSH
7.	Gorenje Espana, S.L., Spain	100.00	BSH
8.	Gorenje UK Ltd., Great Britain	100.00	BSH
9.	Gorenje Group Nordic A/S, Denmark	100.00	BSH
10.	Gorenje AB, Sweden	100.00	BSH
11.	Gorenje OY, Finland	100.00	BSH
12.	Gorenje AS, Norway	100.00	BSH
13.	Gorenje spol. s r.o., Czech Republic	100.00	BSH
14.	Gorenje real spol. s r.o., Czech Republic	100.00	BSH
15.	Gorenje Slovakia s.r.o., Slovakia	100.00	BSH
16.	Gorenje Magyarország Kft., Hungary	100.00	BSH
17.	Gorenje Polska Sp. z o.o., Poland	100.00	BSH
18.	Gorenje Bulgaria EOOD, Bulgaria	100.00	BSH
19.	Gorenje Zagreb, d.o.o., Croatia	100.00	BSH
20.	Gorenje Skopje, d.o.o., Macedonia	100.00	BSH
21.	Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00	BSH
22.	Gorenje, d.o.o., Serbia	100.00	BSH
23.	Gorenje Podgorica , d.o.o., Montenegro	99.972	BSH

24.	Gorenje Romania S.r.l., Romania	100.00	BSH
25.	Gorenje aparati za domaćinstvo, d.o.o., Serbia	100.00	BSH
26.	Mora Moravia s r.o., Czech Republic	100.00	BSH
27.	Gorenje - kuchyně spol. s r.o., Czech Republic	100.00	BSH
28.	KEMIS-Termoclean, d.o.o., Croatia	99.984	BSE
29.	Kemis - BH, d.o.o., Bosnia and Herzegovina	99.984	BSE
30.	Gorenje Studio, d.o.o., Serbia	100.00	BSH
31.	Gorenje Gulf FZE, United Arab Emirates	100.00	BSH
32.	Gorenje Tiki, d.o.o., Serbia	100.00	BSH
33.	Gorenje Istanbul Ltd., Turkey	100.00	BSH
34.	Gorenje TOV, Ukraine	100.00	BSH
35.	ST Bana Nekretnine, d.o.o., Serbia	100.00	BSPI
36.	Kemis Valjevo, d.o.o, Serbia	99.984	BSE
37.	Kemis – SRS, d.o.o., Bosnia and Herzegovina	99.984	BSE
38.	ATAG Europe BV, The Netherlands	100.00	BSH
39.	ATAG Nederland BV, The Netherlands	100.00	BSH
40.	ATAG België NV, Belgium	100.00	BSH
41.	ATAG Financiele Diensten BV, The Netherlands	100.00	BSH
42.	ATAG Financial Solutions BV, The Netherlands	100.00	BSH
43.	ATAG Special Product BV, The Netherlands	100.00	BSH
44.	Intell Properties BV, The Netherlands	100.00	BSH
45.	Gorenje Nederland BV, The Netherlands	100.00	BSH
46.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	BSH
47.	Gorenje kuhinje, d.o.o., Ukraine	70.00	BSH
48.	»Euro Lumi & Surovina« SH.P.K., Kosovo	50.992	BSE
49.	OOO Gorenje BT, Russia	100.00	BSH
50.	Gorenje GTI, d.o.o., Belgrade, Serbia	100.00	BSPI
51.	Asko Appliances AB, Sweden	100.00	BSH
52.	Asko Hvitevarer AS, Norway	100.00	BSH
53.	AM Hvidevarer A/S, Denmark	100.00	BSH
54.	Asko Appliances Inc, USA	100.00	BSH
55.	Asko Appliances Pty, Australia	100.00	BSH
56.	Asko Appliances OOO, Russia	100.00	BSH
57.	»Gorenje Albania« SHPK, Albania	100.00	BSH
58.	Gorenje Home d.o.o., Zaječar, Serbia	100.00	BSH
59.	ORSES d.o.o., Belgrade, Serbia	100.00	BSE
60.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	99.992	BSE
61.	Gorenje Corporate GmbH, Austria	100.00	BSH
62.	Cleaning system S, d.o.o., Serbia	61.99	BSE
63.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	99.00	BSE
64.	Solarna energija Solago, d.o.o., Serbia	100.00	BSPI
65.	Gorenje Sola - Home, d.o.o., Serbia	100.00	BSPI
66.	Gorenje do Brasil Ltda., Brazil	100.00	BSH
67.	Gorenje Asia Ltd., China	100.00	BSH
68.	Gorenje MDM d.o.o. Kragujevac, Serbia	100.00	BSPI

BSH – Business Segment Home
BSE – Business Segment Ecology
BSPI – Business Segment Portfolio Investments

Associates:

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

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

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

Unaudited Condensed Consolidated Financial Statements of the Gorenje Group

Condensed Balance Sheet of the Gorenje Group

EURk	Note	Balance at 30 Sep 2012	%	Balance at 31 Dec 2012	%	Balance at 30 Sep 2013	%
ASSETS	13	**1,194,015**	**100.0%**	**1,197,324**	**100.0%**	**1,197,990**	**100.0%**
Non-current assets		**556,752**	**46.6%**	**550,965**	**45.9%**	**568,930**	**47.5%**
Intangible assets	14	158,957	13.3%	159,607	13.3%	163,851	13.7%
Property, plant and equipment		348,995	29.2%	341,171	28.5%	354,903	29.6%
Investment property		13,203	1.1%	23,276	1.9%	21,421	1.8%
Non-current investments		14,341	1.2%	7,193	0.6%	8,170	0.7%
Investments in associates		1,073	0.1%	1,298	0.1%	1,360	0.1%
Deferred tax assets		20,183	1.7%	18,420	1.5%	19,225	1.6%
Current assets		**637,263**	**53.4%**	**646,359**	**54.1%**	**629,060**	**52.5%**
Non-current assets held for sale		228	0.0%	893	0.1%	996	0.1%
Inventories	15	247,719	20.8%	247,365	20.7%	250,004	20.9%
Current investments	16	29,005	2.4%	32,769	2.7%	30,236	2.5%
Trade receivables	17	282,326	23.6%	218,516	18.3%	237,231	19.8%
Other current assets	18	55,870	4.7%	66,107	5.5%	76,653	6.4%
Cash and cash equivalents		22,115	1.9%	53,488	4.5%	27,736	2.3%
Assets held for sale	1	0	/	27,221	2.3%	6,204	0.5%
EQUITY AND LIABILITIES		**1,194,015**	**100.0%**	**1,197,324**	**100.0%**	**1,197,990**	**100.0%**
Equity	19	**381,577**	**32.0%**	**392,145**	**32.7%**	**370,239**	**30.9%**
Share capital		66,378	5.6%	66,378	5.5%	66,378	5.5%
Share premium		175,575	14.7%	175,575	14.7%	175,575	14.7%
Legal and statutory reserves		22,719	1.9%	22,719	1.9%	22,719	1.9%
Retained earnings		106,903	8.9%	113,454	9.5%	95,101	7.9%
Own shares		-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Translation reserve		3,081	0.3%	5,861	0.5%	483	0.1%
Fair value reserve		8,156	0.7%	8,976	0.7%	10,478	0.9%
Equity of holders of the parent		**379,642**	**31.8%**	**389,793**	**32.5%**	**367,564**	**30.7%**
Equity of non-controlling interests		**1,935**	**0.2%**	**2,352**	**0.2%**	**2,675**	**0.2%**
Non-current liabilities		**335,339**	**28.1%**	**349,411**	**29.2%**	**293,730**	**24.5%**
Provisions	20	72,290	6.1%	65,020	5.4%	65,025	5.4%
Deferred income		736	0.1%	3,145	0.3%	4,998	0.4%
Deferred tax liabilities		5,103	0.4%	4,366	0.4%	4,501	0.4%
Non-current financial liabilities	21	257,210	21.5%	276,880	23.1%	219,206	18.3%
Current liabilities		**477,099**	**39.9%**	**455,768**	**38.1%**	**534,021**	**44.6%**
Current financial liabilities	21	201,616	16.9%	155,846	13.0%	255,995	21.4%
Trade payables	22	176,328	14.7%	212,430	17.8%	177,902	14.9%
Other current liabilities	23	99,155	8.3%	79,170	6.6%	96,413	8.0%
Liabilities held for sale	1	0	/	8,322	0.7%	3,711	0.3%

