



Gorenje gospodinjski aparati, d.d.

(incorporated as a joint stock company under the laws of the Slovenia, having its registered office at Partizanska 12, 3503 Velenje, Slovenia and registered by the Court Register of the District Court in Celje under inlay No. 1/00461/00)

**Offering of up to 10,440,835 Offer Shares with no par value
and admission of up to 10,440,835 shares to trading on the main market of the Ljubljana Stock Exchange and
up to 28,667,897 shares to trading on the main market of the Warsaw Stock Exchange**

The company Gorenje gospodinjski aparati d.d. (the “**Company**” or the “**Issuer**”, and together with its consolidated subsidiaries, the “**Group**”), a company incorporated as a joint stock company under the laws of the Republic of Slovenia, has prepared a prospectus (the “**Prospectus**”) for (i) the public offering (the “**Offering**”) of up to 10,440,835 of new shares with no par value (the “**Offer Shares**”) in Gorenje gospodinjski aparati d.d. (the “**Company**” or the “**Issuer**”, and together with its consolidated subsidiaries, the “**Group**”), a company incorporated as a joint stock company under the laws of the Republic of Slovenia; (ii) the admission of up to 10,440,835 of the Offer Shares to trading on the main market of the Ljubljana Stock Exchange (*Ljubljanska borza d.d., Ljubljana*) (the “**LJSE**”); and (iii) the admission of up to 28,667,897 of shares, including up to 10,440,835 of the Offer Shares, to trading on the main market of the Warsaw Stock Exchange (*Gięlda Papierów Wartościowych w Warszawie S.A.*) (the “**WSE**”).

The Prospectus was approved by the Slovenian ATPV with decision No. 40200-9/2013-4 dated November 19 2013 and passported to the Polish FSA, which was acknowledged by the Polish FSA on 19 November 2013.

This supplement (the “**Supplement**”) to the Prospectus is prepared following the appearance of important new factors subsequent to the approval of the Prospectus, i.e. the publication of interim nine-month results of the Gorenje Group. Therefore the Company has prepared this Supplement pursuant to Art. 80 of the Slovenian Financial Instruments Market Act.

This Supplement should be read in conjunction with the Prospectus. From the day of publication of this Supplement, the Supplement will be deemed to be part of the Prospectus and the Prospectus will be deemed to have been amended or supplemented with this Supplement. Individual terms in this Supplement have the same meaning as in the Prospectus.

This Supplement will be published in the same way as the Prospectus, namely in electronic form on the websites of the LJSE (www.ljse.si), the Company (www.gorenjegroup.com), DM BZ WBK (www.dmbzbwk.pl) and NLB (www.nlb.si).

All persons who have subscribed and paid for the Offer Shares pursuant to the Prospectus and before the publication of this Supplement, have the right to withdraw from acceptance of the Offering at the latest within 2 (two) business days from publication of this Supplement, i.e. from 3 December 2013 inclusive, until 4 December 2013 inclusive. Withdrawal from acceptance of the Offering may be made at any NLB branch office in Slovenia, during the regular business hours of the branches, by completing a withdrawal form. Subscription payments made will be returned without interest or other compensation. Should persons who have subscribed and paid for the Offer Shares pursuant to the Prospectus and before the publication of this Supplement, not withdraw by the set deadline, their subscriptions (i.e. acceptances of the Offering) will remain valid.

The date of this Supplement is November 2013.

PERSONS RESPONSIBLE

The Company and each of the Directors accepts responsibility for the information contained in this Supplement and declares that to the best of their knowledge, and having taken reasonable care to ensure that such is the case, the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import.

On behalf of **GORENJE GOSPODINJSKI APARATI, D.D.**


Franc Bobinac, President of the Management Board,



Peter Groznik, Member of the Management Board



Marko Mrzel, Member of the Management Board



Branko Apat, Member of the Management Board



Drago Bahun, Member of the Management Board, Labour Director



1. Section B.7 of the Summary of the Prospectus and the section “Selected Historical Financial Information” in the Prospectus shall be replaced with the following wording:

The following selected historical financial and other data, as of and for the three years ended 31 December 2010, 2011, 2012, the nine-month period ended 30 September 2012 and the nine-month period ended 30 September 2013, have been prepared in accordance with the provisions of the Slovenian Companies Act, the IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU.

In 2012 and in the period January-September 2013, the Gorenje Group has been in the process of discontinuing, disposing of and restructuring the activities (including its furniture program and sales organisations) which in the past have had a negative impact on the Group’s profitability and cash flow. The classification of activities among its discontinued operations is stipulated and defined by IFRS 5 (Non-current assets held for sale and discontinued operations). The income statement and balance sheet for the year ended 31 December 2012 and nine-month period ended 30 September 2013, and the income statement for the year ended 31 December 2011 and nine-month period ended 30 September 2012 have been adjusted in accordance to the standard, while the financial statements for the remaining years are included as audited and published.

The comparative figures presented below from the income statement for the year ended 31 December 2011 and for the nine-month period ended 30 September 2012, are different than originally published as they have been adjusted in accordance to IFRS 5, while the financial statements for the remaining years are presented as originally published.

Income Statement Data

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
		(audited)		(unaudited)	

(EUR in thousand)

Income Statement Data

Net sales	1,382,185	1,386,629	1,263,082	910,618	897,120
Change in inventories	-13,510	8,897	11,881	9,034	-1,998
Other operating income	47,554	50,564	40,929	23,922	17,969
Gross profit	1,416,229	1,446,090	1,315,892	943,574	913,091
Costs of goods, material and services	-1,040,509	-1,076,437	-946,215	-680,473	-662,405
Employee benefits expense.....	-244,442	-253,333	-258,680	-191,264	-180,521
Amortisation and depreciation expense	-52,237	-48,347	-45,665	-34,876	-31,740
Other operating expenses.....	-22,603	-24,303	-20,411	-14,587	-14,781
Operating profit	56,438	43,670	44,921	22,374	23,644
Net finance expense	-33,966	-25,346	-30,416	-18,333	-30,544
Share in profits or losses of associates	0	-9	301	76	62
Profit or loss before tax	22,472	18,315	14,806	4,117	-6,838
Income tax expense	-2,448	-1,880	-5,633	-3,251	-2,470
Profit or loss without discontinued		16,435	9,173	866	-9,308

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013

(audited)

(unaudited)

(EUR in thousand)

Income Statement Data

operation					
Profit or loss from discontinued operation.....		-7,329	-8,883	-7,251	-8,873
Profit or loss for the period	20,024	9,106	290	-6,385	-18,181

