2013

Unaudited Consolidated Financial Statements for 2013

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

Managament Board of
Gorenje d.d.
Velenje, March 2014

Table of Contents

Performance Highlights of the Gorenje Group

CORE FINANCIAL INDICATORS

- Revenue was recorded at EUR 1,240.5m (1.8% less than in 2012).
- Revenue by the Home's core activity amounted to EUR 1,069.8m and is comparable to year 2012; thus, revenue generated within the core activity grew by 1.3% if the impact of exchange differences is not taken into account.
- EBITDA was recorded at EUR 78.2m, which is 13.7% less than in 2012. The EBITDA margin amounted to 6.3% and indicates a decline of 0.9 p.p. over the 2012 balance.
- EBIT amounted to EUR36.3m, which is 19.1% less than in 2012. The EBIT margin was recorded at 2.9% and is lower by 0.7 p.p. if compared to the 2012 result.
- Significant impact of non-recurring items (EUR -26.2m) on the Group's profitability:
    - non-recurring effects related to the disposal of the company Notranja oprema (EUR -7.7m) disclosed within discontinued operation,
    - impairment of investments (EUR -13.4m),
    - additional impairment of receivables (EUR -5.1m).
- Total effect of exchange losses recognised in the financial part as consequence of impairment of significant currencies against euro (EUR -9.6m),
- uniform recording of development costs, which impacted the increase of capitalised costs (EUR +12.0m).
- The loss for the period consequently amounted to EUR -25.0m. Without the impact of all the aforesaid effects, the Group would generate a loss of EUR -1.2m.
- The loss without discontinued operation amounted to EUR-14.4m.
- Without the above mentioned effects and the effects of discontinued operation, the Group's profit would be recorded at EUR +1.7m.

EURm	Q4 2012	Q4 2013	Index	2012	2013	Index	Plan 2013	Plan re-alisation
Revenue	352.5	343.4	97.4	1.263.1	1.240.5	98.2	1.339.6	92.6
EBITDA	33.3	22.8	68.5	90.6	78.2	86.3	96.7	80.9
EBITDA margin (%)	9.5%	6.6%	/	7.2%	6.3%	/	7.2%	
EBIT	22.5	12.7	56.3	44.9	36.3	80.9	48.9	74.3
EBIT margin (%)	6.4%	3.7%	/	3.6%	2.9%	/	3.7%	/
Profit or loss before tax	10.7	-11.8	/	14.8	-18.6	/	9.4	/
Profit or loss without discontinued operation	8.3	-5.1	/	9.2	-14.4	/	4.2	/
Profit or loss from discontinued operation	-1.6	-1.7	104.3	-8.9	-10.6	119.0	/	/
Profit or loss for the period	6.7	-6.8	/	0.3	-25.0	/	4.2	/
ROS (%)	1.9%	-2.0%	/	0.02%	-2.0%	/	0.3%	/
ROA (%)	2.2%	-2.3%	/	0.02%	-2.1%	/	0.4%	/
ROE (%)	6.9%	-7.3%	/	0.1%	-6.5%	/	1.0%	/
Financial debt	432.7	397.4	91.8	432.7	397.4	91.8	365.3	108.8
Net financial debt[1]	379.2	358.8	94.6	379.2	358.8	94.6	333.8	107.5
Net financial debt / EBITDA	4.2	4.6	/	4.2	4.6	/	3.5	/

MARKETS

- In the European market, sales by volume increased by 0.8 percent and decreased by value by 0.4 percent.
- Gorenje's market position in Europe was strengthened (by +0.26 p.p. to 4.26%[2] if compared to 2012).
- The biggest growth was generated by the Business Segment Home, particularly in the markets of Russia, Germany, UK, Slovenia, Croatia, Ukraine, Bulgaria, Romania and Poland.
- Lower volume of sales was achieved on the markets of France, where a changed business model is being introduced, Scandinavia, the Netherlands, Serbia and Czech Republic.

[1] Financial debt - cash
[2] Source: CECED Q1 - 4(European Committee of Domestic Equipment Manufacturers)

OPTIMISATION OF PRODUCTION AND SALES FACILITIES

- Gorenje successfully transferred:
  - its washing machine and dryer production from Sweden to Slovenia, as well as the production of refrigerators and freezers to Serbia (Q1 2013). The full utilisation of new production processes was implemented in H2 2013.
  - its dishwasher production from Sweden to Slovenia (Q3 2013). The transfer is significant in view of cost savings. The full utilisation of the production process was achieved already by the year-end.
- The successful transfer of production processes shall be positively reflected in lower 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 final stage and caused certain 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

- The Group generated EUR -13.2m of net cash flow from operating and investments activities, which is EUR 22.7m less than in 2012. This aforesaid result is attributable primarily to the higher disclosed net loss of 2013. Investments grew by EUR 15.9m over the previous year and were mostly refer to the production relocation and the development of new products.
- Compared to 2012, indebtedness[3] declined by EUR 35.3m (as a result of positive cash flow in Q4 2013 and the successfully completed capital increase at the end of 2013). Group's net financial debt[4] declined as well over the 2012 balance by EUR 20.4m.

DIVESTMENT

- EUR 23.7m was generated by divestment of non-core and underperforming assets. Major part of these divestments was completed already in H1 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 (Gorenje notranja oprema), additional impairments occurred in 2013 and totalled to EUR 7.7m,. The relevant impairments are of non-recurring nature and will in future no longer significantly burden the Group's profitability, nor will the related negative effects additionally impact the Group's free cash flow.

COST MANAGEMENT

- Gorenje successfully curbed the purchase costs of materials and raw. The effect is partly attributable to the successfully completed production relocation.
- Employee benefits expense declined by 8%. The Group's average monthly employee benefits expense decreased by up to 10.0% (related effects were already accounted for in 2013, whereas full effects shall be recognised in 2014) due to the relocation of production processes and the uniform approach at recording of development costs.
- Cost of transport and logistics services grew by 3.8% as a result of changed transport routes due to the production relocation and the changed geographical sales structure.

DEVELOPMENT AND NEW PRODUCTS

- New products were launched on the markets such as the next ION refrigerator-freezer generation, the Gorenje dryers with a heat pump in the energy class A++, A+++, new Asko washing machines and dryers for households and half-professional use, 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 II designer line was launched in Q3 2013. Positive sales effects were recorded already in Q4 2013 but their significant impact on the sales structure improvement will be visible in 2014.
- The Group uniformed the recording of development costs in 2013 which was reflected in higher capitalisation of costs. As in previous years, Gorenje capitalises solely costs relating to the development of new products. Capitalised costs are depreciated through the product's expected useful life. In 2013, development costs were capitalised in the total amount of EUR 13.9m and in the amount of EUR 1.9m in 2012.

---

[3] Sum of current and non-current financial liabilities of the Group.

[4] Sum of current and non-current financial liabilities of the Group less cash and cash equivalents (bank balances) as at the end of the reporting period.

CORPORATE GOVERNANCE AND SOCIAL DIALOGUE

- A uniform monitoring and management arrangement is applied in all Gorenje Group companies 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.

CAPITAL 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.
- The second hare capital increase was carried out in two stages. On the basis of the pre-emptive right, the newly issued shares were offered first to the existing shareholders. At the second stage, the respective shares were offered to third parties and to issuer's employees.
- Gorenje raised a total of EUR 26.7m in fresh capital within the framework of the first and second capital increase.
- As of 30 December 2013 shares of Gorenje, d.d. are dual-listed also on the Warsaw Stock Exchange.

UPDATED 2014 – 2018 STRATEGIC PLAN

- Changes that were implemented in the past two 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 an updated 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 to achieve goals in the next 5-year period.

Events impacting Business Performances

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 – December 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 31 December 2012 and 31 December 2013.