Condensed Income Statement of the Gorenje Group

EURk	Note	Q3 2012	%	Q3 2013	%	Jan-Sep 2012	%	Jan-Sep 2013	%	Plan 2013	%	13/12	Plan realisation
Revenue	**2**	**304,163**	**100.5%**	**307,022**	**104.4%**	**910,618**	**96.5%**	**897,120**	**98.2%**	**1,339,590**	**99.5%**	**98.5**	**67.0**
Change in inventories		-8,333	-2.8%	-17,487	-6.0%	9,034	1.0%	-1,998	-0.2%	-8,212	-0.6%	/	24.3
Other operating income	3	6,830	2.3%	4,595	1.6%	23,922	2.5%	17,969	2.0%	15,214	1.1%	75.1	118.1
Gross profit		**302,660**	**100.0%**	**294,130**	**100.0%**	**943,574**	**100.0%**	**913,091**	**100.0%**	**1,346,592**	**100.0%**	**96.8**	**67.8**
Cost of goods, materials and services	4,5	-220,743	-72.9%	-214,787	-73.0%	-680,473	-72.1%	-662,405	-72.5%	-972,457	-72.2%	97.3	68.1
Employee benefits expense	6	-63,861	-21.1%	-55,550	-18.9%	-191,264	-20.3%	-180,521	-19.8%	-258,828	-19.2%	94.4	69.7
Amortisation and depreciation expense	7	-11,325	-3.8%	-10,486	-3.5%	-34,876	-3.7%	-31,740	-3.5%	-47,762	-3.5%	91.0	66.5
Other operating expenses	8	-5,733	-1.9%	-5,193	-1.8%	-14,587	-1.5%	-14,781	-1.6%	-18,621	-1.4%	101.3	79.4
Operating profit		**998**	**0.3%**	**8,114**	**2.8%**	**22,374**	**2.4%**	**23,644**	**2.6%**	**48,924**	**3.7%**	**105.7**	**48.3**
Finance income	10	1,610	0.5%	1,359	0.5%	7,700	0.8%	3,915	0.4%	3,396	0.2%	50.8	115.3
Finance expenses	10	-7,579	-2.5%	-13,191	-4.5%	-26,033	-2.8%	-34,459	-3.7%	-43,285	-3.2%	132.4	79.6
Net finance expenses	**10**	**-5,969**	**-2.0%**	**-11,832**	**-4.0%**	**-18,333**	**-2.0%**	**-30,544**	**-3.3%**	**-39,889**	**-3.0%**	**166.6**	**76.6**
Share in profits or losses in associates		26	0.0%	104	0.0%	76	0.0%	62	0.0%	342	0.0%	81.6	18.1
Profit or loss before tax		**-4,945**	**-1.7%**	**-3,614**	**-1.2%**	**4,117**	**0.4%**	**-6,838**	**-0.7%**	**9,377**	**0.7%**	**/**	**/**
Income tax expense	11	-1,417	-0.4%	-658	-0.3%	-3,251	-0.3%	-2,470	-0.3%	-5,167	-0.4%	76.0	47.8
Profit or loss without discontinued operation		**-6,362**	**-2.1%**	**-4,272**	**-1.5%**	**866**	**0.1%**	**-9,308**	**-1.0%**	**4,210**	**0.3%**	**/**	**/**
Profit or loss from discontinued operation	**1**	**-2,347**	**-0.8%**	**-6,088**	**-2.0%**	**-7,251**	**-0.8%**	**-8,873**	**-1.0%**	**0**	**0.0%**	**122.4**	**/**
Profit or loss for the period		**-8,709**	**-2.9%**	**-10,360**	**-3.5%**	**-6,385**	**-0.7%**	**-18,181**	**-2.0%**	**4,210**	**0.3%**	**284.7**	**/**
Attributable to non-controlling interests		**15**	**0.0%**	**48**	**0.0%**	**115**	**0.0%**	**172**	**0.0%**	**474**	**0.0%**	**149.6**	**36.3**
Attributable to equity holders of the parent		**-8,724**	**-2.9%**	**-10,408**	**-3.5%**	**-6,500**	**-0.7%**	**-18,353**	**-2.0%**	**3,736**	**0.3%**	**282.4**	**/**
Basic and diluted earnings per share (in EUR)		-0.55	/	-0.66	/	-0.41	/	-1.16	/	0.24	/	282.9	/

Condensed Consolidated Statement of Comprehensive Income of the Gorenje Group

EURk	Jan-Sep 2012	Jan-Sep 2013
Profit or loss for the period	**-6,385**	**-18,181**
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	-7	12
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-2,082	71
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	1,155	1,727
Income tax on other comprehensive income	204	-308
Translation reserve	-6,909	-5,378
Other comprehensive income for the period	**-7,639**	**-3,876**
Total comprehensive income for the period	**-14,024**	**-22,057**
Attributable to equity holders of the parent	-14,139	-22,229
Attributable to non-controlling interests	115	172

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

Condensed Consolidated Statement of Cash Flows of the Gorenje Group

EURk	Note	Jan-Sep 2012	Jan-Sep 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss for the period		**-6,385**	**-18,181**
Adjustments for:			
Depreciation of property, plant and equipment		31,022	26,873
Amortisation of intangible assets		4,861	5,128
Investment income		-7,778	-3,915
Finance expenses		26,126	39,819
Gain on sale of property, plant and equipment		-971	-4,782
Income tax expense		3,275	2,470
Operating profit before changes in net operating current assets and provisions		**50,150**	**47,412**
Change in trade and other receivables		-35,858	-36,584
Change in inventories		-2,111	-1,852
Change in provisions		-3,912	2,197
Change in trade and other payables		-11,377	-16,713
Cash generated from operations		**-53,258**	**-52,952**
Interest paid		-17,294	-16,459
Income tax paid		-3,275	-2,894
Net cash from operating activities	24	**-23,677**	**-24,893**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		4,113	21,902
Proceeds from sale of investment property			
Interest received		1,701	1,692
Dividends received		179	0
Acquisition of property, plant and equipment		-27,461	-46,091
Acquisition of investment property			-7,298
Other investments		-1,211	-6,360
Acquisition of intangible assets		-5,500	-9,820
Net cash used in investing activities	25	**-28,179**	**-45,975**
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings / Repayment of borrowings		-25,282	44,304
Dividends paid		-2,367	0
Net cash used in financing activities	26	**-27,649**	**44,304**
Net change in cash and cash equivalents		-79,505	-26,564
Cash and cash equivalents at beginning of period		101,620	54,588
Cash and cash equivalents at end of period		22,115	28,024

Condensed 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				-6,500				-6,500	115	-6,385
Total other comprehensive income						-6,909	-730	-7,639		-7,639
Total comprehensive income for the period	0	0	0	-6,500	0	-6,909	-730	-14,139	115	-14,024
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Equity increase								0		0
Dividends paid				-2,367				-2,367	0	-2,367
Unpaid dividends				152				152		152
Total contributions by owners and distribution to owners	0	0	0	-2,215	0	0	0	-2,215	0	-2,215
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Change in ownership interests								0	-3	-3
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	-3	-3
Total transactions with owners	0	0	0	-2,215	0	0	0	-2,215	-3	-2,218
Closing balance at 30 Sep 2012	66,378	175,575	22,719	106,903	-3,170	3,081	8,156	379,642	1,935	381,577