*Source: Financial Statements and Interim Financial Statements

Statement of Financial Position Information

Balance Sheet Data	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013

(audited)

(unaudited)

(EUR in thousand)

ASSETS	1,317,754	1,251,658	1,197,324	1,194,015	1,197,990
Non-current assets	563,435	556,345	550,965	556,752	568,930
Intangible assets.....	160,161	158,620	159,607	158,957	163,851
Property, plant and equipment.....	375,400	358,840	341,171	348,995	354,903
Other non-current assets.....	27,874	38,885	50,187	48,800	50,176
Current assets	754,319	695,313	646,359	637,263	629,060
Inventories.....	257,593	245,608	247,365	247,719	250,004
Trade receivables.....	306,284	255,911	218,516	282,326	237,231
Other current assets.....	190,442	193,794	153,257	107,218	135,621
Assets held for sale.....			27,221		6,204
EQUITY AND LIABILITIES	1,317,754	1,251,658	1,197,324	1,194,015	1,197,990
Equity	392,096	397,819	392,145	381,577	370,239
Non-current liabilities	356,027	385,330	349,411	335,339	293,730
Other non-current liabilities.....	95,095	82,871	72,531	78,129	74,524
Non-current financial liabilities.....	260,932	302,459	276,880	257,210	219,206
Current liabilities	569,631	468,509	455,768	477,099	534,021
Current financial liabilities.....	223,015	181,649	155,846	201,616	255,995
Trade payables.....	237,020	194,248	212,430	176,328	177,902
Other current liabilities.....	109,596	92,612	79,170	99,155	96,413
Liabilities held for sale.....			8,322		3,711

*Source: Financial Statements and Interim Financial Statements

Capitalization	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
		(audited)		(unaudited)	
	(EUR in thousand)				
Cash and cash equivalents	82,728	101,620	53,488	22,115	27,736
Short-term debt	223,015	181,649	155,846	201,616	255,995
Long-term debt	260,932	302,459	276,880	257,210	219,206
Total debt	483,947	484,108	432,726	458,826	475,201
Equity					
Share capital	66,378	66,378	66,378	66,378	66,378
Share premium	175,575	175,575	175,575	175,575	175,575
Legal reserves and statutory reserves	21,990	22,719	22,719	22,719	22,719
Retained earnings	107,382	115,618	113,454	106,903	95,101
Fair value reserves	13,294	8,886	8,976	8,156	10,478
Own shares	-3,170	-3,170	-3,170	-3,170	-3,170
Translation reserve	8,842	9,990	5,861	3,081	483
Equity of holders of the parent	390,291	395,996	389,793	379,642	367,564
Equity of non-controlling interests	1,805	1,823	2,352	1,935	2,675
Equity	392,096	397,819	392,145	381,577	370,239
Total capitalisation	876,043	881,927	824,871	840,403	845,440

*Source: Financial Statements and Interim Financial Statements

Cash Flow Information

CASH FLOWS FROM OPERATING ACTIVITIES	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
		(audited)		(unaudited)	
	(EUR in thousand)				
Profit for the period	20,024	9,106	290	-6,385	-18,181
Adjustments for:					
– depreciation of property, plant and equipment	46,227	43,767	40,433	31,022	26,873
– amortisation of intangible assets	6,010	6,431	6,553	4,861	5,128

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
		(audited)		(unaudited)	
	<i>(EUR in thousand)</i>				
- investment income	-12,485	-15,199	-6,871	-7,778	-3,915
- finance expenses	46,451	40,587	37,474	26,126	39,819
- gain or loss on sale of property, plant and equipment	-2,321	-3,644	-1,486	-971	-4,782
- negative goodwill (gain on bargain purchase).....	-13,337	0	0	0	0
- gain on sale of investment property	0	0	-365	0	0
- revaluation operating income	0	-3,563	-3,387	0	0
- income tax expense	2,448	2,006	5,644	3,275	2,470
Operating profit before changes in net operating current assets and provisions.....	93,017	79,491	78,285	50,150	47,412
Change in trade and other receivables	-80,635	10,297	6,752	-35,858	-36,584
Change in inventories	-39,612	11,344	-8,060	-2,111	-1,852
Change in provisions	25,664	-12,021	-7,243	-3,912	2,197
Change in trade and other liabilities	60,162	-38,265	12,064	-11,377	-16,713
Cash generated from operations.....	-34,421	-28,645	3,513	-53,258	-52,952
Interest paid	-23,607	-24,194	-25,593	-17,294	-16,459
Taxes paid.....	-7,272	-4,595	-6,544	-3,275	-2,894
Net cash from operating activities	27,717	22,057	49,661	-23,677	-24,893
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment	6,775	7,302	11,095	4,113	21,902
Proceeds from sale of investment property	5,621	0	2,161	0	0
Interest received.....	3,046	3,678	2,688	1,701	1,692
Dividends received	305	118	417	179	0
Liquidation of subsidiary, without disposed financial assets.....	0	10,747	0	0	0
Disposal of subsidiary, without disposed financial assets.....	0	7,143	0	0	0
Acquisition of subsidiary	1,144	0	0	0	0
Acquisition of property, plant and equipment..	-39,358	-41,089	-53,527	-27,461	-46,091
Acquisition of investment property	0	-9,819	0	0	-7,298
Available-for-sale investment.....	-1,695	-33	-337	0	0
Loans	-2,564	9,325	2,073	0	0
Other investments	14,341	-14,246	-898	-1,211	-6,360
Acquisition of intangible assets	-5,310	-6,379	-7,217	-5,500	-9,820
Net cash used in investing activities.....	-17,695	-33,253	-43,545	-28,179	-45,975

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
		<i>(audited)</i>		<i>(unaudited)</i>	
	<i>(EUR in thousand)</i>				
CASH FLOWS FROM FINANCING ACTIVITIES					
Repurchase of non-controlling interest	-6,902	0	0	0	0
Capital increase	24,920	0	0	0	0
Borrowings/ Repayment of borrowings	27,558	30,088	-50,881	-25,282	44,304
Dividends paid.....	0	0	-2,267	-2,367	0
Net cash used in financing activities	45,576	30,088	-53,148	-27,649	44,304
Net change in cash and cash equivalents	55,598	18,892	-47,032	-79,505	-26,564
Cash and cash equivalents at beginning of period.....	27,130	82,728	101,620	101,620	54,588
Cash and cash equivalents at end of period	82,728	101,620	54,588	22,115	28,024