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

MANAGEMENT REPORT

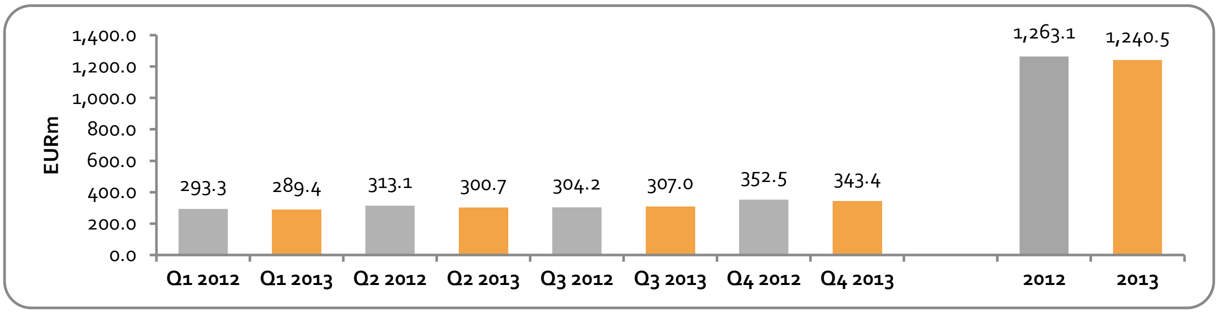
Operating Performance of the Gorenje Group

EURm	Q4 2012	Q4 2013	Index	2012	2013	Index	Plan 2013	Plan realisation
Revenue	352.5	343.4	97.4	1.263.1	1.240.5	98.2	1.339.6	92.6
CM[5]	144.6	132.7	91.7	536.7	520.7	97.0	577.6	90.1
CM (%)	*41.0%*	*38.6%*	/	*42.5%*	*42.0%*	/	*43.1%*	/
EBIT	22.5	12.7	56.3	44.9	36.3	80.9	48.9	74.3
EBIT margin (%)	*6.4%*	*3.7%*	/	*3.6%*	*2.9%*	/	*3.7%*	/
Profit or loss for the period	6.7	-6.8	/	0.3	-25.0	/	4.2	/
ROS (%)	*1.9%*	*-2.0%*	/	*0.02%*	*-2.1%*	/	*0.3%*	/

The Group generated in 2013 EUR 1,240.5m of **revenue**, which is 1.8% less than in 2012. The decline in revenue is attributable mostly to the lower volume of business activities generated by the Business Segment Portfolio Investments (-11.0%). The Business Segment Home recorded nearly the same level of revenue, regardless of unforeseeable circumstances on the European markets (same sales volume in Europe; the Group's market share increased in 2013 from 4.00% to 4.26%). The organic growth of the Business Segment Home is recorded at +1.3% upon eliminating the foreign exchange rate fluctuations.

Higher volume of business activities was generated on most of sales markets, particularly in Russia, Germany, UK, Slovenia, Croatia, Ukraine, Bulgaria, Romania, and Poland. The number of markets with lower volume of business activities declined and refers to France, the Netherlands, Scandinavia, Serbia and Czech Republic.

Revenue of the Gorenje Group



Revenue by geographical segments

EURm	Q4 2012	%	Q4 2013	%	Change (%)	2012	%	2013	%	Change (%)
Western Europe	124.6	35.4	120.9	35.2	-3.0	480.9	38.1	466.7	37.6	-3.0
Eastern Europe	201.8	57.2	201.9	58.8	0.1	682.0	54.0	684.5	55.2	0.4
Other	26.1	7.4	20.6	6.0	-20.8	100.2	7.9	89.3	7.2	-10.9
Total Group	**352.5**	**100.0**	**343.4**	**100.0**	**-2.6**	**1,263.1**	**100.0**	**1,240.5**	**100.0**	**-1.8**
Western Europe	123.1	41.0	118.9	40.8	-3.4	474.8	44.3	460.9	43.1	-2.9
Eastern Europe	151.2	50.3	151.7	52.1	0.3	496.3	46.3	519.6	48.6	4.7
Other	26.0	8.7	20.6	7.1	-20.8	100.2	9.4	89.3	8.3	-10.9
Total Home	**300.3**	**100.0**	**291.2**	**100.0**	**-3.0**	**1,071.3**	**100.0**	**1,069.8**	**100.0**	**-0.1**

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

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

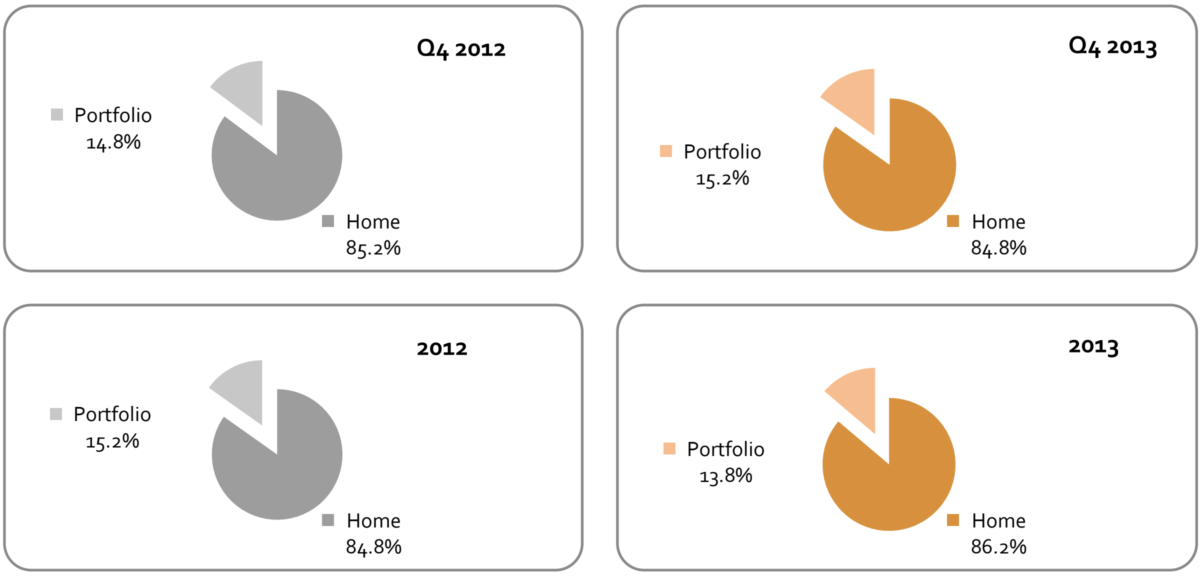
The **geographical sales structure** of the Business Segment Home indicates that:

- sales volume declined in Western Europe primarily due to the sales in the Netherlands, Belgium, Turkey, and Scandinavia, whereas in Germany, Austria and Great Britain the sales have increased over the previous year. According to data provided by CECED, the Western European markets recorded the same sales volume. In view of the price pressure on markets, the sales volume in terms of value declined regardless the equal volume of sales.
- sales volume grew in Eastern Europe, which is attributable to markets of Russia, Ukraine, Croatia, Slovenia, 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) declined by -10.9% primarily as a result of 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 result was negatively impacted also by the exchange rate fluctuations.

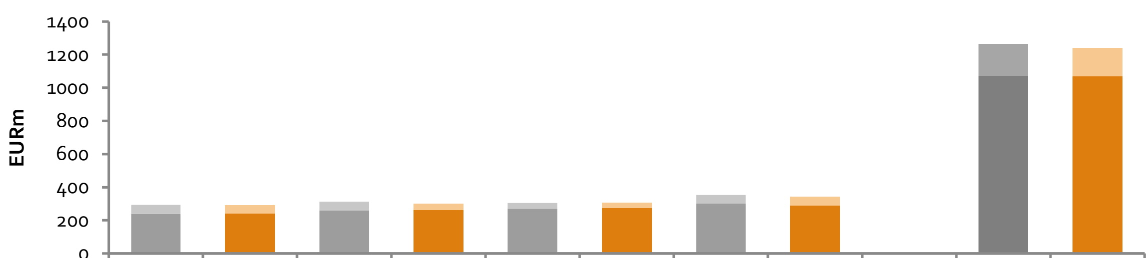
The **revenue structure by business segment** indicates that:

- significance of the core activity (segment Home) strengthened in the Group's revenue structure due to lowering the share of sales of the segment Portfolio Investments. In 2013, the segment Home represents already 86.2% of Group's total revenue. Compared to 2012, the share of the Business Segment Home grew by 1.4 p.p.