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				-18,353				-18,353	172	-18,181
Total other comprehensive income						-5,378	1,502	-3,876		-3,876
Total comprehensive income for the period	0	0	0	-18,353	0	-5,378	1,502	-22,229	172	-22,057
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Equity increase								0		0
Unpaid dividends								0	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									151	151
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	151	151
Total transactions with owners	0	0	0	0	0	0	0	0	151	151
Closing balance at 30 Sep 2013	66,378	175,575	22,719	95,101	-3,170	483	10,478	367,564	2,675	370,239

Notes to the Condensed Consolidated Financial Statements of the Gorenje Group

1. Discontinued operations

Gorenje Group is discontinuing/divesting/reorganizing the activities that have had a negative impact on the Group's profitability and cash flow in the past despite all activities aimed at improving their performance. To this end, we transferred in the last quarter of 2012 the companies of the furniture segment (Gorenje Notranja oprema/Home Interior and Gorenje Kuhinje/Kitchens) to discontinued operations, as available-for-sale assets. In late 2012, we launched negotiations with potential buyers or investors for such divestment. These negotiations were completed in the first quarter of 2013.

Sales organisations with a record of negative results spanning several years, which we believed could not be improved in the future due to specific characteristics of particular markets, were also transferred to discontinued operations. Thus, we promoted the awareness that the current poor performance should be stopped and that restructuring should be carried out.

Following are the income statement, balance sheet and the cash flow statement of companies with discontinued operations.

Balance sheet – companies with discontinued operations

EURk	Balance at 31 Dec 2012	Balance at 30 Sep 2013
Assets held for sale	**27,221**	**6,204**
Intangible assets	130	12
Property, plant and equipment	10,840	122
Investment property	689	0
Non-current investments	966	962
Deferred tax assets	135	32
Inventories	6,303	841
Current investments	78	20
Trade receivables	5,638	3,029
Other current assets	1,342	898
Cash and cash equivalents	1,100	288
Liabilities held for sale	**8,322**	**3,711**
Provisions	1,530	1,087
Deferred tax liabilities	253	0
Non-current financial liabilities	150	0
Current financial liabilities	13	0
Trade payables	3,895	140
Other current liabilities	2,481	2,484

Income statement – companies with discontinued operations

EURk	Jan-Sep 2012	Jan-Sep 2013
Revenue	**18,857**	**8,835**
Change in inventories	-248	337
Other operating income	504	1,431
Gross profit	**19,113**	**10,603**
Cost of goods, materials and services	-16,746	-9,309
Employee benefits expense	-7,845	-3,807
Amortisation and depreciation expense	-1,007	-261
Other operating expenses	-651	-739
Operating profit or loss	**-7,136**	**-3,513**
Finance income	2	0
Finance expenses	-93	-5,360
Net finance expenses	**-91**	**-5,360**
Profit or loss before tax	**-7,227**	**-8,873**
Income tax expense	-24	0
Profit or loss for the period	**-7,251**	**-8,873**

Cash flows of companies with discontinued operations

EURk	Jan-Sep 2013
Net cash from operating activities	-1,766
Net cash used in investing activities	2,443
Net cash used in financing activities	-4
Net cash flow from discontinued operation	673

Condensed Consolidated Income Statement

2. **Revenue** decreased in the period January – September 2013 by EUR 13,498k or 1.5% if compared to the equivalent period last year.
   Most of the decline of EUR 15,003k or 23.1% was incurred by the Business Segment Portfolio Investments, where the highest decrease is attributable to the company Gorenje, d.d. (lower sale of coal) and the company Gorenje GTI, d.o.o., Velenje (winding-up of a business partner in Slovenia and transfer of individual business deals from the field of medical and professional equipment to the last quarter of 2013). The Business Segment Ecology recorded lower sales in the amount of EUR 6,180k or 8.3%. Major part of the decline is attributable to the company Gorenje Surovina, d.o.o. (unfavourable weather conditions in the first quarter of 2013 that aggravated the collection and sale of secondary raw materials and the loss of business deals for a major partner in Slovenia). The Business Segment Home, however, recorded higher revenue if compared to the previous year's comparable period (by EUR 7,685k or 1.0%). The sales structure by geographical segments indicates that the volume of sales increased in Eastern Europe (significant increase in the markets of Russia and Ukraine). Lower demand and a less favourable product structure contributed to lower sales in countries of Western Europe (significant decline in the markets of the Netherlands, Denmark, Sweden and Italy) and other countries (essential decline in the markets of Australia and USA due to the lower sales generated with industrial partners and the effect of exchange losses).

3. **Other operating income** in the amount of EUR 17,969k comprise revenue from reversal and use of provisions (EUR 4,135k, whereof EUR 2,684k refers to the company Gorenje IPC, d.o.o.), proceeds from sale of property, plant and equipment (EUR 3,708k), revenue from subsidies (EUR 2,486k), lease and rental income (EUR 1,373k), income from compensation for damages (EUR 1.846k), income relating to the Directive on Waste Electrical and Electronic Equipment (EUR 199k), and other operating income (EUR 4,222k).

4. The growth dynamics in **cost of materials** was slightly lower from the growth of revenue. The latter is primarily attributable to the sales structure reforms in the Business Segment Home in view of its products and markets, the implementation of the production relocation and lower prices for material and raw materials, whereby also **cost of goods** grew slower than the scope of business activities.

5. Compared to the last year's equivalent period, **cost of services** increased by EUR 2,341k or 1.5%, which is attributable to higher cost of logistics as a result of the changed geographical sales structure, the changed transport routes due to the relocation of production facilities, as well as rental costs and costs of design services.

6. Taking account of comparable data, **employee benefits expense** declined over the last year's same period by EUR 10,743k or 5.6%, which is attributable mostly to the implementation of measures introduced by the management in the third quarter of 2012 in connection with the cost adjustment of employee benefits expense when production capacities are not fully utilised, as well as the effects of shifting production processes. Their share in gross profit structure decreased from 20.3% to 19.8%. Employee benefits expense per employee declined over last year's equivalent period by 7.5%.

7. **Amortisation and depreciation expense** declined by EUR 3,136k compared to the equivalent period in 2012, which is mainly the result of lower investments made in the past two years, the disposal of underperforming assets and the extension of useful lives of certain property, plant and equipment since 2010 for the companies of Business segment Home.

8. Most of **other operating expenses** refer to costs that were incurred in connection with the Directive on Waste Electrical and Electronic Equipment (EUR 6,014k), charges independent of the result for the period (EUR 2,482k), expenses referring to allowances for inventories (EUR 1,175k), and impairment losses on property, plant and equipment (EUR 1,078k).

9. **Value added per employee** declined by 6.9% in last year's comparable term and amounted to EUR 22,297k.

10. In view of last year's equivalent period, the **negative result from financing activities** is higher by EUR 12,211k. This figure was negatively impacted by a poor result from exchange differences and other financing activities, mostly referring to impairment of financial assets held for sale and loans extended to the company Vario 2000, d.o.o. (sold company Gorenje Notranja oprema, d.o.o.), which is in liquidation as of 9 September 2013, and positively affected by a lower negative result relating to interest.