*Source: Financial Statements and Interim Financial Statements

Other Financial Information

Other financial Information	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
		<i>(audited)</i>		<i>(unaudited)</i>	
	<i>(EUR in thousand)</i>				
Gross profit.....	1,416,229	1,446,090	1,315,892	943,574	913,091
EBIT	56,438	43,670	44,921	22,374	23,644
EBIT margin (%).....	4.1%	3.2%	3.6%	2.5%	2.6%
Amortisation and depreciation expense	52,237	48,347	45,665	34,876	31,740
EBITDA	108,675	92,017	90,586	57,250	55,384
EBITDA margin (%)	7.9%	6.6%	7.2%	6.3%	6.2%
Total debt.....	483,947	484,108	432,726	458,826	475,201

*Source: Financial Statements and Interim Financial

2. First paragraph of section B.3 of the Summary of the Prospectus, Business Segment Home shall be replaced with the following wording:

This is the main business segment of the Group, and has more than 60 years of history, It accounted for 73.4% of Group revenue in 2010, 76% in 2011, 84.8% in 2012 and 86.8% in the three quarters of 2013. The Company intends to further develop the importance of this business segment. According to both the Strategic Plan and the Updated Strategic Plan, this segment will remain the core activity of the Group and, by the end of 2018, is expected to account for approximately 90% of the Group's operations.

3. Last paragraph of section B.3 of the Summary of the Prospectus, Business Segment Home shall be replaced with the following wording:

For the years ended 31 December 2010, 2011, 2012, and in the nine-month period of 2013 the Company's operating income was EUR 1,382,185 thousand, EUR 1,386,629 thousand, EUR 1,263,082 thousand, and EUR 778,651 thousand respectively.

4. Third paragraph of section B.3 of the Summary of the Prospectus, Supplementary business segments shall be replaced with the following wording:

Revenues of Business Segment Ecology amounted EUR 101,711 thousand (7.4% of total Group's revenue) in 2010, EUR 113,406 thousand (8.2% of total Group's revenue) in 2011, EUR 97,346 thousand (7.7% of total Group's revenue) in 2012, and EUR 68,582 thousand in the nine-month period of 2013 (7.6% of the total revenues of the Group).

5. Sixth paragraph of section B.3 of the Summary of the Prospectus, Supplementary business segments shall be replaced with the following wording:

Revenues of Business Segment Portfolio Investments amounted EUR 265,729 thousand (19.2% of total Group's revenue) in 2010, EUR 219,854 thousand (15.8% of total Group's revenue) in 2011, EUR 94,457 thousand (7.5% of total Group's revenue) in 2012 and EUR 49,887 thousand in the nine-month period of 2013 (5.6% of the total revenues of the Group). The decrease of revenues in this business segment is mainly a result of sale of the participating interest in the company Istrabenz Gorenje, d.o.o., in July 2011 (and thus the winding-up of the energy business segment). Total revenue of Istrabenz Gorenje, d.o.o. amounted to EUR 167,503 thousand in 2010, and in the period January – June 2011 to EUR 104,819 thousand.

6. The paragraph in "Operating and Financial Review" – "Overview of Gorenje's business" describing the revenue in Business Segment Home, shall be replaced with the following wording:

The revenue from Business Segment Home amounted to EUR 1,014,754 thousand (73.4% of the Group's total revenue) in the year ended 31 December 2010; EUR 1,053,369 thousand (76.0% of total Group revenue) in the year ended 31 December 2011; EUR 1,071,279 thousand (84.8% of the Group's total revenue) in the year ended 31 December 2012, and EUR 778,651 thousand in the nine-month period ended 30 September 2013 (86.8% of the Group's total revenue).

7. The paragraph in "Operating and Financial Review" – "Overview of Gorenje's business" describing revenue in Business Segment Ecology shall be replaced with the following wording:

Revenue from Business Segment Ecology amounted to EUR 101,711 thousand (7.4% of the Group's total revenue) in the year ended 31 December 2010; EUR 113,406 thousand (8.2% of the Group's total revenue) in the year ended 31 December 2011; EUR 97,346 thousand (7.7% of the Group's total revenue) in the year ended 31 December 2012, and EUR 68,582 thousand in the nine-month period ended 30 September 2013 (7.6% of the Group's total revenue).

8. The paragraph in “Operating and Financial Review” – “Overview of Gorenje’s business” describing the revenue in Business Segment Portfolio Investments shall be replaced with the following wording:

Revenue from Business Segment Portfolio Investments amounted to EUR 265,729 thousand (19.2% of the Group’s total revenue) in the year ended 31 December 2010; EUR 219,854 thousand (15.8% of the Group’s total revenue) in the year ended 31 December 2011; EUR 94,457 thousand (7.5% of the Group’s total revenue) in the year ended 31 December 2012, and EUR 49,887 thousand in the six-month period ended 30 September 2013 (5.6% of the Group’s revenue).

9. The section “Operating and Financial Review” – “Recent development” in the Prospectus shall be replaced with the section “Operating and Financial Review” – “Recent development” in the following wording:

Recent development

Significant Events after the Balance Sheet Date

From the end of the Company’s last reporting period, on 30 September 2013, until the date of this Prospectus, the following significant changes in the financial or trading position of the Company have occurred:

- On the basis of the completed procedure of registering and paying in of 2,320,186 of new Gorenje shares issued within the first increase of share capital (see section “Use of Proceeds” – “First increase of share capital”), on 4 October 2013 the parent company received a decision from the District Court in Celje under entry No. Srg 2013/40264 dated 4 October 2013. The relevant decision discusses the registration of the changed share capital of the Company 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 2,320,186 of new Gorenje shares in a dematerialised form on 11 October 2013, whereby the listing of 2,320,186 of new Gorenje shares on the organised market managed by the Ljubljana Stock Exchange was carried out on 14 October 2013.
- On 29 October 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 reorganising and optimising 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 on the markets.

10. The section “Operating and Financial Review” – “Results of operation” – “Six-month period ended 30 September 2013 in comparison to the six-month period ended 30 September 2012” in the Prospectus shall be replaced with the section “Operating and Financial Review” – “Results of operation” – “Nine-month period ended 30 September 2013 in comparison to the nine-month period ended 30 September 2012” in the following wording:

Results of operations

Nine-month period ended 30 September 2013 in comparison to the nine-month period ended 30 September 2012

In the comparison of financial information between the nine-month period ended 30 September 2013 and the nine-month period ended 30 September 2012, the financial information is presented without discontinued operations.