Revenue by business segment



Revenue by business segment



	Q1 2012	Q1 2013	Q2 2012	Q2 2013	Q3 2012	Q3 2013	Q4 2012	Q4 2013		2012	2013
Portfolio	53.4	48.3	52.6	36.8	33.7	33.3	52.2	52.2		191.8	170.7
Home	239.9	241.0	260.5	263.9	270.5	273.7	300.3	291.2		1,071.3	1,069.8

In 2013, the **Business Segment Home** recorded revenue in the amount of EUR 1,069.8m, which nearly equals the level of 2012. The actual growth in value amounted to 1.3% (upon eliminating the impact of exchange losses). The largest growth of sales was recorded in Eastern Europe (+6.9% of organic growth if the impact of exchange rate fluctuations is eliminated, and slightly lower growth by +4.7%, if the impact of exchange rate fluctuations is taken into account). The Eastern European markets of the segment Home with the highest recorded growth include Russia, Caucasus, Croatia, Ukraine, Bulgaria, Romania and Poland. Sales volume generated by the segment Home in Western Europe declined by -2.9% if compared to 2012. The scope of operations increased in Germany, Great Britain, Greece and declined on markets of Scandinavia, France, Belgium, and partly also the Netherlands. The decline in sales in Scandinavia is mostly attributable to the decline in demand on the household appliances market.

Sales in other countries worldwide declined in 2013 by 10.9%. By excluding the impact of exchange rates, the actual decrease in sales volume amounted in 2013 yet only to 6.4% if compared to the previous year. 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.

The **Business Segment Portfolio Investments** generated in 2013 EUR 170.7m of revenue, which is 11.0% or EUR 21.1m less than in 2012. The volume of business activities was mostly impacted by the lower sale of coal. The loss of business deals for a major partner in Slovenia in the field of waste collection also had an essential impact on the volume of operations. 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:

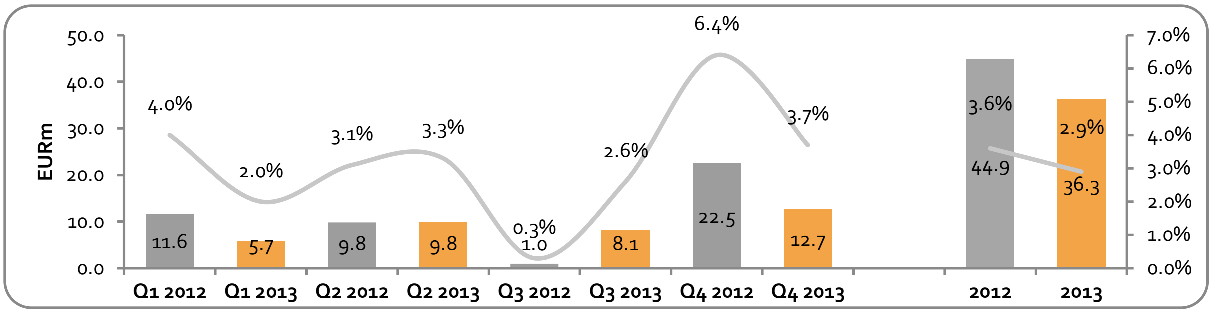
EURm	Development
EBIT 2012	**44.9**
Contribution margin at the level of cost of goods and material	-16.1
Cost of services	-8.8
Employee benefits expense	20.7
Amortisation and depreciation expense	3.8
Other operating expenses	-1.8
Other operating income	-6.4
EBIT 2013	**36.3**

Earnings before interest and taxes (EBIT): the Group recorded in 2013 a positive EBIT in the amount of EUR 36.6m. Compared to the previous period, the EBIT declined by EUR 8.3m or 19.1%. The primary reasons behind this decrease are:

- lower level of other operating income by EUR 6.4m (revenue in 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 4.2% or EUR 8.8m as a result of higher costs of logistics (changed transport routes due to the relocation of production facilities and the changed geographical structure of sales), higher rental costs and product manufacture service costs; costs of services were partly also impacted by additionally formed provisions for repairs in the warranty period,
- 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 within the framework of Business Segment Home to grow in 2014 as a result of new investments required for relocating the production processes.
- the Group uniformed the recording of development costs in 2013. Compared to the previous year, the relevant uniformity increased the capitalisation of development costs in 2013. As in previous years, Gorenje capitalises solely costs relating to the development of new products. The capitalised costs are depreciated explicitly through the expected useful life of products. In 2013, development costs were capitalised in the amount of EUR 13.9m (2012: EUR 1.9m).
- employee benefits expense decreased over the previous year by EUR 20.7m. The decline was visible already in H2 2013 as a result of the relocated production processes and the lower number of employees. Employee benefits expense was, at least in part, positively impacted by the already mentioned capitalised costs of development.
- the decline in sales profitability on certain market as a result of the pricing and structural adjustment to circumstances on individual markets.

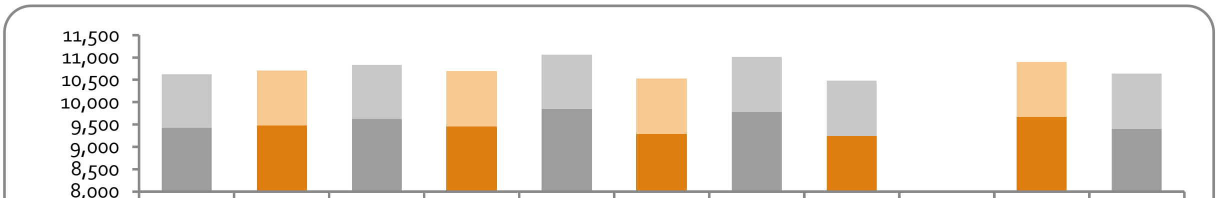
It is essential that the effects of the production relocation are in part already visible. Full effects will be recognised in 2014 which shall positively impact the growth of EBIT in future periods.

EBIT and EBIT margin



The **average number of employees** was in 2013 recorded at 10,639, which is 256 employees less if compared to 2012. Most of the decline is attributable to the company Asko Appliances AB Sweden (production relocation), partly also to Gorenje, d.d. The number of employees increased, however, at the production locations in Valjevo (Serbia) and Mora Moravia (Czech Republic) due to higher production activities of the Business Segment Home as a result of the relocation. The number of employees in the Business Segment Portfolio Investments increased as a result of expanding activities to new markets (ecology and tool manufacture in Serbia).

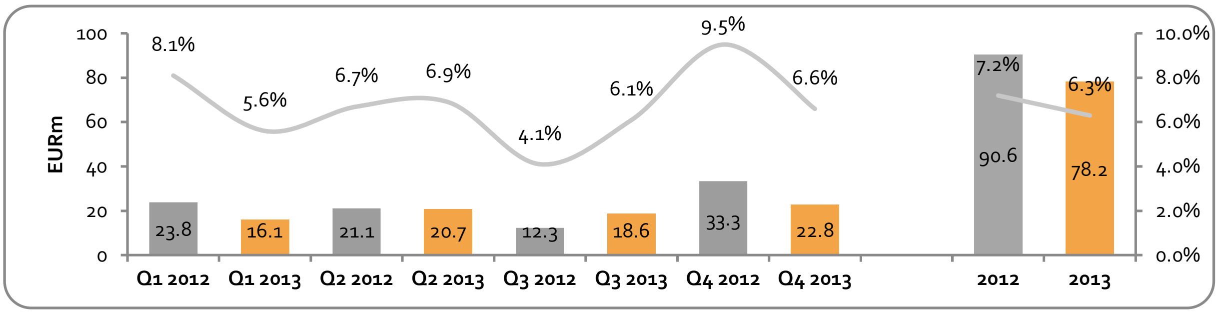
Average number of employees by business segment



	Q1 2012	Q1 2013	Q2 2012	Q2 2013	Q3 2012	Q3 2013	Q4 2012	Q4 2013		2012	2013
Total:	10,627	10,706	10,833	10,699	11,061	10,528	11,009	10,480		10,895	10,639
Portfolio	1,196	1,228	1,207	1,237	1,208	1,234	1,228	1,238		1,223	1,236
Home	9,431	9,478	9,626	9,462	9,853	9,294	9,781	9,242		9,672	9,403

The Group generated **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of EUR 78.2m, which is EUR 12.4m or 13.7% less than 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 54.4m is for EUR 24.0m worse than in year 2012. This result is attributable to:

- impairment of investments (EUR -13.4m),
- total effect of exchange losses that are recognised in the result from financing activities (EUR -9.6m).