EURk	Jan-Sep 2012	Jan-Sep 2013	2013/2012
Dividend income	103	48	46.6
Interest income	2,137	1,692	79.2
Income from revaluation due to value maintenance (foreign exchange gains) *	3,542	36	1.0
Other finance income **	1,918	2,139	111.5
Total finance income	**7,700**	**3,915**	**50.8**
Interest expenses	17,295	14,729	85.2
Expenses from revaluation due to value maintenance (foreign exchange losses) *	75	7,823	/
Other finance expenses **	8,663	11,907	137.4
Total finance expenses	**26,033**	**34,459**	**132.4**
Dividend result	103	48	46.6
Interest result	-15,158	-13,037	86.0
Revaluation result	3,467	-7,787	/
Result from other financing activities	-6,745	-9,768	144.8
Total financial result	**-18,333**	**-30,544**	**166.6**

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

11. **Income tax expense** is recorded at EUR 2,470k and is lower by EUR 781k or 24.0% if compared to the equivalent period in 2012. The aforesaid result is mostly due to the changed structure of generating profit before tax per companies and the formation and utilisation of deferred taxes.

Condensed Consolidated Statement of Comprehensive Income

12. The consolidated statement of comprehensive income includes the positive effect of impairments of available-for-sale investments in the amount of EUR 12k, and the positive impact of interest rate hedging in the amount of EUR 71 (effect of interest rate swaps), and in the amount of EUR 1,727k a part of interest rate hedging (interest rate swaps) that has already been included in the income statement for the period January – September, but pursuant to provisions of IAS 1 it is required to be recorded separately in the statement of comprehensive income, and thus creating a positive value. Consequently, the impact of deferred taxes on the comprehensive income is negative in the amount of EUR 308k.

Condensed Consolidated Balance Sheet

13. **Balance sheet total** was recorded at EUR 1,197,990k at the end of September 2013 and is slightly higher from the 31 December 2012 balance, which is mostly attributable to higher investments made in connection with the restructuring of production facilities. As at 30 September 2013, the share of non-current assets within the asset structure was 47.5% and shows an increase of 1.5 p.p. compared to the year-end balance of 2012.

14. **Intangible assets** amounted to EUR 163,851k as at 30 September 2013 and include the following goodwill and intangible assets with indefinite useful life (trademark):

EURk	31 Dec 2012	30 Sep 2013
Trademark (Atag, Etna, Pelgrim)	61,964	61,964
ATAG	62,130	62,130
PUBLICUS, d.o.o.	1,617	1,617
Gorenje Surovina, d.o.o.	2,030	2,030

Mora Moravia, s r.o.	2,311	2,311
Gorenje Studio, d.o.o.	564	564

A goodwill impairment test was conducted as at 30 September 2013 for the purpose of interim reporting, in addition to an impairment test of intangible assets with indefinite useful life. No evidence of impairment was identified, whereby further detailed impairment tests will be conducted again at the end of 2013.

15. Compared to the year-end of 2012, **total inventories** grew by EUR 2,639k or 1.1%. Inventories of material increased in the Business Segment Home due to the interim dynamics in production and sales activities and as a result of restructuring the production facilities. Inventories of products and work in progress have slightly exceeded the year-end balance of 2012, while inventories of merchandise have declined by EUR 4,895k or 12.9%.

EURk	30 Sep 2012	31 Dec 2012	30 Sep 2013	30 Sep 2013/ 30 Sep 2012	30 Sep 2013/ 31 Dec 2012
Material	63,500	59,808	64,140	101.0	107.2
Work in progress	15,415	13,586	13,971	90.6	102.8
Products	133,484	134,419	134,886	101.1	100.3
Merchandise	32,864	38,068	33,173	100.9	87.1
Advances	2,456	1,484	3,834	156.1	258.4
Total	**247,719**	**247,365**	**250,004**	**100.9**	**101.1**

Compared to the entire year 2012 and the equivalent period last year, the turnover of inventories of products is longer by four days.

	Jan-Sep 2012	Jan-Dec 2012	Jan-Sep 2013
Turnover of products	37	37	41
Turnover of trade receivables	78	67	69
Turnover of trade payables	72	76	80

16. Most of decreases in **current investments** relates to the impairment of financial assets available for sale and loans extended to the company Vario 2000, d.o.o., which is in liquidation as of 9 September 2013.

17. In view of the year-end balance of 2012, **trade receivables** increased by EUR 18,715k and by EUR 12,146k if compared to the previous quarter, as sales generated in the third quarter are higher over the previous quarter (higher sales in Russia cause the biggest impact). This trend is quite typical in view of the sale's nature and its interim movement.

    Turnover of trade receivables indicates a decline from 78 to 69 days compared to the equivalent period in 2012 but compared to 2012, the turnover is longer by two days.

18. **Other current assets** grew by EUR 10,546k compared to the year-end balance of 2012, which is mostly due to higher deferred costs and accrued revenue, advances given and other current receivables, whereas input VAT receivables have decreased.

19. As at 30 September 2013, **equity** was recorded at EUR 370,239k, which is EUR 21,906k or 5.6% less than at the year-end of 2012. The decrease is a result of the loss for the period, lower fair value reserve relating to accounted deferred tax liabilities, and exchange losses arising on the translation of financial statements of foreign operations. The equity increased by the amount of the change in the value of the cash flow hedge and the fair value of investments available for sale.

20. Compared to the year-end balance of 2012, **provisions** grew by EUR 1,858k, which is mostly the result of higher provisions relating to subsidies received in relation to Gorenje Home, d.o.o., Zaječar.

21. Given the figures at the end of 2012, **financial liabilities** record a growth of EUR 42,475k or 9.8%. This increase is primarily attributable to the unfavourable movement of free cash flow, which was negatively impacted primarily by the growth of operating current assets and higher investments made in relation to production restructuring activities. The increase of EUR 10.0m refers to the paid-in capital, which was not yet entered into the register of companies. As at 30 September 2013, financial liabilities represented 39.7% of total liabilities, which is 3.6 p.p. more than at the year-end of 2012.

22. **Trade payables** declined by EUR 34,528k compared to figures at the end of 2012; this is primarily the result of adjusting the purchase volume to the production requirements, and higher costs of suppliers accounted for but not yet charged and disclosed among other current liabilities.

    Turnover of trade payables grew from 76 to 80 days compared to the entire year 2012 and is longer by eight days in terms of last year's comparable period.

23. **Other current liabilities**, encompassing primarily payables to employees and payables to state and other institutions, payables for advances received and accrued costs and expenses, increased by EUR 17,243k or 21.8% compared to the year-end of 2012. This is mostly the result of higher accrued costs and expenses.

Condensed Consolidated Statement of Cash Flows

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

25. **Cash flow from investing activities** was negative primarily as a result of acquiring property, plant and equipment and intangible assets. It was positively affected by gains on disposal of real properties.

26. **Cash flow from financing activities** was positive due to borrowings raised.

27. **Fair value**

Fair value and book value of assets and liabilities

EURk	Book value 31 Dec 2012	Fair value 31 Dec 2012	Book value 30 Sep 2013	Fair value 30 Sep 2013
Available -for-sale investments	15,065	15,065	11,032	11,032
Non-current loans and deposits	6,368	6,368	7,291	7,291
Current loans and deposits	17,704	17,704	19,204	19,204
Derivatives	-5,315	-5,315	-3,481	-3,481
Trade receivables	218,516	218,516	237,231	237,231
Other current assets	51,417	51,417	63,130	63,130
Cash and cash equivalents	53,488	53,488	27,736	27,736
Non-current financial liabilities (variable interest rate)	-260,882	-260,882	-219,136	-219,136
Non-current financial liabilities (fixed interest rate)	-15,998	-10,453	-70	-11
Current financial liabilities	-150,531	-150,531	-252,514	-252,514
Trade payables	-212,430	-212,430	-177,902	-177,902
Other current liabilities	-43,037	-43,037	-48,468	-48,468
Total	**-325,635**	**-320,090**	**-335,947**	**-335,888**

Fair value scale

The table below shows the valuation methods applied with financial assets recorded at fair values:

Level 1: stock price (unadjusted) in the active market for identical assets and liabilities,

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

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

31 December 2012

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	994	92	13,979	15,065
Derivatives - assets	-	-	-	-
Derivatives - liabilities	-	-5,315	-	-5,315

30 September 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	890	89	10,053	11,032
Derivatives - assets				
Derivatives - liabilities		-3,481		-3,481

28. Related party transactions

	Value of transaction		Balance	
EURk	Jan-Sep 2012	Jan-Sep 2013	30 Sep 2012	30 Sep 2013
Revenue				
Gorenje Group companies	1,765	513	197	770
Expenses				
Gorenje Group companies	295	469	45	76

29. Significant events after the balance sheet date

On the basis of the completed procedure of registering and paying in new Gorenje shares, the parent company received on 4 October 2013 a decision from the District Court in Celje under the entry no. Srg 2013/40264 dated 4 October 2013. The relevant decision refers to the registration of the changed share capital from EUR 66,378,217.32 to EUR 76,060,181.93, the changed number of shares from 15,906,876 to 18,227,062, and the status-related change which encompasses the above-mentioned modifications.