Revenue

The Group's total revenue decreased by 1.5% to EUR 897,120 thousand in the nine-month period ended 30 September 2013, from EUR 910,618 thousand in the nine-month period ended 30 September 2012.

The following table presents the Group's revenues by business segment, for the nine-month period ended 30 September 2012 and 2013.

	Nine-month period ended 30 September				
	2012		2013		Change from 2012 to 2013
	Amount	Percentage of total revenue	Amount	Percentage of total revenue	
	(unaudited)				
	(EUR in thousand)				
Home	770,967	84.7%	778,651	86.8%	1.0%
Ecology.....	74,761	8.2%	68,582	7.6%	-8.3%
Portfolio Investments.....	64,890	7.1%	49,887	5.6%	-23.1%
Total revenues.....	910,618	100.0%	897,120	100.0%	-1.5%

*Source: the Company.

The following table presents the Group's revenues by geographical location of customers, per business segment in the nine-month period ended 30 September 2012 and 2013.

	Nine-month period ended 30 September			
	2012		2013	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(unaudited)			
	(EUR in thousand)			
Home				
Western Europe	351,724	45.6%	342,056	43.9%
Eastern Europe.....	345,069	44.8%	367,931	47.3%
Other.....	74,174	9.6%	68,664	8.8%
Total.....	770,967	100.0%	778,651	100.0%

Nine-month period ended 30 September

	2012		2013	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	<i>(unaudited)</i>			
	<i>(EUR in thousand)</i>			
Ecology				
Western Europe	0	0.0%	0	0.0%
Eastern Europe.....	74,761	100.0%	68,582	100.0%
Other.....	0	0.0%	0	0.0%
Total.....	74,761	100.0%	68,582	100.0%
Portfolio Investments				
Western Europe	4,574	7.0%	3,809	7.6%
Eastern Europe.....	60,316	93.0%	46,078	92.4%
Other.....	0	0.0%	0	0.0%
Total.....	64,890	100.0%	49,887	100.0%

*Source: the Company.

Business Segment Home

The Group's total revenue from Business Segment Home increased by 1.0% from EUR 770,967 thousand in the nine-month period ended 30 September 2012, to EUR 778,651 thousand in the nine-month period ended 30 September 2013.

Nine-month period ended 30 September

EUR in thousand	2012		2013		Change from 2012 to 2013
	Amount	Percentage of total revenue	Amount	Percentage of total revenue	
	<i>(unaudited)</i>				
Western Europe	351,724	45.6%	342,056	43.9%	-2.7%
Eastern Europe.....	345,069	44.8%	367,931	47.3%	6.6%
Other.....	74,174	9.6%	68,664	8.8%	-7.4%
Total Home.....	770,967	100.0%	778,651	100.0%	1.0%

*Source: the Company.

The table below presents the number of units sold by the Group for the periods indicated.

	Nine-month period ended 30 September	
	2012	2013
	Units	Units
	<i>(unaudited)</i>	
Household Appliances		
Refrigerators.....	753,963	726,062
Washing machines.....	560,612	562,488
Dishwashers.....	191,199	199,878
Cooking appliances.....	1,499,409	1,561,579
Total.....	3,005,183	3,050,007
Heating appliances.....	370,044	373,758
Small domestic appliances.....	780,599	967,374
Total.....	4,155,826	4,391,139

*Source: the Company.

Business Segment Ecology

Business Segment Ecology generated EUR 68,582 thousand in revenues in the nine-month period ended 30 September 2013, as compared to EUR 74,761 thousand in the nine-month period ended 30 September 2012, which represented a decrease of 8.3%. 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 of prices for secondary raw materials. This was reflected on the revenue and cost sides. The decline in business activities was also due to weather conditions in the first quarter of 2013 that aggravated the collection and sale of secondary raw materials.

Business Segment Portfolio Investments

Business Segment Portfolio Investments generated EUR 49,887 thousand in revenues in the nine-month period ended 30 September 2013, as compared to EUR 64,890 thousand in the nine-month period ended 30 September 2012, which represented a decrease of 23.1%. The significant part of the revenues generated in this business segment result from the sale of coal that generated EUR 21,620 thousand of revenue in the nine-month period ended 30 September 2013 (43.3% of the total revenues in this business segment in this period), as compared to EUR 32,161 thousand in the nine-month period ended 30 September 2012 (49.6% of the total revenues in this business segment in this period).

This decline in revenue primarily follows the discontinued operation of a business partner in Slovenia. The volume of business activities was also partly impacted by the transfer of individual business deals from the field of medical and professional equipment to the fourth quarter of 2013, as well as by the result of a changed timetable for the sale of coal. An increase of business activities and consequently higher level of revenue was, however, recorded in the field of tool manufacture and engineering.

Other operating income

Other operating income decreased by 24.9% to EUR 17,969 thousand in the nine-month period ended 30 September 2013, from EUR 23,922 thousand in the nine-month period ended 30 September 2012. Other operating income in the nine-month period ended 30 September 2012 were higher, due to the reversal of provisions of the ASKO restructuring activities in Sweden, as well as subsidies received for creating new jobs in Serbia.

Gross Profit

The Group's gross profit was lower by 3.2% and amounted to EUR 913,091 thousand in the nine-month period ended 30 September 2013, in comparison with EUR 943,574 thousand in the nine-month period ended 30 September 2012.

The following table presents the Group's gross profit by business segments for the nine-month period ended 30 September 2012 and 2013.

	Nine-month period ended 30 September				Change from 2012 to 2013
	2012		2013		
	Amount	Percentage of gross profit	Amount	Percentage of gross profit	
	<i>(unaudited)</i>				
	<i>(EUR in thousand)</i>				
Home	801,846	85.0%	791,260	86.7%	-1.3%
Ecology.....	75,968	8.0%	70,676	7.7%	-7.0%
Portfolio Investments.....	65,760	7.0%	51,155	5.6%	-22.2%
Total gross profit	943,574	100.0%	913,091	100.0%	-3.2%

*Source: the Company.

Operational expenses

The Group's operational expenses were EUR 889,447 thousand in the nine-month period ended 30 September 2013, as compared to EUR 921,200 thousand in the nine-month period ended 30 September 2012, representing a decrease of EUR 31,753 thousand over the period.

The following table provides additional information on the Group's operational expenses for particular business segments, for the periods shown.