However, the result from financing activities was positively impacted by the less negative interest result.

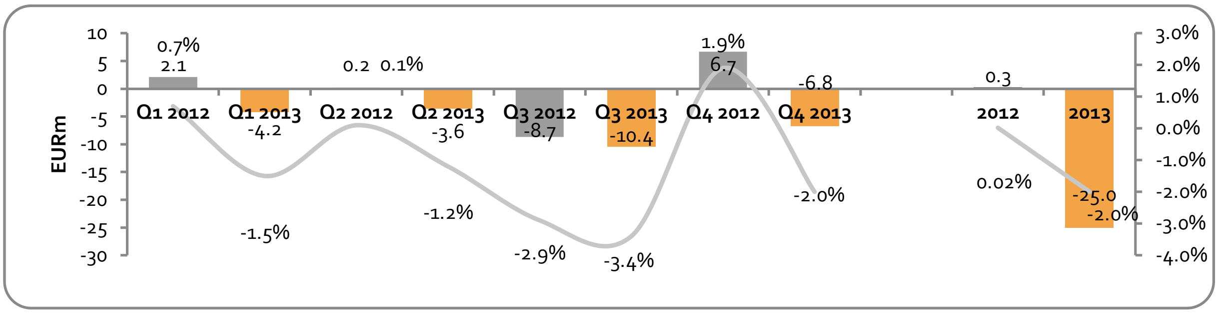
Income tax expense disclosed at EUR 4.2m includes current and deferred income tax. Current tax refers to the tax that will be paid on profit for the period per individual Group companies. Deferred tax is disclosed upon accounting of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for tax reporting purposes. Temporary differences, which generally have the biggest impact on deferred taxes, are tax relief amounts in connection with investments, investments relating to research and development and amounts of tax losses. The parent company discloses the largest share of such amounts. In 2013, the tax loss increased by the amount equalling the value of impairments formed for investments in previous years; these investments were disposed in 2013 or deleted from accounting records (bank shares).

Pursuant to the updated strategic plan, the Group will in future periods record profit and disclose a taxable base that will exceed the amount of current tax reliefs and the decline or increase of the taxable base. Thus, most of Group companies that will submit separate tax returns will disclose corporate income tax payables. These companies shall apply tax allowances from previous periods that can be brought forward and for which deferred tax receivables were formed in the past. The taxable base can be lowered also on the basis of tax losses from previous years, for which deferred tax receivables were formed in the past, since the latter can be transferred without time limitations (applies for Slovenian companies).

The Group's profit or loss was in 2013 marked by numerous afore-mentioned effects and their total value amounted in 2013 to EUR -23.8m. On the basis of these negative effects, the Group incurred a **total net loss of EUR -25.0m**.

Without the negative effect, the Group would record a positive result in 2013 as it would generate EUR 5.2m of profit before taxes.

Profit or loss for the period and ROS



Financial Performance of the Gorenje Group

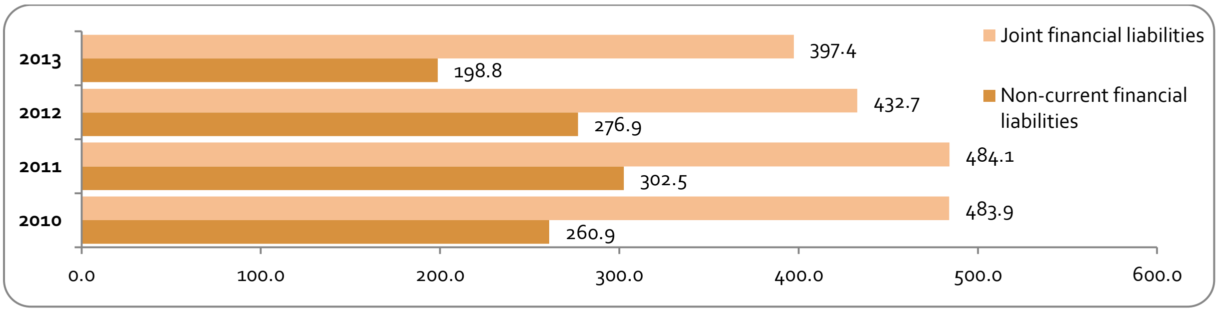
Group's financial operations

The financial policy is on the Group level implemented through the *centralised treasury function*, which is organised within the parent company, and the adopted *Corporate Code Book for Finance and Economics* that is to be observed by all Group companies. Management of the financial debt, liquidity, bank relations and of other strategic activities is thereby carried out directly or indirectly within the centralised treasury function. The fundamental goal of the Group's financial policy is to ensure sufficient active capital by means of minimum funding costs aimed at repaying outstanding liabilities on the Group level. The primary sources of liquidity are provided through operative sales activities in the segments Home and Portfolio Investments and within these also the optimisation of net working capital, the divestment of underperforming assets, as well as raising of non-current borrowings for partly refinancing the overdue existing non-current borrowings, as well as the permanent renewal of current borrowings and bank overdrafts. The liquidity is planned on the concurrent monthly, quarterly and annual basis by taking into account debt management for a multi-annual period. Since a systematic and permanent policy of lowering the financial debt is being carried out, the raising of new borrowings is not deemed as a debt increase but rather as a tool for refinancing overdue existing borrowings and improving the maturity structure of financial liabilities. Credit lines around the world are in addition to other bank relations directly and indirectly managed by the central treasury function in compliance with the financial policy. The Group applies and pursues the daily policy of optimising cash management on the basis of which the average level of Group companies' bank balances are lowered permanently in the past two years. Collateralisation of receivables, their collection and other activities that constitute a part of the Group's financial policy are managed on a centralised level.

While preparing the business and financial plan for 2013 and the repayment plan for financial liabilities, the Group was aware of the harsh 2013 as a result of the grave market situation and the larger volume of investments made and other expenditure primary referring to the production relocation processes. The result of the pro-active approach was visible already at the start of Q3 2013, when funds for repaying non-current borrowings that mature by the end of the current period were already ensured. Non-current borrowing are settled on a regular basis, whereas current borrowing are renewed continuously. EUR 111.4m of overdue non-current borrowings were repaid in 2013 primarily on the basis of inflows generated on divestment and newly raised non-current borrowings (mostly for the period of 5 years) in the amount of EUR 77.6m. It is essential that the Group decreased the total financial debt in 2013 by EUR 35.3m.

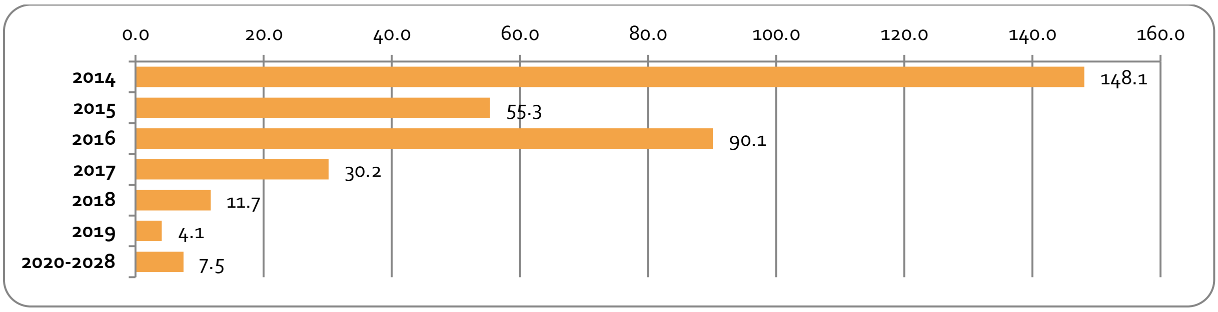
Given the strategy of diversifying funding sources as well as covering seasonal cash flow fluctuations, the Group issued in Q2 2013 commercial papers for the first time. They were issued in the total gross value of EUR 24.2m and a maturity as of 20 December 2013; the commercial papers were purchased mostly by domestic investors. It is a form of short-term financing that was launched by the Group on the capital market first in 2013 and represents a part of the long-term strategy of increasing the share of long-term financing. The next issue of commercial papers is projected for the end of Q1 2014.