KDD, d.d., Ljubljana registered the issue of shares in a dematerialised form on 11 October 2013, whereby their listing on the organised market that is managed by Ljubljana Stock Exchange was carried out on 14 October 2013.

On October 29, 2013, the Supervisory Board adopted an updated Gorenje Group Strategic Plan for the period from 2014 to 2018. Gorenje decided to revise its strategy after having completed the process of strategic shifts of manufacturing operations, forging a strategic alliance with the Panasonic Corporation, divesting their furniture manufacturing operations, and reorganizing and optimizing their sales structure, all in the course of the last 18 months. Such changes affect the Group operations. Moreover, the updated strategy deals with the unrelentingly harsh conditions in the markets.

No other significant events occurred after the date preparing the balance sheet as of 30 September 2013.

30. **Business and geographical segments of the Gorenje Group**

EURk	Home		Ecology		Portfolio Investments		Group	
	Jan-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	Jan-Sep 2013
Revenue from sale to third parties	770,967	778,651	74,761	68,582	64,890	49,887	910,618	897,120
Inter-segment sale	2,137	3,092	951	816	5,842	8,032	8,930	11,940
Interest income	2,014	1,554	108	106	15	32	2,137	1,692
Interest expenses	16,841	14,484	348	223	106	22	17,295	14,729
Amortisation and depreciation expense	30,975	27,769	2,766	2,831	1,135	1,140	34,876	31,740
Operating profit or loss before tax	-2,186	-11,941	3,099	2,395	3,204	2,708	4,117	-6,838
Income tax expense	2,729	2,033	500	360	22	77	3,251	2,470
Profit or loss without discontinued operation	-4,915	-13,974	2,599	2,035	3,182	2,631	866	-9,308
Profit or loss from discontinued operation	-7,251	-8,873					-7,251	-8,873
Profit or loss for the period	-12,166	-22,847	2,599	2,035	3,182	2,631	-6,385	-18,181
Assets *	1,094,573	1,091,379	72,303	73,373	30,448	33,238	1,197,324	1,197,990
Liabilities *	762,003	782,373	29,704	33,008	13,472	12,370	805,179	827,751

* Note: for the year 2012 the data as at 31 December 2012 are shown

EURk	Western Europe		Eastern Europe		Other		Group	
	Jan-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	Jan-Sep 2013
Revenue from sale to third parties	356,297	345,865	480,147	482,592	74,174	68,663	910,618	897,120

31. Financial indicators

	Jan-Sep 2012	Jan-Sep 2013	Plan 2013
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	-0.7%	-2.0%	0.3%
Net return on assets (ROA)	-0.7%	-2.0%	0.4%
Net return on equity (ROE)	-2.2%	-6.4%	1.0%
ASSET INDICATORS			
Asset turnover ratio	1.01	1.00	1.17
Inventory turnover ratio	5.02	4.81	5.68
Current trade receivables turnover ratio	4.61	5.25	5.42
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.43	0.43	0.47
Current assets to total assets	0.47	0.47	0.50
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.29	1.17	1.31
Equity to total liabilities	0.32	0.31	0.38
Long-term to total liabilities	0.60	0.55	0.66
Equity to fixed assets (carrying value)	0.75	0.71	0.82
Quick ratio (liquid assets to current liabilities)	0.11	0.11	0.12
(Liquid assets + current receivables) to current liabilities	0.82	0.70	0.85
Current ratio	1.34	1.18	1.45
Net financial liabilities to equity	1.07	1.13	0.73
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1.02	1.03	1.04
Revenue per employee (EUR)	87,796	84,794	123,693
Value added per employee (EUR)	23,960	22,297	32,827

Unaudited Condensed Financial Statements of Gorenje, d.d.

Condensed Balance Sheet of Gorenje, d.d.

EURk	Note	Balance at 30 Sep 2012	%	Balance at 31 Dec 2012	%	Balance at 30 Sep 2013	%
ASSETS	12	**837,634**	**100.0%**	**847,894**	**100.0%**	**890,238**	**100.0%**
Non-current assets		**431,766**	**51.5%**	**422,272**	**49.8%**	**454,101**	**51.0%**
Intangible assets	12	13,905	1.7%	14,270	1.7%	17,610	2.0%
Property, plant and equipment	12	143,913	17.1%	146,748	17.3%	167,813	18.9%
Investment property	13	13,451	1.6%	16,147	1.9%	23,445	2.6%
Investments in subsidiaries		246,685	29.4%	232,447	27.4%	232,447	26.1%
Investments in associates		976	0.1%	976	0.1%	976	0.1%
Other non-current investments		680	0.1%	661	0.1%	694	0.1%
Deferred tax assets		12,156	1.5%	11,023	1.3%	11,116	1.2%
Current assets		**405,868**	**48.5%**	**425,622**	**50.2%**	**436,137**	**49.0%**
Inventories	14	79,271	9.5%	84,217	9.9%	89,255	10.0%
Current investments	15	103,038	12.3%	110,083	13.0%	113,335	12.8%
Trade receivables	16	206,302	24.6%	194,043	22.9%	199,453	22.4%
Other current assets	17	16,651	2.0%	18,307	2.2%	24,041	2.7%
Cash and cash equivalents		606	0.1%	18,972	2.2%	10,053	1.1%
EQUITY AND LIABILITIES		**837,634**	**100.0%**	**847,894**	**100.0%**	**890,238**	**100.0%**
Equity	18	**319,916**	**38.2%**	**319,466**	**37.7%**	**316,989**	**35.6%**
Share capital		66,378	7.9%	66,378	7.8%	66,378	7.5%
Share premium		157,712	18.9%	157,712	18.6%	157,712	17.7%
Legal and statutory reserves		22,719	2.7%	22,719	2.7%	22,719	2.5%
Retained earnings		74,841	8.9%	73,212	8.6%	69,233	7.8%
Own shares		-3,170	-0.4%	-3,170	-0.3%	-3,170	-0.4%
Fair value reserve		1,436	0.2%	2,615	0.3%	4,117	0.5%
Non-current liabilities		**229,067**	**27.3%**	**250,247**	**29.5%**	**209,891**	**23.6%**
Provisions	19	25,666	3.1%	21,632	2.5%	21,191	2.4%
Deferred tax liabilities		1,250	0.1%	1,288	0.2%	1,289	0.1%
Non-current financial liabilities	20	202,151	24.1%	227,327	26.8%	187,411	21.1%
Current liabilities		**288,651**	**34.5%**	**278,181**	**32.8%**	**363,358**	**40.8%**
Current financial liabilities	20	134,494	16.1%	108,349	12.8%	186,619	21.0%
Trade payables	21	134,215	16.0%	152,164	17.9%	148,515	16.7%
Other current liabilities	22	19,942	2.4%	17,668	2.1%	28,224	3.1%

Condensed Income Statement of Gorenje, d.d.