Nine-month period ended 30 September

	2012		2013		Change from 2012 to 2013
	Amount	Percentage of total operational expenses	Amount	Percentage of total operational expenses	
	<i>(unaudited)</i>				
	<i>(EUR in thousand)</i>				
Home	786,579	85.4%	773,279	86.9%	-1.7%
Ecology.....	72,391	7.9%	67,781	7.6%	-6.4%
Portfolio Investments.....	62,230	6.7%	48,387	5.5%	-22.2%
Total operational expenses.....	921,200	100.0%	889,447	100.0%	-3.4%

*Source: the Company.

The table below presents additional information relating to the Group's operational expenses, for the periods shown.

Nine-month period ended 30 September

	2012		2013		Change from 2012 to 2013
	Amount	Percentage of total operational expenses	Amount	Percentage of total operational expenses	
	<i>(unaudited)</i>				
	<i>(EUR in thousand)</i>				
Costs of goods, materials and services.....	680,473	73.8%	662,405	74.5%	-2.6%
Employee benefit expenses.....	191,264	20.8%	180,521	20.3%	-5.6%
Amortisation and depreciation expense	34,876	3.8%	31,740	3.5%	-9.0%
Other operating expenses.....	14,587	1.6%	14,781	1.7%	1.3%
Total operational expenses.....	921,200	100.0%	889,447	100.0%	-3.4%

*Source: the Company.

The table below presents additional information on the costs of sales in Business Segment Home for the periods shown.

	Nine-month period ended 30 September				
	2012		2013		Change from 2012 to 2013
	Amount	Percentage of total operational expenses	Amount	Percentage of total operational expenses	
	<i>(unaudited)</i>				
	<i>(EUR in thousand)</i>				
Costs of goods, materials and services.....	573,648	72.9%	575,198	74.4%	0.3%
Employee benefit expenses.....	168,625	21.4%	157,915	20.4%	-6.4%
Amortisation and depreciation expense	30,975	4.0%	27,769	3.6%	-10.4%
Other operating expenses.....	13,331	1.7%	12,397	1.6%	-7.0%
Total operational expenses.....	786,579	100.0%	773,279	100.0%	-1.7%

*Source: the Company.

Operating profit

The operating profit of the Group increased by 5.7% and amounted to EUR 23,644 thousand in the nine-month period ended 30 September 2013, in comparison with EUR 22,374 thousand in the nine-month period ended 30 September 2012. The primary reasons behind this change are:

- lower revenues in Business Segment Ecology, decreased by 8.3% or EUR 6,179 thousand due to the expiry of a five-year contract concluded with a major industrial partner in Slovenia, as well as the lower level of prices for secondary raw materials. This was reflected on the revenue and cost sides. The decline in business activities was also due to weather conditions in the first quarter of 2013 that aggravated the collection and sale of secondary raw materials;
- lower revenues in Business Segment Portfolio Investment, decreased by 23.1% or EUR 15,003 thousand due to the bankruptcy of a business partner in Slovenia, the postponement of the execution of transactions in the field of medical and professional equipment due to public procurement issues and a changed timetable for the sale of coal;
- the lower level of other operating income, by EUR 5,953 thousand (revenue in the nine-month period ended 30 September 2012 was higher, due to a reversal of the provisions of the ASKO restructuring activities in Sweden, and subsidies received for creating new jobs in Serbia);
- the movement of cost of services, which grew by 1.5% or EUR 2,341 thousand as a result of changed transport routes due to a production re-location process, the changed geographical structure of sales and the increase of rental costs and product manufacturing service costs;
- lower employee benefits expenses in the nine-month period ended 30 September 2013. The employee benefits expense could have been even lower, but based on the concluded social agreement at the Velenje, Slovenia production location, there were on average 238 more staff employed in the nine-month period ended 30 September 2013 than necessary (approximately EUR 2,500 thousand of additional employee benefits expense); additional employees were taken on with the planned relocation of the washing machine and dryer production from Vara, Sweden to Velenje,

Slovenia in the second quarter of 2013, and the transfer of dishwasher production from Vara, Sweden to Velenje, Slovenia in September 2013;

- lower amortisation and depreciation expense from fewer investments made in the past two years, the disposal of underperforming assets and the extension of the useful lives of certain property, plant and equipment since 2010. Amortisation and depreciation expense declined by EUR 3,136 thousand compared to the nine-month period ended 30 September 2012. 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.
- 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 of previous years, only those costs relating to the development of new products are capitalised. These capitalised costs are amortised through the products' expected useful lifetime. In the nine-month period ending as at 30 September 2013, costs of development were capitalised approximately in the amount of EUR 8,200 thousand (approximately EUR 2,300 thousand in the period from 1 January to 30 September 2012).

Net finance expenses

The net finance expenses of the Group increased by 66.6% to EUR 30,544 thousand in the nine-month period ended 30 September 2013, compared to EUR 18,333 thousand in the nine-month period ended 30 September 2012. The negative result from financing activities was negatively impacted by a result on exchange differences and other financing activities, mostly those relating to impairment of financial assets held for sale and loans extended to the company Vario 2000, d.o.o. (the sold company Gorenje Notranja oprema, d.o.o.), which is in liquidation as of 9 September 2013, as well as being positively affected by a lower negative result relating to interest.

Profit/(Loss) Before Tax

The Group's profit before tax was lower by 166.1% and amounted to EUR -6,838 thousand in the nine-month period ended 30 September 2013, in comparison with EUR 4,117 thousand in the nine-month period ended 30 September 2012. This change was attributable to, among other things, the lower level of other operating income by EUR 5,953 thousand, increased cost of services (which grew by EUR 2,341 thousand) and lower sales in Business Segment Ecology and Business Segment Portfolio Investments.

Income Tax Expense

The income tax expense of the Group was lower by 24% and amounted to EUR 2,470 thousand in the nine-month period ended 30 September 2013, in comparison with EUR 3,251 thousand in the nine-month period ended 30 September 2012. This change was attributable to the changed structure of generating profit before tax per company, and to the formation and utilisation of deferred taxes.

11. The section “Operating and Financial Review” – “Cash flows” in the Prospectus shall be replaced with the section “Operating and Financial Review” – “Cash flows” in the following wording:

Cash flows

The table below presents a summary of the Group’s cash flows for the periods indicated.