Movement of joint and non-current financial liabilities in the period 2010-2013 (EURm)



Total financial liabilities (as sum of current and non-current financial liabilities) amounted as at 31 December 2013 to EUR 397.4m and indicate a decline by EUR 35.3m if compared to 31 December 2012 or a decline of EUR 77.8m over the Q3 2013 balance. The positive development in Q4 2013 is to a large extent attributable to better sales and related encashment of receivables, as well as to the optimisation of working capital, particularly inventories. The amount of total financial liabilities was positively impacted also by capital paid in during the share capital increase in Q4 2013 (EUR 16.7m) in addition to the already paid EUR 10.0m by Panasonic in Q3 2013. It is important that the decline in total financial liabilities is higher that the additionally paid-in capital i.e. by EUR 8.6m – even more so because they were lowered also in the fiscal year 2013, which was heavily burdened by expenditure and costs of the large-scale production relocation from Scandinavia to Slovenia and from Slovenian to Serbia, which was certainly one of the most burdensome – in terms of process and financially – restructuring projects in the Group's history. EUR 11m of additional expenditure was recorded in 2013 as a result of relocating production processes and reorganising the sales network. Given the risk to which the Slovenian banking sector is exposed to, it was of utmost importance that the share of banks, whose parent companies are headquartered in Slovenia (hereinafter referred to as 'Slovenian banks') and were or shall in future be subject to state-funded capital injections, account for only 11.7% in the Group’s total borrowing portfolio. The aforesaid share is exclusive of borrowings raised from the SID bank which is deemed a development bank. We estimate that their share will increase after the capital increase is completed.

Repayment of principal amounts of non-current borrowings as at 31 December 2013 in future years (EURm)



Activities for repaying borrowings in 2014 and beyond are implemented in compliance with the corporate policy on the permanent liquidity and financial debt management. EUR 148.1m of non-current borrowings mature in 2014 (according to data as at 31 December 2013). Borrowings will be repaid on the basis of current operations and divestment, in part also by means of new non-current borrowings raised. The biggest share of borrowings matures in Q3 2014 i.e. in the amount of EUR 76.5m, indicating that the Group must ensure at least a partial refinancing of overdue non-current borrowings in form of raising new non-current borrowings. Intensive activities with existing and new bank partners are in progress in this relation and are expected to stabilise the loan maturity structure and the scope of the annual maturity of non-current borrowings for a longer period, which shall enable servicing through current operations and a low level of required additional indebtedness for the purpose of refinancing. It is essential that the Group recorded a liquidity reserve as at 31 December 2013 in the amount of EUR119.0m that can in case of overdue liabilities be used also for bridging purposes.

As at 31 December 2013, **net financial liabilities** (measured as difference between total financial liabilities and the item of cash and cash equivalents) amounted to EUR 358.8m and declined by EUR 20.4m if compared to 2012.

As for the **maturity structure of financial liabilities,** one half refers to non-current sources and the other half to current sources. The structure worsened by 14.0 p.p. over the 2012 balance but shows improvement by 2.9 p.p. over the previous quarter. The maturity structure seriously worsened at the beginning of Q3 2013, when the loan, payable in one lump sum and due in July 2014 (Schuldschein), was transferred to the current portion of non-current borrowings.

Cash flows of the Gorenje Group in 2013

Consolidated Statement of Cash Flows of the Gorenje Group

	2012	2013	Plan 2013 (Total)
Profit or loss	290	-24,999	4,210
Amortisation and depreciation expense	46,986	41,875	47,762
Cash flows from operating activities	**47,276**	**16,876**	**51,972**
Capex	-60,744	-76,606	-69,841
Divestment	11,408	18,954	13,500
Change in deferred tax assets/liabilities, non-current operating trade receivables/payables, provisions, fixed assets	-17,992	-11,583	-5,519
Cash flows from investing activities	**-67,328**	**-69,235**	**-61,860**
Change in inventories	-8,060	11,598	6,825
Change in trade receivables	31,757	12,935	17,770
Change in other receivables	-6,238	21,994	1,116
Change in trade payables	22,077	1,390	-9,289
Change in other current liabilities	-10,013	-8,790	-10,664
Change in working capital	**29,523**	**39,127**	**5,758**
Cash flows from operating and investment activities	**9,471**	**-13,232**	**-4,130**
Change in investments (non-current and current)	2,982	17,820	13,114
Change in financial liabilities (non-current and current)	-51,219	-35,313	-46,799
Cash flows from financing activities	**-48,237**	**-17,493**	**-33,685**
Cash flows from net financial liabilities	**-38,766**	**-30,725**	**-37,815**
Change in equity (exclusive of profit or loss for the period)	**-8,266**	**15,826**	**40,284**
Net cash flow for the period	**-47,032**	**-14,899**	**2,469**
Cash and cash equivalents at beginning of period	101,620	53,488	28,955
Cash and cash equivalents at end of period	54,588	38,589	31,424

The Group generated EUR 16.9m of cash flow from operating activities in 2013, which is EUR 30.4m less than in the previous year. The net loss of 2013 is the primary reason behind this result. Net cash flows from investing activities - calculated as difference between investments made in fixed assets and their divestment, and change in deferred tax assets and liabilities, provisions and current trade receivables and payables – are recorded in the amount of EUR -69.2m and worsened by EUR 1.9m over the previous period.

In 2013, **cash flow from operating and investment activities** was recorded at EUR -13.2m and worsened by EUR 22.7m over the previous year. Group's cash flows from financing activities were in 2013 disclosed in the amount of EUR -17.5m, whereby investments decreased by EUR 17.8m (primarily as a result of already written-off impairments that were of non-monetary nature in 2013 and effects of disposing the company Gorenje Notranja oprema) and financial liabilities by EUR 35.3m. Upon accounting of the negative cash flow from financing activities, the net cash flow amounted to EUR -30.7m in

2013. The ownership capital amounted as at 31 December 2013 EUR 380.7m and indicates an increase by EUR 15.8m (without the current profit or loss, which is already included in net cash flows from operating activities). Upon the latter's consideration, the net cash flow for 2013 amounts to EUR -14.9m and is higher by EUR 32.1m over the previous period.

Investments amounted to EUR 76.6m in 2013 and increased by EUR 15.9m if compared to 2012, which is mainly attributable to intensive relocation activities, particularly in connection with the refrigerator-freezer production from Slovenia to Serbia and the related investments required for the construction of a new production facility and a new line of free standing refrigerator-freezer appliances. In addition, the production of washing machines, dryers and dishwashers was also relocated from Sweden to Slovenia. In 2013, EUR 29.6m of investments made refer to production relocation processes. Constant investments were made also in the development of new products.