EURk	Note	Q3 2012	%	Q3 2013	%	Jan-Sep 2012	%	Jan-Sep 2013	%	Plan 2013	%	2013/ 2012	Plan realisation
Revenue	1	163,213	99.5%	153,943	97.0%	479,464	98.6%	471,802	98.9%	699,203	98.9%	98.4	67.5
Change in inventories		-1,026	-0.6%	2,710	1.7%	-290	-0.1%	-1,683	-0.4%	0	0.0%	580.3	/
Other operating income	2	1,899	1.1%	2,107	1.3%	6,974	1.5%	6,972	1.5%	7,778	1.1%	100.0	89.6
Gross profit		**164,086**	**100.0%**	**158,760**	**100.0%**	**486,148**	**100.0%**	**477,091**	**100.0%**	**706,981**	**100.0%**	**98.1**	**67.5**
Cost of goods, materials and services	3,4	-132,385	-80.7%	-128,225	-80.8%	-393,282	-80.9%	-384,282	-80.5%	-564,490	-79.9%	97.7	68.1
Employee benefits expense	5	-26,990	-16.4%	-23,743	-14.9%	-77,083	-15.8%	-70,286	-14.7%	-102,629	-14.5%	91.2	68.5
Amortisation and depreciation expense	6	-5,062	-3.1%	-4,567	-2.9%	-15,662	-3.2%	-13,440	-2.9%	-21,024	-3.0%	85.8	63.9
Other operating expenses	7	-1,752	-1.1%	-1,270	-0.8%	-4,636	-1.0%	-3,887	-0.8%	-4,471	-0.6%	83.8	86.9
Operating profit or loss		**-2,103**	**-1.3%**	**955**	**0.6%**	**-4,515**	**-0.9%**	**5,196**	**1.1%**	**14,367**	**2.0%**	**/**	**36.2**
Finance income	9	1,626	1.0%	4,630	2.9%	11,423	2.3%	15,225	3.2%	13,890	2.0%	133.3	109.6
Finance expenses	9	-6,296	-3.8%	-10,851	-6.8%	-18,817	-3.9%	-24,798	-5.2%	-20,403	-2.9%	131.8	121.5
Net finance income / expenses	**9**	**-4,670**	**-2.8%**	**-6,221**	**-3.9%**	**-7,394**	**-1.6%**	**-9,573**	**-2.0%**	**-6,513**	**-0.9%**	**129.5**	**147.0**
Profit or loss before tax		**-6,773**	**-4.1%**	**-5,266**	**-3.3%**	**-11,909**	**-2.5%**	**-4,377**	**-0.9%**	**7,854**	**1.1%**	**36.8**	**/**
Income tax expenses	10	-427	-0.3%	479	0.3%	-556	-0.1%	398	0.1%	-593	-0.1%	/	/
Profit or loss for the period		**-7,200**	**-4.4%**	**-4,787**	**-3.0%**	**-12,465**	**-2.6%**	**-3,979**	**-0.8%**	**7,261**	**1.0%**	**31.9**	**/**
Basic and diluted earnings per share (in EUR)		-0.46		-0.30		-0.79		-0.25		0.46			

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

EURk	Jan-Sep 2012	Jan-Sep 2013
Profit or loss for the period	**-12,465**	**-3,979**
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	-7	12
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-2,082	71
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, transferred to profit or loss	1,155	1,727
Income tax on other comprehensive income	204	-308
Other comprehensive income for the period	**-730**	**1,502**
Total comprehensive income for the period	**-13,195**	**-2,477**

Significant items in the statement of comprehensive income are outlined and explained in the accompanying notes to the accounting report of the Gorenje Group (page 37 of the report).

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

EURk	Note	Jan-Sep 2012	Jan-Sep 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss for the period		**-12,465**	**-3,979**
Adjustments for:			
Depreciation of property, plant and equipment		13,593	11,249
Amortisation of intangible assets		2,069	2,191
Investment income		-11,423	-15,225
Finance expenses		18,817	24,798
Gain on sale of property, plant and equipment		-609	-522
Income tax expense		556	-398
Operating profit before changes in net operating current assets and provisions		**10,538**	**18,114**
Change in trade and other receivables		-17,280	-15,888
Change in inventories		1,847	-5,038
Change in provisions		-561	-441
Change in trade and other payables		-4,395	7,346
Cash generated from operations		**-20,389**	**-14,021**
Interest paid		-14,853	-13,180
Net cash from operating activities	**23**	**-24,704**	**-9,087**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		3,445	5,466
Dividends received		752	4,050
Interest received		3,551	4,735
Acquisition of subsidiary		-6,163	-2,800
Acquisition of property, plant and equipment		-5,190	-32,691
Acquisition of investment property		0	-7,298
Other investments		-6,986	-4,726
Acquisition of intangible assets		-523	-6,109
Net cash used in investing activities	**24**	**-11,114**	**-39,373**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-2,367	0
Repayment of borrowings		-19,299	39,541
Net cash used in financing activities	**25**	**-21,666**	**39,541**
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS			
Net change in cash and cash equivalents		-57,484	-8,919
Cash and cash equivalents at beginning of period		58,090	18,972
Cash and cash equivalents at end of period		606	10,053

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

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
Opening balance at 1 Jan 2012	**66,378**	**157,712**	**22,719**	**89,521**	**-3,170**	**2,166**	**335,326**
Total comprehensive income for the period							
Profit or loss for the period				-12,465			-12,465
Total other comprehensive income						-730	-730
Total comprehensive income for the period	**0**	**0**	**0**	**-12,465**	**0**	**-730**	**-13,195**
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distribution to owners							0
Equity increase							0
Dividends paid				-2,367			-2,367
Unpaid dividends				152			152
Total contributions by owners and distribution to owners	**0**	**0**	**0**	**-2,215**	**0**	**0**	**-2,215**
Total transactions with owners	**0**	**0**	**0**	**-2,215**	**0**	**0**	**-2,215**
Closing balance at 30 Sep 2012	**66,378**	**157,712**	**22,719**	**74,841**	**-3,170**	**1,436**	**319,916**

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				-3,979			-3,979
Total other comprehensive income						1,502	1,502
Total comprehensive income for the period	**0**	**0**	**0**	**-3,979**	**0**	**1,502**	**-2,477**
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distribution to owners							0
Equity increase							0
Dividends paid							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 Sep 2013	**66,378**	**157,712**	**22,719**	**69,233**	**-3,170**	**4,117**	**316,989**

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

Condensed Income Statement

1. As for the total sales structure, **sales of Home products and work in progress produced in-house** amounted to EUR 279,617k and recorded a share of 59.4%; compared to the result of the equivalent period in 2012, the figure declined by 6.7%. This decrease in the sale of Home products produced in-house reflects primarily the process of relocating the production of the new refrigerator-freezer generation (600 mm) to Valjevo and thus the related marketing channels.

   Other sales were recorded at EUR 192,185k and show a growth of 6.8% over the comparable period in 2012. The result was positively affected by higher revenue from the sale of Home appliances via dealers (sale of Home products beyond own production) by 9.6%, and higher revenue from sales of other Home products by 31.7% (sales of the Services programme, marketing of raw materials and material, work in progress and services) compared to the nine-month period in 2012. The biggest increase within the sale of Home appliances via dealers was recorded by the Valjevo sales programme (114.1%) and the complementary programme (32.4%). The sale of material and services for the Valjevo programme recorded the highest growth within the other sale of Home appliances.

   Revenue generated by the Business Segment Portfolio Investments, which includes the Point programme, the ecology programme, the energy and environment programme, and the Solar programme, declined by 34.8% compared to the equivalent period in 2012. This decrease is mostly attributable to the lower sale of coal as a result of the changed sales timetable in 2013 if compared to 2012.