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
		(audited)		(unaudited)	
	<i>(EUR in thousand)</i>				
Net cash provided by operating activities	27,717	22,057	49,661	-23,677	-24,893
Net cash used in investing activities.....	-17,695	-33,253	-43,545	-28,179	-45,975
Net cash provided by financing activities.....	45,576	30,088	-53,148	-27,649	44,304
Net increase in cash and cash equivalents.....	55,598	18,892	-47,032	-79,505	-26,564

*Source: the Company.

Net cash provided by operating activities

As a result of the foregoing, the Group’s net cash provided by operating activities on 31 December 2010, 31 December 2011 and 31 December 2012 amounted to EUR 27,717 thousand, EUR 22,057 thousand and EUR 49,661 thousand, respectively.

The Group’s net cash provided by operating activities on 30 September 2013 amounted to EUR -24,893 thousand.

The Group’s net cash flow is cyclical in the course of the financial year. During the financial year the cash flow is usually negative, while at the end of the financial year it is usually positive.

Net cash used in investing activities

Net cash used in investing activities mainly consists of capital expenditure and proceeds from sale of property, plant and equipment and other assets.

In the year ended 31 December 2010, the Group had capital expenditure of EUR 44,668 thousand and proceeds from sale of property, plant, equipment and financial assets available for sale in the amount of EUR 12,396 thousand.

In the year ended 31 December 2011, the Group had capital expenditure of EUR 47,468 thousand and proceeds from sale of property, plant and equipment in the amount of EUR 7,302 thousand.

In the year ended 31 December 2012, the Group had capital expenditure of EUR 60,744 thousand and proceeds from sale of property, plant, equipment and investment property in the amount of EUR 13,256 thousand.

In the nine-month period ended 30 September 2013, the Group had capital expenditure in the amount of EUR 55,911 thousand, expenditures on investment property in amount of EUR 7,298 thousand and proceeds from sale of property, plant, equipment and investment property in the amount of EUR 21,902 thousand.

Net cash provided by financing activities

Net cash provided by financing activities mainly consists of changes in net current borrowings and dividends paid.

In the year ended 31 December 2010, the Group had changes in net current borrowings in the amount of EUR 27,558 thousand and a capital increase of EUR 24,920 thousand. The increase in net non-current borrowings was used for financing the new cooker facility; the increase in net current borrowings was used to finance working capital needs.

In the year ended 31 December 2011 the Group had changes in net current borrowings of EUR 30,088 thousand.

In the year ended 31 December 2012, the Group had changes in net current borrowings of EUR -50,881 thousand and dividends paid in the amount of EUR -2,267 thousand.

In the nine-month period ended 30 September 2013, the Group had changes in net current borrowings in the amount of EUR 44,304 thousand.

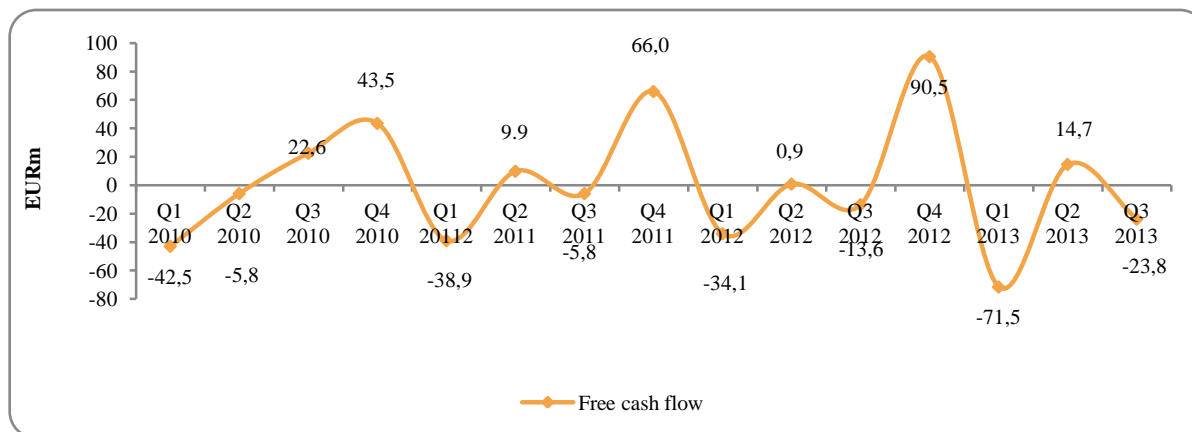
12. The section “Operating and Financial Review” – “Liquidity and capital resources” – “Total financial liabilities” in the Prospectus shall be replaced with the section “Operating and Financial Review” – “Liquidity and capital resources” – “Total financial liabilities” in the following wording:

Liquidity and capital resources

Total financial liabilities on 30 September 2013 amounted to EUR 475,201 thousand and show a growth of EUR 42,475 thousand or 9.8% compared to the end of 2012. 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 10,000 thousand 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% more than at the year-end of 2012. Compared to the 30 September 2012, when total financial liabilities amounted to EUR 458,826 thousand, Total financial liabilities record a growth of EUR 16,375 thousand or 3.6%.

It should be noted that pursuant to the provisions of the applicable accounting standards, the item of financial liabilities also includes the amount of EUR 10,000 thousand, paid by Panasonic and relating to the equity increase. This 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 4 October 2013. Given that the respective equity was paid in but not registered by the end of the third quarter of 2013, actual total financial liabilities should have amounted as at 30 September 2013 to EUR 465,201 thousand.

In view of last year's equivalent period and considering the higher paid-in equity, total financial liabilities increased by EUR 6,375 thousand compared to the nine-month period ended 30 September 2012.



*Source: the Company.

13. The section “Operating and Financial Review” – “Liquidity and capital resources” – “Net financial liabilities” in the Prospectus shall be replaced with the section “Operating and Financial Review” – “Liquidity and capital resources” – “Net financial liabilities” in the following wording:

Net financial liabilities (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 447,465 thousand on 30 September 2013 and increased by EUR 10,754 thousand, compared to the nine-month period ended 30 September 2012, when net financial liabilities amounted EUR 436,711 thousand. Net financial liabilities on 30 September 2013 indicate an increase of EUR 68,227 thousand compared to the balance as at the year ended 31 December 2012 (EUR 379,238 thousand), due to unfavourable movement of free cash flow, which is primarily impacted by the current profit or loss for the period as well as by intensive investments (mostly from management of the production relocation processes).

By taking into account the elimination of paid-in equity increases, net financial liabilities amounted to EUR 437,465 thousand on the nine-month period ended 30 September 2013, and indicate an increase of EUR 58,227 thousand over the balance as at the year ended 31 December 2012 and EUR 754 thousand if compared to the nine-month period ended 30 September 2012.