Investments by business segment

EURm	Q4 2012	Q4 2013	Index	2012	2013	Index	Plan 2013	Plan realisation
Home	25.1	16.4	65.2	54.5	68.7	125.9	64.5	106.5
Portfolio investments	2.6	4.3	163.6	6.2	7.9	128.3	5.3	148.8
Total	**27.7**	**20.7**	**74.5**	**60.7**	**76.6**	**126.1**	**69.8**	**109.7**

As at 31 December 2013, EUR 76.6m were earmarked for investments. Most of these investments refer in Q3 2013 to the completion of already launched projects and the development of new products. The Business Segment Home accounts for the largest share i.e. EUR 68.7m. Most of the investment-related expenditure refers to the new production facility in Valjevo and the relevant transferred equipment for manufacturing refrigerator-freezer appliances (600 mm), to the purchase of technical equipment necessary for the refrigerator-freezer production, and to the relocation of the production of ASKO dryers, washing machines and dishwashers from Sweden to Slovenia. Investments were made also in two new assembly lines and the 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 Business Segment Portfolio Investments implemented investments in the amount of EUR 7.9m. The largest portion thereof refers to ecology (EUR 5.6m) and relates to the waste collection centre in Jesenice, the technological equipment for treatment of raw material waste, and to increasing Gorenje's presence on the raw material waste market in Serbia. The remaining share of investments in the amount of EUR 2.3m refers mostly to the technological equipment in parent company's subsidiaries in Slovenia, which are engaged in tool manufacture and development and installation of industrial equipment.

Back in 2010, the Group adopted a programme for **divestment** of underperforming assets, as well as certain other non-strategic activities that disclosed loss and negative cash flow over the past years. The divestment programme was successfully continued in 2013 as the carrying amount of the disposed assets was recorded at EUR 19.0m. The biggest among properties sold include the business-distribution centre in Ljubljana, the warehouse in Prague, production facilities in Vara (Sweden), and two properties in Paris. Most of the related inflows were received already in H1 2013, which positively impacted the current liquidity and the amount of the interim financial debt. The sale of shares in companies Gorenje Notranja oprema, d.o.o. and Gorenje Kuhinje, d.o.o. at the end of February 2013 was taken with great satisfaction, even more so because it lifted the negative impact on the Group's current profit or loss, which in the past three years amounted to at least EUR 5m on an annual basis. The Group's financial debt will no longer increase in this relation. Regardless of the sale, the company Gorenje Kuhinje that was renamed into Arosa Mobilia d.o.o. was kept as a strategic supplier of kitchen furniture, whose sale integrally no longer discloses loss.

As a result of described activities, the balance of net non-current assets is as at 31 December 2013 disclosed at EUR 507.4m and indicates a growth of EUR 27.3m over the previous year.

Investments in net working capital amounted as at 31 December 2013 to EUR 208.7m and indicate a decline over 2012 by EUR 41.4m and by EUR 76.5m over the Q4 2013 balance. Within the aforesaid, net working assets (inventories, trade receivables and trade payables) decreased by EUR 25.9m. The difference of decline in net working capital in the amount of EUR 13.2m refers to lower other current receivables in the amount of EUR 22.0m, which is mostly the result of lower amount of assets included in the disposal group (EUR 20.4m) due to the sale of companies Gorenje Kuhinje and Gorenje Notranja oprema. The change in working capital was negatively impacted by the decrease in other current liabilities, particularly liabilities included in the disposal group (EUR 4.6m) and other current liabilities (EUR 4.2m).

At the end of 2013, **trade receivables** were recorded at EUR 205.6m and were lower by EUR 12.9m over the year-end balance of 2012 and by EUR 31.7m over the Q4 2013 balance. The decline in the annual level of receivables is the result of more disciplined management of receivables (e.g. suspension of supplies due to unsecured receivables or non-payment of overdue receivables) and more consistent collection of receivables. The Group implements the permanent non-recourse factoring in two sales companies in Western Europe for some time, as its costs are lower from the Group's average financing costs. Non-recourse factoring is selectively applied also in Russia, primarily as a tool of current hedging of cash positions against exchange rate fluctuations. Turnover of trade receivables declined from 67 to 62 days if compared to the previous year.

Inventories were recorded at EUR 235.8m as at 31 December 2013 and decreased by EUR 11.6m over the previous year and by EUR 14.2m over the Q3 2013 balance. The balance of inventories grew by EUR 9.7m because it takes account also of inventory of coal in transit, which is conducted within the parent company's business activities and was not included among inventories in none of 2013 interim periods, nor at the end of 2012. The relevant inventory has been sold immediately at the beginning of January 2014. Thus, inventories declined compared to 2012 by EUR 21.3m. Sub-optimal level of inventories was disclosed during 2013, which is mostly attributable to the relocation of production from Sweden to Slovenia, to the relocation of the refrigerator-freezer programme from Slovenia to Serbia and the related formation of required emergency stock of products. Not be able to provide supplies to customers during the production halt would be intolerable and weaken Gorenje's market position. The emergency stock was nearly fully sold in Q4 2013. Consequently, inventories of products and goods recorded the biggest decline on the annual level i.e. by EUR 18.4m. The latter is also the result of lowering the number of production facilities, which is reflected in the fact that the increase of inventories at relocated sites in Slovenia and Serbia is lower by half from the reduced volume of inventories at the production facility in Sweden at the end of 2012. In addition, additional focus was in H2 2013 put on inventories of merchandise in warehouses of sales units, which resulted in their interim lowering by EUR 15.8m, whereby they also declined in view of Q3 2013 by EUR 5.8m. Additional improvement of the total volume of inventories is expected with the launch of the complexity-cutting project, which plans to reduce the number of product codes by lower sales volume and margin. The amount of inventories, mostly raw materials and material, is positively impacted by the launch of the so-called thin production, by means of which in-process inventories are reduced. Turnover of inventories of products declined by one day from 37 days if compared to the 2012 balance.

Trade payables amounted to EUR 212.4m as at 31 December 2013 and remained practically on the level of the previous year. Their movement in Q4 2013 complies with the general annual dynamics, as well as the higher volume of purchased raw materials, material and small household appliances. The reason behind the higher volume of material and raw materials purchased is the higher volume of orders for large household appliances at own production sites, whereas the higher volume of small household appliances is attributable to the permanent growth of sales and consequently purchases, particularly from Far East. The decline in trade payables over the 2012 balance was negatively impacted also by the ever growing scope of production in Serbia and consequently the growing purchase from local suppliers, as the maximum payment term in Serbia laid down by law is 60 days. Compared to 2012, the turnover of trade payables grew from 76 to 84 days.

Certain financial risks have a significant impact on the Group's cash flow management

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, intensified 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.). Gorenje has a strict set of rules in this relation, which is deemed a suitable collateral for the sale of goods.

Currency risks to which the Group is exposed, are hedged and minimised predominantly by natural cash flow balancing/hedging for each currency that, mostly in case of 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 scope of factoring was increased in Russia because of the aforesaid and Gorenje is seeking additional possibilities for a larger scope of natural hedging, which is to a great extent used in hedging against US dollar. The primary reasons behind the Group's loss in 2013 as well as Q4 2013 are the depreciation of the Russian rouble, the Australian dollar, the Serbian dinar and the Swedish krona. In medium-term, the Group hedges against currency risk by adjusting sales prices on an ongoing basis, by applying cost optimisation and by means of increasing natural hedging on the purchase/sale side.

Risk of short-term liquidity of the Group is well 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 2013 amounted to EUR 80.4m and bank balances amounted to an additional EUR 38.6m.

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

Operating performance of Gorenje, d.d.

EURm	Q4 2012	Q4 2013	Index	2012	2013	Index	Plan 2013	Plan realisation
Revenue	**196.4**	**192.8**	**98.2**	**675.9**	**664.6**	**98.3**	**699.2**	**95.1**
CM[6]	68.4	59.3	86.7	218.2	207.8	95.2	234.2	88.7
CM (%)	*34.8%*	*30.8%*	/	*32.3%*	*31.3%*	/	*33.5%*	/
EBITDA	**23.1**	**14.7**	**63.6**	**34.2**	**33.4**	**97.7**	**35.4**	**94.3**
EBITDA margin (%)	*11.8%*	*7.6%*	/	*5.1%*	*5.0%*	/	*5.1%*	/
EBIT	**18.5**	**9.8**	**53.0**	**14.0**	**15.0**	**107.1**	**14.4**	**104.7**
EBIT margin (%)	*9.4%*	*5.1%*	/	*2.1%*	*2.3%*	/	*2.1%*	/
Profit or loss before tax	**-0.7**	**-0.9**	**128.6**	**-12.6**	**-5.3**	**42.1**	**7.9**	**/**
Profit or loss for the period	**-1.6**	**6.7**	**/**	**-14.1**	**2.7**	**/**	**7.3**	**37.3**
ROS (%)	*-0.8%*	*3.5%*	/	*-2.1%*	*0.4%*	/	*1.0%*	/
ROA (%)	*-0.8%*	*3.0%*	/	*-1.6%*	*0.3%*	/	*0.9%*	/
ROE (%)	*-2.0%*	*8.0%*	/	*-4.3%*	*0.8%*	/	*2.4%*	/
Employee / end of period	**4,268**	**4,112**	**96.3**	**4,268**	**4,112**	**96.3**	**4.367**	**94.2**
Employee / average	**4,478**	**4,198**	**93.7**	**4,460**	**4,186**	**93.9**	**4.367**	**95.9**

Revenue generated by the parent company in 2013 amounted to EUR 664.6m and indicates a decrease of EUR 11.3m or 1.7% if compared to 2012.