2. **Other operating income** which includes lease and rental income (EUR 2,012k), income from subsidies (EUR 677k), income on charged trademarks (EUR 2,805k), income from compensation for damages (EUR 737k), proceeds from sale of property, plant and equipment (EUR 470k), and other income (EUR 271k) **remained on the level** of the last year's equivalent period**.**

3. **Cost of goods and materials sold grew** by 5.9% if compared to the first nine months of 2012 as a result of increased sales of Home appliances via dealers and higher other sale of Home appliances. Cost of **materials** declined as a result of lower production of large household appliances by 8.4% (due to the relocation of the refrigerator-freezer NGC 600 mm programme from Velenje to Valjevo; however, the volume of products produced in-house and the related sales have increased within the programmes of cooking appliances and washing machines and dryers) and a more favourable lease of primary raw materials in the first six months of 2013.

4. **Cost of services** decreased by EUR 2,129k or 3.9% if compared to the equivalent period last year and grew more slowly than the scope of business activities.

5. **Employee benefits expense** declined by EUR 6,797k or 8.8%, compared to the same period in 2012, which is the result of lower number of employees by 6.1% and the implemented measures by the management in the first half-year of 2012 and adopted in the third quarter of 2012 in connection with the cost adjustment of employee benefits expense when production capacities are not fully utilised. Its share in the gross profit structure declined from 15.8% to 14.7%.

6. In view of the last year's equivalent period, **amortisation and depreciation expense** declined by EUR 2,222k , which is primarily the result of the extended useful lives of certain appliances and equipment in the previous year and the shifting of equipment from Velenje to the new production facility in Valjevo.

7. **Other operating expenses** decreased by 16.2%, compared to the equivalent period last year, due to lower provisions formed for lawsuits. They include primarily expenses for environmental charges (EUR 556k), charges independent of the result for the period (EUR 1,036k), expenses for allowances of inventories (EUR 935k), and provisions for lawsuits (EUR 478k).

8. **Value added per employee** was recorded at EUR 21,263 which is 7.3% more than in last year's equivalent period.

9. **Negative financing activities** increased over the previous year's comparable period by EUR 2,179k. They were negatively impacted mostly by impairment of financial assets held for sale which amounted to EUR 3,791k (30 September 2012: EUR 1,314k) and the impairment of loans granted at EUR 3,302k. Financing activities were, however, positively impacted by lower negative result from interest due to the fall of the 9-month EURIBOR interest rate.

EURk	Jan-Sep 2012	Jan-Sep 2013	2013/2012
Interest income	4,396	4,440	101.0
Income from revaluation due to value maintenance *	299	36	12.0
Other finance income **	6,728	10,749	159.8
Total finance income	**11,423**	**15,225**	**133.3**
Interest expenses	-11,905	-10,811	90.8
Expenses from revaluation due to value maintenance *	-484	-713	147.3
Other finance expenses **	-6,428	-13,274	206.5
Total finance expenses	**-18,817**	**-24,798**	**131.8**
Interest result	-7,509	-6,371	84.8
Revaluation result	-185	-677	365.9
Result from other financing activities	300	-2,525	/
Total financial result	**-7,394**	**-9,573**	**129.5**

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

10. **Income tax expense** includes deferred taxes in the amount of EUR 398k that increase the profit or loss for the period as a result of the formation and utilisation of deferred taxes.

Condensed Statement of Comprehensive Income

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

Condensed Balance Sheet

12. As at 30 September 2013, the **balance sheet total** amounted to EUR 890,238k and is higher by 5.0% compared to the year-end result of 2012. The increase is attributable to the higher balance of non-current assets. Compared to the year-end of 2012, the **asset** structure indicates a shift towards non-current assets due to higher intangible assets as a result of development costs, and higher balance of property, plant and equipment earmarked for the production of washing machines and dryers from the Asko programme. Non-current assets account for 51.0% among total assets, whereas their share was 49.8% at the end of 2012.

13. **Value of investment property** grew by **45.2%** compared to the year-end balance of 2012, which is the result of additional acquisition of investment property.

14. Given the year-end balance of 2012, **total inventories** indicate a growth of 6.0%. Inventories of material are higher as a result of adjusting the purchase volume to production requirements, which includes the production start of washing machines and dryers in the first quarter of 2013 and the production start of dishwashers in the second quarter of 2013 that was transferred from Sweden. Lowering the inventories of products is primarily attributable to reducing emergency stock of refrigerator-freezer appliances, whose production was relocated to Valjevo. Increase in inventories of merchandise refers to higher inventories of Home appliances via dealers.

EURk	30 Sep 2012	31 Dec 2012	30 Sep 2013	30 Sep 2013/ 30 Sep 2012	30 Sep 2013/ 31 Dec 2012
Material	40,880	39,433	44,529	108.9	112.9
Work in progress	9,610	7,622	8,517	88.6	111.7
Products	17,329	22,190	19,612	113.2	88.4
Merchandise	10,529	14,498	15,815	150.2	109.1
Advances	923	474	782	84.7	164.9
Total	**79,271**	**84,217**	**89,255**	**112.6**	**106.0**

Compared to the entire year 2012 and the equivalent period last year, the turnover of inventories of products is shorter by one day.

	Jan-Sep 2012	Jan-Dec 2012	Jan-Sep 2013
Turnover of products	22	22	21
Turnover of trade receivables	108	104	112
Turnover of trade payables	82	83	91

15. **Current investments** grew by 3.0% due to higher balance of non-current loans extended to subsidiaries. Concurrently, financial assets held for sale were impaired, among others also the investment in Probanka (up to value 0) and loans granted to the company Vario 2000, d.o.o., which is in liquidation as of 9 September 2013.

16. Compared to the year-end balance of 2012, **trade receivables** grew by 2.8% as a result of higher sales generated in Eastern Europe (Russia in particular), in overseas countries and territories as well as in Benelux countries, where sales have increased due to relocation of the washing machines, dryer and dishwasher production from Sweden to Slovenia and the consequently changed transport routes. Higher decline in trade receivables if compared to the 31 December 2012 balance is recorded in the region of Central and Western Europe. The value of overdue receivables grew primarily in the region of South-Eastern and Eastern Europe.

    Compared to the previous year's equal period, the turnover of trade payables grew from 108 to 112 days and is longer by 8 days if compared to the year 2012.

17. **Other current assets** record an increase of 31.3% if compared to the year-end result of 2012, which is primarily attributable to higher other current receivables and advances given for transport of coal, whereby deferred costs and accrued revenue, as well as input VAT receivables have declined.

18. As for the total **liabilities** structure, non-current liabilities exceed the coverage of non-current assets by 16.0% as at 30 September 2013. Equity (share capital and long-term provisions) accounts for 38.0% (40.2% as at 31 December 2012) of the total liabilities structure.

    Compared to the end of 2012, changes in the company's equity include following:
    - decrease due to loss for the period in the amount of EUR 3,979k,
    - higher fair value reserve by the revaluation of available-for-sale financial assets to the market value in the amount of EUR 12k,
    - higher fair value reserve by changes in the cash flow hedge in the amount of EUR 1,798k,
    - lower fair value reserve by liabilities referring to deferred taxes in the amount of EUR 308k.

19. **Provisions** are in the amount of EUR 441k below the level recorded at the end of 2012 primarily because of lower provisions formed for repairs in the warranty period as a result of lower sale of products.

20. Compared to the year-end balance of 2012, **total financial liabilities** grew by EUR 38,354k or 11.4%. This result is attributable primarily to the unfavourable movement of cash flow, which was negatively impacted by higher current operating assets and higher investments made in connection with relocating the production of dryers, washing machines and dishwashers from Sweden to Velenje. As at 30 September 2013, financial liabilities represented 42.1% of total liabilities, which is 2.5 p.p. more than at the year-end of 2012.