At 30 September 2013, long term financial liabilities amounted to EUR 219,206 thousand, representing 46.1% in the total financial liabilities structure, which is 9.9 % less than at the end of the previous year’s comparable period. The maturity structure of financial liabilities on 30 September 2013 worsened by 16.9%, compared to the balance on 31 December 2012. This decline is attributable to the seasonal financing of net working capital in the first half-year, predominantly by means of current financing sources and the fact that a loan, payable in one lump sum and due in July 2014, was transferred in the third quarter of 2013 to the current portion of non-current borrowings. As at 30 September 2013 and by taking into account the elimination of paid-in equity increase, non-current financial liabilities accounted for 47.1% in the total financial liabilities structure, which is 8.9% less than at the end of the previous year’s comparable period.

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
		(audited)		(unaudited)	
	(EUR in thousand)				
Long term financial liabilities.....	260,932	302,459	276,880	257,210	219,206
Short term financial liabilities.....	223,015	181,649	155,846	201,616	255,995

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
	<i>(audited)</i>			<i>(unaudited)</i>	
Total financial liabilities	483,947	484,108	432,726	458,826	475,201
Cash and cash equivalents	82,728	101,620	53,488	22,115	27,736
Net financial liabilities	401,219	382,488	379,238	436,711	447,465

*Source: the Company.

14. The section “Operating and Financial Review” – “Working capital” in the Prospectus shall be replaced with the section “Operating and Financial Review” – “Working capital” in the following wording:

Working capital

The table below presents a breakdown of working capital as of the dates indicated.

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
	<i>(audited)</i>			<i>(unaudited)</i>	
	<i>(EUR in thousand)</i>				
Trade receivables.....	306,284	255,911	218,516	282,326	237,231
Inventories	257,593	245,608	247,365	247,719	250,004
Other current assets	59,712	49,857	94,221	56,098	83,853
Total	623,589	551,376	560,102	586,143	571,088
Trade payables.....	237,020	194,248	212,430	176,328	177,902
Other current liabilities.....	109,596	92,612	87,492	99,155	100,124
Total	346,616	286,860	299,922	275,483	278,026

Networking capital

276,973 264,516 260,180 310,660 293,062

*Source: the Company.

As at 30 September 2013, the balance of net working capital is recorded at EUR 293,062 thousand, which is EUR 17,598 thousand lower compared to the previous year’s equivalent period.

Compared to 30 September 2012, trade receivables had decreased by EUR 45,095 thousand as at the end of 30 September 2013. The primary reason for this result was the launch of a permanent non-recourse factoring program in two companies in Western Europe, in an average amount of approximately EUR 20,000 thousand, and its costs are lower than the Group’s average costs of financing as well as the credit management improvement.

Compared to 31 December 2012, inventories as at 30 September 2013 increased by EUR 2,639 thousand. The group recorded an important decrease of inventories in the third quarter of 2013:

- The biggest decline in inventories of products in the third quarter of 2013 was recorded by Asko AB in Vara, where 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 lowering inventories of products and merchandise had already been launched in the previous quarter, with a positive impact being recorded as soon as by the third quarter of 2013, with more thereof expected in the coming periods.

Compared to the 30 September 2012 balance, trade payables grew by EUR 1,574 thousand and amounted to EUR 177,902 thousand as at 30 September 2013. Compared to the year-end balance of 2012, trade payables recorded a decrease in the amount of EUR 34,528 thousand. Their movement reflects the regular year-on-year dynamics. The level of trade payables is lower than optimal, primarily because part of the unused material transferred from the production facility in Sweden to Slovenia has already been paid for as a result of shorter payment deadlines than generally achieved in the Gorenje Group. With the ever greater scope of production in Serbia, Gorenje was additionally hit by the longest payment deadline, 60 days, which is the maximum statutory payment deadline in Serbia.

15. The paragraph in “Operating and Financial Review” – “Capital expenditure” describing the Group’s capital expenditure in the six-month period ended 30 June 2013 shall be replaced with the following paragraph:

In the nine-month period ended 30 September 2013, Group investments amounted to EUR 55,911 thousand. Most of the investments were implemented within Business Segment Home i.e. EUR 52,248 thousand, whereof EUR 29,624 thousand was paid by the parent company, primarily for relocating the production of Asko tumble dryers, washing machines and dishwashers from Sweden to Slovenia, and for starting production of the new assembly line for manufacturing built-in ovens within the cooking appliances programme. Other investments were in 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 Business Segment Home primarily relates to the new production facility in Valjevo, Serbia, the relevant transfer of equipment for manufacturing refrigerator-freezer appliances (600 mm), and purchase of the technical equipment necessary for the refrigerator-freezer production. Business Segment Ecology implemented investments in the amount of EUR 2,452 thousand. These investments refer predominantly to the companies Gorenje Surovina d.d. Maribor, PUBLICUS d.o.o. Ljubljana, and EKOGOR d.o.o. Jesenice. Business Segment Portfolio Investments implemented investments in the amount of EUR 1,211 thousand for the purpose of replacing old equipment, and for constructing photovoltaic power plants in Valjevo and Zaječar, Serbia, which are both planned to be sold upon obtaining the required permits.

16. Tables in “Operating and Financial Review” – “Capital expenditure” shall be replaced with the following tables:

The table below presents certain information on the Group’s capital expenditures for the periods indicated.

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
		(unaudited)		(unaudited)	
	(EUR in thousand)				
Machinery and equipment	23,288	25,711	28,644	12,569	32,114

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
	<i>(unaudited)</i>			<i>(unaudited)</i>	
	<i>(EUR in thousand)</i>				
Buildings	10,450	8,756	18,804	11,578	10,194
Land.....	271	564	219	218	13
Furniture and fittings	1,141	2,270	2,234	1,163	844
Other.....	9,518	10,167	10,843	7,433	12,746
Total.....	44,668	47,468	60,744	32,961	55,911

*Source: the Company.

The following table presents the Group's capital expenditures by business segment for the periods indicated.

	Year ended 31 December			Nine-month period ended 30 September	
	2010	2011	2012	2012	2013
	Amount	Amount	Amount	Amount	Amount
	<i>(unaudited)</i>			<i>(unaudited)</i>	
	<i>(EUR in thousand)</i>				
Home.....	36,706	42,433	54,573	29,384	52,248
Ecology	5,935	3,692	4,176	2,041	2,452
Portfolio Investments	2,027	1,343	1,995	1,536	1,211
Total revenues.....	44,668	47,468	60,744	32,961	55,911

*Source: the Company.