Revenue generated by the Business Segment Home amounted in 2013 to EUR 619.2m, which shows a growth of 0.3% compared to the previous year and is 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 and 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 39.9m and indicate a decline over 2012 by 31.6%, which is attributable mostly to lower sales of coal as a result of the changed sales timetable in 2013 if compared to 2012 and to the lower sales within the Solar programme.

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 10.4m, which is mostly attributable to relocating the production of Asko dryers, washing machines and dishwashers from Sweden to Slovenia. The production of washing machines and dryers started in April 2013 and the production of dishwashers in September 2013 which, however, has not yet entirely filled the gap caused by the relocation of the refrigerator-freezer production (600 mm) from Velenje to Valjevo.

An improvement of the **EBIT** by 7.1% over the previous year is attributable primarily to 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, and to the upgraded development cost model on the Group level.

Regardless of the impaired investments in banks by EUR 3,668k and impaired investments in other shares and interests by EUR 6,027k, the parent company reduced the negative result from financing activities by EUR 6.2m over the 2012 balance.

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

EURm	Development
Profit or loss for the financial year 2012	**-14.1**
Contribution margin at the level of cost of goods and material	-9.1
Cost of services	-4.3
Employee benefits expense	12.4
Amortisation and depreciation expense	1.9
Other operating expenses	-2.9
Other operating income	3.1
Financial result	6.2
Income tax expense and deferred taxes	9.5
Profit or loss for the financial year 2013	**2.7**

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

Ownership Structure and GRVG Share

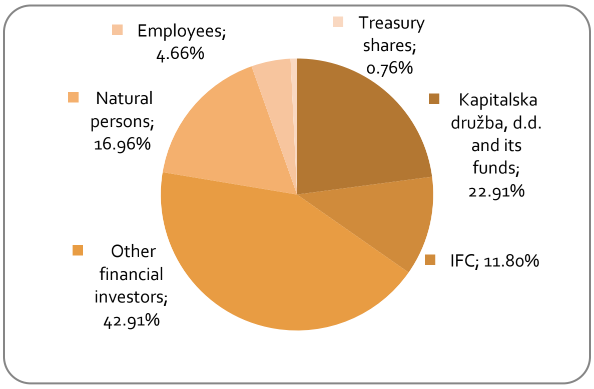
As of 23 August 2013, the Shareholders' Meeting of Gorenje, d.d. authorised the Management Board to carry out the third round of share capital increase (authorised capital) upon the Supervisory Board's consent not later than within one year after the registration of changes in the Articles of Association, which were adopted at the Shareholders' Meeting on 23 August 2013. Within the framework of authorised capital, the share capital can be increased by the maximum amount of EUR 9,681,964.61 with the issue of 2,320,186 new ordinary, freely transferable, registered, no par value shares for contributions in kind (conversion of debt into company's equity). The new shares will together with existing shares form the same class and be issued for contributions in kind (conversion of debt into company's equity) at EUR 4.31 per share. To the date of this issue, the share capital of Gorenje, d.d. was not increased under the authorised capital.

17,438 shareholders were entered in the share register as of **31 December 2013**, which is 4.5 percent less than at the end of 2012 (18,261).

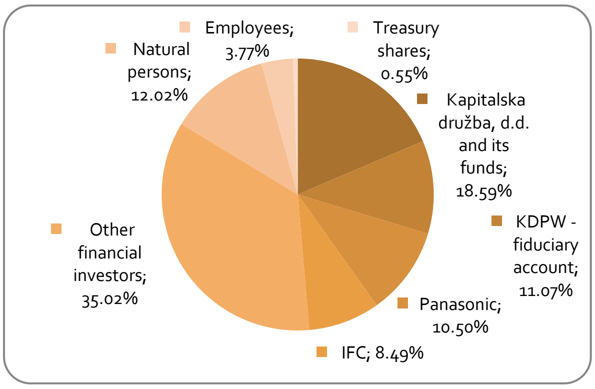
Gorenje's ten major shareholders and owners

Ten major shareholders	No. of shares (31 Dec 2012)	Share in %	No. of shares (31 Dec 2013)	Share in %
KAPITALSKA DRUŽBA, D.D.	3,534,615	22.22%	3,998,653	18.09%
KDPW – FIDUCIARY ACCOUNT[7]	/	/	2,446,603	11.07%
PANASONIC CORPORATION	/	/	2,320,186	10.50%
IFC	1,876,876	11.80%	1,876,876	8.49%
NFD 1, mixed flexible sub-fund - South	996,388	6.26%	1,125,802	5.09%
HOME PRODUCTS EUROPE B.V.	1,070,000	6.73%	1,070,000	4.84%
INGOR, d.o.o., & co. k.d.	794,473	4.99%	794,473	3.59%
CONSEQ INVEST PUBLIC LIMITED COMPANY	/	/	464,732	2.10%
EECF AG	411,727	2.59%	411,727	1.86%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT	550,587	3.46%	325,260	1.47%
PROBANKA, d.d.	297,061	1.87%	/	/
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%**	**14,834,312**	**67.11%**
Other shareholders	5,901,324	37.10%	7,270,115	32.89%
Total	**15,906,876**	**100%**	**22,104,427**	**100%**

Ownership structure as at 31 December 2012



Ownership structure as at 31 December 2013



The number of own shares or treasury shares as at **31 December 2013** equals the year-end balance of 2012 i.e. at **121,311 treasury shares**, which accounts for **0.5488%** of total share capital, which declined on the basis of the completed capital increase dated 27 December 2013 (registration into Slovenia's Central Securities Clearing Corporation - KDD).

[7] The KDPW fiduciary account includes shares, which were registered and paid in Poland during the second share capital increase.

The number of shares held by Supervisory Board and Management Board members

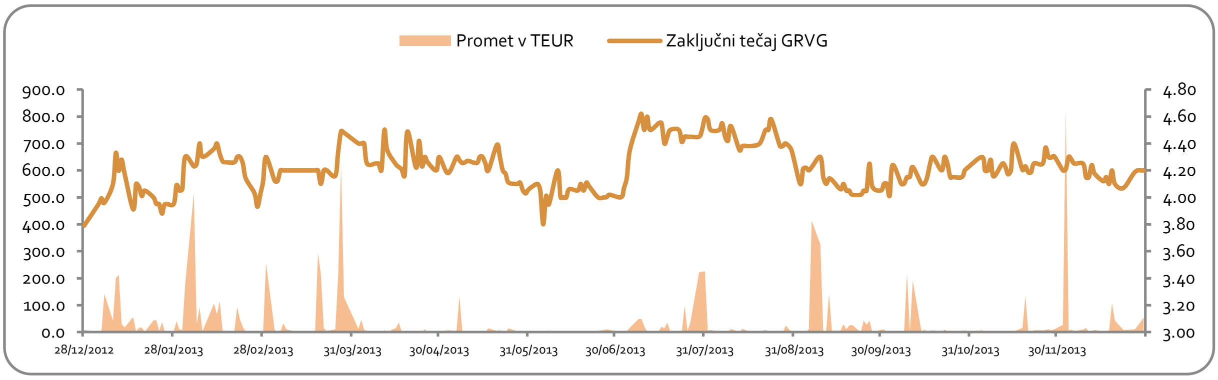
Supervisory Board	31 Dec 2012		31 Dec 2013	
Total:	**3,208**	**0.0202%**	**3,508**	**0.0159%**
Peter Kobal	1,355	0.0085%	1,355	0.0061%
Krešimir Martinjak	115	0.0007%	115	0.0005%
Jurij Slemenik	1,738	0.0109%	2,038	0.0092%

Management Board	31 Dec 2012		31 Dec 2013	
Total:	**11,754**	**0.0739%**	**18,894**	**0.0855%**
Franc Bobinac	2,096	0.0132%	4,096	0.0185%
Branko Apat	626	0.0039%	626	0.0028%
Drago Bahun	9,032	0.0568%	9,082	0.0411%
Marko Mrzel	/	/	450	0.0020%
Peter Groznik	/	/	4,640	0.0210%

Given the participation in the capital increase, the number of shares held by members of the Supervisory Board and the Management Board, has increased. The number and interest of company's shares held by Supervisory Board and Management Board members has not changed in the period from 31 December to the date of this public announcement.