    The item of current financial liabilities comprises also the amount of EUR 10m paid by the company Panasonic and earmarked for the equity increase. This amount is disclosed as other current financial liability until the relevant equity increase is entered in to the register of companies.

21. **Trade payables** are lower by EUR 3,649k or 2.4% compared to the year-end balance of 2012, which is mostly attributable to year-on-year dynamics and adjusting the purchase volume to production and sales requirements.

    Turnover of trade payables grew from 83 to 91 days compared to the entire year 2012 and is longer by nine days in terms of last year's comparable period.

22. **Other current liabilities** comprise mostly payables to employees and payables to state and other institutions, current liabilities for advances received, and accrued costs or expenses and deferred revenue. They increased by

59.7% compared to the year-end result of 2012, which is primarily attributable to higher short-term accrued costs or expenses relating to services, and accrued bonuses that shall be granted to customers at the end of the year.

Condensed Statement of Cash Flows

23. **Cash flows from operating activities** were negative primarily as a result of higher current operating assets and the loss for the period. Conversely, they were positively affected by the elimination of amortisation and depreciation expense and higher trade and other payables.

24. **Cash flows from investing activities** were negative as a result of acquiring property, plant and equipment, intangible assets and investment property and loans granted. They were positively impacted by proceeds from sale of plant and equipment and dividends received.

25. **Cash flows from financing activities** were positive due to the borrowings raised. The negative cash flow was partly covered by cash available at the end of 2012.

26. **Fair value**

Fair value and book value of assets and liabilities

EURk	Book value 31 Dec 2012	Fair value 31 Dec 2012	Book value 30 Sep 2013	Fair value 30 Sep 2013
Available -for-sale investments	12,310	12,310	8,668	8,668
Non-current loans and deposits	42	42	23	23
Current loans and deposits	94,708	94,708	98,436	98,436
Derivatives	-5,315	-5,315	-3,481	-3,481
Trade receivables	194,043	194,043	199,453	199,453
Other current assets	13,227	13,227	19,194	19,194
Cash and cash equivalents	18,972	18,972	10,053	10,053
Non-current financial liabilities (variable interest rate)	-227,327	-227,327	-187,411	-187,411
Current financial liabilities	-103,034	-103,034	-183,138	-183,138
Trade payables	-152,164	-152,164	-148,515	-148,515
Other current liabilities	-10,729	-10,729	-14,376	-14,376
Total	**-165,267**	**-165,267**	**-201,094**	**-201,094**

Fair value scale

The table below shows the valuation methods applied with financial assets recorded at fair value:

Level 1: stock price (unadjusted) in the active market for identical assets and liabilities,

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

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

31 December 2012

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	266	-	12,044	12,310
Derivatives - assets	-	-	-	-
Derivatives - liabilities	-	-5,315	-	-5,315

30 September 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	183		8,485	8,668
Derivatives - assets	-	-	-	-
Derivatives - liabilities	-	-3,481	-	-3,481

27. Related party transactions

	Value of transaction		Total	
EURk	Jan-Sep 2012	Jan-Sep 2013	30 Sep 2012	30 Sep 2013
Revenue	336,117	355,760		
Trade receivables			164,972	164,569
Trade payables			25,991	43,067
Loans granted			75,475	88,032
Borrowings raised			25,318	30,886

28. Financial indicators

	Jan-Sep 2012	Jan-Sep 2013	Plan 2013
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	-2.60%	-0.84%	1.04%
Net return on assets (ROA)	-1.93%	-0.61%	0.93%
Net return on equity (ROE)	-5.07%	-1.67%	2.35%
ASSET INDICATORS			
Asset turnover ratio	0.74	0.72	0.89
Inventory turnover ratio	7.97	7.25	8.90
Current trade receivables turnover ratio	3.24	3.20	3.89
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.20	0.23	0.22
Current assets to total assets	0.52	0.51	0.54
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.27	1.16	1.28
Equity to total liabilities	0.38	0.36	0.41
Long-term to total liabilities	0.66	0.59	0.69
Equity to fixed assets (carrying value)	1.87	1.52	1.87
Quick ratio (liquid assets to current liabilities)	0.36	0.34	0.37
(Liquid assets + current receivables) to current liabilities	1.13	0.95	1.17
Current ratio	1.41	1.20	1.49
Net financial liabilities to equity	0.73	0.79	0.62
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	0.99	1.01	1.02
Revenue per employee (EUR)	107,648	112,817	160,111
Value added per employee (EUR)	19,809	21,263	31,996

Information Regarding the Report and its Public Announcement

Pursuant to provisions of the Financial Instruments Market Act and Rules and Regulations of the Ljubljana Stock Exchange, the company Gorenje, d.d., Partizanska 12, SI-3503 Velenje, hereby announces the **Unaudited Non-consolidated Management Report of Gorenje, d.d., for the Period January-September 2013** and the **Unaudited Consolidated Management Report of the Gorenje Group for the Period January-September 2013**. Major changes to the information are announced regularly in the Delo daily newspaper, by the Ljubljana Stock Exchange electronic information dissemination system SEOnet, and the company website at www.gorenje.com. The unaudited report of Gorenje, d.d., and the Gorenje Group was presented by its Supervisory Board at their **44th regular session** held on **14 November 2013**. The report shall be available at the headquarters of Gorenje, d.d., at Partizanska 12, SI-3503 Velenje. Further, the report hereunder was also announced in the Ljubljana Stock Exchange electronic info system on **15 November 2013**, and published on the issuer's web site at www.gorenje.com

Forward-looking Statements

This announcement of the Unaudited Business Report for the Period January-September 2013 includes forward-looking information and forecasts – i.e. statements regarding the future, rather than the past, and regarding events within the framework and in relation to the currently effective legislation on publicly traded companies and securities and pursuant to the Rules and Regulations of the Ljubljana Stock Exchange. These statements can be identified by the words such as "expected", "anticipated", "forecast", "intended", "planned or budgeted", "probable or likely", "strive/invest effort to", "estimated", "will", "projected", or similar expressions. These statements include, among others, financial goals and targets of the parent company Gorenje, d.d., and the Gorenje Group for the upcoming periods, planned or budgeted operations, and financial plans. These statements are based on current expectations and forecasts and are subject to risk and uncertainty which may affect the actual results which may in turn differ from the information stated herein for various reasons. Various factors, many of which are beyond reasonable control by Gorenje, affect the operations, performance, business strategy, and results of Gorenje. Thus actual results, performance, or achievements of Gorenje may differ materially from the expected results, performance, or achievements as stated in these forward-looking statements. These factors include, without prejudice to any not mentioned herein, the following: consumer demand and market conditions in geographical segments or regions and in industries in which the Gorenje Group is conducting its operating activities; effects of changes in exchange rates; competitive downward pressure on downstream prices; major loss of business with a major account/customer; the possibility of overdue or late payment on the part of customers; decrease in prices as a result of persistently harsh market conditions, in an extent much higher than currently expected by Gorenje's Management Board; success of development of new products and implementation in the market; development of manufacturer's liability for the product; progress of attainment of operative and strategic goals regarding efficiency; successful identification of opportunities for growth and mergers and acquisitions, and integration of such opportunities into the existing operations; further volatility and aggravation of circumstances in capital markets; progress in attainment of goals regarding structural reorganization and reorganization in purchasing. If one more risks or uncertainties are in fact materialized or if the said assumptions are proven wrong, actual results may deviate materially from those stated as expected, hoped for, forecast, projected, planned, probable, estimated, or anticipated in this announcement. Gorenje does not intend to assume and will not allow for any liability to update or revise these forecasts in light of development differing from the expected events.