17. The paragraph in “Operating and Financial Review” – “Contingent liabilities” describing the Group’s contingent liabilities in the six-month period ended 30 June 2013 shall be replaced with the following paragraph:

Nine-month period ended 30 September 2013

The Group's contingent liabilities from guarantees and collaterals given to financial institutions and companies outside the Gorenje Group amounted to EUR 32,533 thousand.

In accordance with ordinary business practice, the ATAG company is not required to publish its annual results of operation in the country of its corporate office, if the shareholder, in a special statement, assumes liability to pay any outstanding obligations of the Company. Such statements remain in effect until rescinded by the shareholder.

18. The section “Unaudited consolidated financial statement for six month period ended on 30 June 2013” shall be replaced with the section “Unaudited consolidated financial statement for nine month period ended on 30 September 2013”

CONDENSED CONSOLIDATED GROUP INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2013

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 domačinstvo, d.o.o., Valjevo, is the sole owner (100%) of this company.
- As of 12 March 2013, the company Gorenje Sola-Home, d.o.o., Valjevo was established. Gorenje aparati za domačinstvo, d.o.o., Valjevo, is the sole owner (100%) of this company.
- 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 GSL, 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
19.	Gorenje Beteiligungs GmbH, Austria	100.00	BSH
20.	Gorenje Austria Handels GmbH, Austria	100.00	BSH
21.	Gorenje Vertriebs GmbH, Germany	100.00	BSH
22.	Gorenje Körtling Italia S.r.l., Italy	100.00	BSH
23.	Gorenje France S.A.S., France	100.00	BSH
24.	Gorenje Belux S.a.r.l., Belgium	100.00	BSH
25.	Gorenje Espana, S.L., Spain	100.00	BSH
26.	Gorenje UK Ltd., Great Britain	100.00	BSH
27.	Gorenje Group Nordic A/S, Denmark	100.00	BSH
28.	Gorenje AB, Sweden	100.00	BSH
29.	Gorenje OY, Finland	100.00	BSH
30.	Gorenje AS, Norway	100.00	BSH
31.	Gorenje spol. s r.o., Czech Republic	100.00	BSH
32.	Gorenje real spol. s r.o., Czech Republic	100.00	BSH
33.	Gorenje Slovakia s.r.o., Slovakia	100.00	BSH
34.	Gorenje Magyarország Kft., Hungary	100.00	BSH
35.	Gorenje Polska Sp. z o.o., Poland	100.00	BSH
36.	Gorenje Bulgaria EOOD, Bulgaria	100.00	BSH
37.	Gorenje Zagreb, d.o.o., Croatia	100.00	BSH
38.	Gorenje Skopje, d.o.o., Macedonia	100.00	BSH
39.	Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00	BSH
40.	Gorenje, d.o.o., Serbia	100.00	BSH
41.	Gorenje Podgorica, d.o.o., Montenegro	99.972	BSH
42.	Gorenje Romania S.r.l., Romania	100.00	BSH
43.	Gorenje aparati za domačinstvo, d.o.o., Serbia	100.00	BSH
44.	Mora Moravia s r.o., Czech Republic	100.00	BSH
45.	Gorenje - kuchyně spol. s r.o., Czech Republic	100.00	BSH

46.	KEMIS-Termoclean, d.o.o., Croatia	99.984	BSE
47.	Kemis - BH, d.o.o., Bosnia and Herzegovina	99.984	BSE
48.	Gorenje Studio, d.o.o., Serbia	100.00	BSH
49.	Gorenje Gulf FZE, United Arab Emirates	100.00	BSH
50.	Gorenje Tiki, d.o.o., Serbia	100.00	BSH
51.	Gorenje Istanbul Ltd., Turkey	100.00	BSH
52.	Gorenje TOV, Ukraine	100.00	BSH
53.	ST Bana Nekretnine, d.o.o., Serbia	100.00	BSPI
54.	Kemis Valjevo, d.o.o., Serbia	99.984	BSE
55.	Kemis – SRS, d.o.o., Bosnia and Herzegovina	99.984	BSE
56.	ATAG Europe BV, The Netherlands	100.00	BSH
57.	ATAG Nederland BV, The Netherlands	100.00	BSH
58.	ATAG België NV, Belgium	100.00	BSH
59.	ATAG Financiële Diensten BV, The Netherlands	100.00	BSH
60.	ATAG Financial Solutions BV, The Netherlands	100.00	BSH
61.	ATAG Special Product BV, The Netherlands	100.00	BSH
62.	Intell Properties BV, The Netherlands	100.00	BSH
63.	Gorenje Nederland BV, The Netherlands	100.00	BSH
64.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	BSH
65.	Gorenje kuhinje, d.o.o., Ukraine	70.00	BSH
66.	»Euro Lumi & Surovina« SH.P.K., Kosovo	50.992	BSE
67.	OOO Gorenje BT, Russia	100.00	BSH
68.	Gorenje GTI, d.o.o., Belgrade, Serbia	100.00	BSPI
69.	Asko Appliances AB, Sweden	100.00	BSH
70.	Asko Hvitvarer AS, Norway	100.00	BSH
71.	AM Hvidevarer A/S, Denmark	100.00	BSH
72.	Asko Appliances Inc, USA	100.00	BSH
73.	Asko Appliances Pty, Australia	100.00	BSH
74.	Asko Appliances OOO, Russia	100.00	BSH
75.	»Gorenje Albania« SHPK, Albania	100.00	BSH
76.	Gorenje Home d.o.o., Zaječar, Serbia	100.00	BSH
77.	ORSES d.o.o., Belgrade, Serbia	100.00	BSE
78.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	99.992	BSE
79.	Gorenje Corporate GmbH, Austria	100.00	BSH
80.	Cleaning system S, d.o.o., Serbia	61.99	BSE
81.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	99.00	BSE
82.	Solarna energija Solago, d.o.o., Serbia	100.00	BSPI
83.	Gorenje Sola - Home, d.o.o., Serbia	100.00	BSPI
84.	Gorenje do Brasil Ltda., Brazil	100.00	BSH
85.	Gorenje Asia Ltd., China	100.00	BSH
86.	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	Fair value	Book value	Fair value
	31 Dec 2012	31 Dec 2012	30 Sep 2013	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

EURk	Value of transaction		Balance	
	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