The **closing price per share** as at the last trading day in December 2013 was at the Ljubljana Stock Exchange as the primary market, recorded at EUR 4.20 and shows an increase of 10.8% compared to the last trading day in 2012 (EUR 3.79). The prime market index SBITOP increased in the same period by 3.2%. As for the fiscal year 2013, the total turnover at the Ljubljana and Warsaw Stock Exchange was recorded at 2.012 thousand shares, indicating that the average daily turnover was 8.246 shares per day (with GRVG share).

Movement of the GRVG share and the daily turnover at the Ljubljana Stock Exchange for the period January-December 2013



Basic and diluted earnings per share calculated as the ratio between the parent company's profit or loss in 2013 and the number of shares issued, less average number of treasury shares (16,688,725 shares) amounts to EUR -1.51 (2012: EUR 0.003).

Book value of the GRVG share as at 31 December 2013 amounted to EUR 17.32 (EUR 24.51 as at 31 December 2012). It is calculated as the ratio between the book value of Group's ordinary share capital and the number of shares issued less the number of treasury shares as at 31 December 2013 (21,983,116 shares).

The ratio between the market and the book value of the GRVG share is recorded at 0.24 (0.15 as at 31 December 2012).

The dividend policy of the Gorenje Group and its parent company shall in the strategic period 2014 - 2018 follow the policy that applied prior to the update of the strategic plan. 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 carried out 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.

Capital increase of the issuer Gorenje, d.d. and the entry on the Warsaw Stock Market

Shareholders' Meeting of Gorenje confirmed on 23 August 2013 the implementation of three share capital increases. In compliance with the resolution of the Shareholders' Meeting, the new shares were offered first to the Panasonic Corporation which paid in 2,320,186 of issued shares at a price of EUR 4.31 and a total amount of EUR 10m. Panasonic hereby expressed confidence in a successful cooperation with Gorenje as its strategic partner in the field of development, production and sale.

The second capital increase was conducted in the period from 20 November 2013 to 17 December 2013, in which the existing shareholders were invited first to participate under the same terms and conditions as Panasonic, and thereafter also the employees and new investors in Slovenia and Poland. 291 existing shareholders used the right to enter new shares at a price of EUR 4.31 per share and paid in 1,284,541 shares in the total amount of EUR 5.54m. Employees have entered and paid in 17,512 shares in the amount of EUR 75,476. Gorenje succeeded in signing up new investors in Slovenia and Poland to participate in the capital increase, who registered 2,575,688 of shares in the total amount of EUR 11.10m. Thus, a total of 3,877,365 shares were registered and paid in during the second capital increase.

During the first and second capital increase, Gorenje raised a total of EUR26.7m in fresh capital and the share capital increased by 38.69% after both capital increases. Based on the concluded procedure of registering and paying-in new shares, Gorenje, d.d. received from the District Court in Celje on 23 December 2013 the decision no. Srg 2013/54315, dated 23 December 2013. The relevant decision discusses the entry of changes to the share capital from EUR 76,060,181.93 to EUR 92,240,139.36, to the number of shares from 18,227,062 to 22,104,427, and the change in Articles of Association referring to the aforesaid changes. As of 30 December 2013, Gorenje's shares were admitted to the Warsaw Stock Exchange for the stock's secondary listing and all 22,104,427 ordinary Gorenje shares that had previously only been listed on the Ljubljana Stock Exchange are now also traded on the Warsaw Stock Exchange.

Significant Events after the Balance Sheet Date

Gorenje Group and Sub-Zero Group Inc. as the American leading manufacturer of premium home appliances, signed a long-term agreement on distributing Gorenje's premium brand Asko. Accordingly, Sub-Zero Group Inc. will as of 1 April 2014 act as the exclusive distributor of Asko washing machines, dryers, and dishwashers in North America. This partnership constitutes a part of Gorenje's strategic activities aimed at boosting the Group's presence beyond Europe and promoting the sale of its premium products.

No other significant events occurred after the date of compiling the balance sheet date as of 31 December 2013.

ACCOUNTING REPORT

Fundamental Accounting Policies and Significant Notes to the Financial Statements

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

Unaudited financial statements of Gorenje, d.d. for the period January-December 2013 have been prepared in accordance with provisions of the Companies Act and the International Financial Reporting Standards (IFRSs). Transition to and implementation of IFRSs was confirmed by Gorenje's Shareholders' Meeting at its 9th regular session held on 29 June 2006. In accordance with accounting policies, Gorenje, d.d. does not report by business segments as these are outlined and reported in the consolidated report of the Gorenje Group.

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

Changes in the Composition of the Gorenje Group

Changes that occurred in the composition of the Gorenje Group up to and including 31 December 2013 were as follows:

- As of 11 January 2013, Gorenje Surovina founded the company Gorenje Surovina Fotoreciklaža, d.o.o. As of 29 October 2013, Gorenje Surovina sold the 49% equity interest in Gorenje Surovina Fotoreciklaža to the company EVG Entsorgungs – und verwaltungsgesellschaft MBH.
- 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.
- As of 11 December 2013, Gorenje d.d. increased the capital of Gorenje Avtomatizacija in industrijska oprema, d.o.o. by EUR 800,000.00.
- As of 17 December 2013, Gorenje d.d. increased the capital of Gorenje Keramika, d.o.o. by EUR 3,000,000.
- As of 23 December 2013, the increase of share capital and number of shares in Gorenje d.d. was registered in the Register of companies. Accordingly, the share capital of Gorenje d.d. is recorded at EUR 92,240,139.36 and the number of shares at 22,104,427.

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	BSPI
6.	Gorenje Orodjarna, d.o.o., Velenje	100.00	BSPI
7.	ZEOS, d.o.o., Ljubljana	51.00	BSPI
8.	Gorenje Surovina, d.o.o., Maribor	99.984	BSPI
9.	Indop, d.o.o., Šoštanj	100.00	BSPI
10.	ERICo, d.o.o., Velenje	51.00	BSPI
11.	Gorenje design studio, d.o.o., Velenje	52.00	BSH
12.	PUBLICUS, d.o.o., Ljubljana	50.992	BSPI
13.	EKOGOR, d.o.o., Jesenice	74.998	BSPI
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	50.992	BSPI
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	99.975	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	BSPI
29.	Kemis - BH, d.o.o., Bosnia and Herzegovina	99.984	BSPI
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	BSPI
37.	Kemis – SRS, d.o.o., Bosnia and Herzegovina	99.984	BSPI
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	BSPI
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	BSPI
60.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	99.984	BSPI
61.	Gorenje Corporate GmbH, Austria	100.00	BSH
62.	Cleaning system S, d.o.o., Serbia	75.989	BSPI
63.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	49.45	BSPI

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
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
- Gorenje Projekt, d.o.o., Belgrade

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

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

Unaudited Consolidated Financial Statements of the Gorenje Group

Consolidated Balance Sheet

EURk	Balance at 31 Dec 2012	%	Balance at 31 Dec 2013	%
ASSETS	**1,197,324**	**100.0%**	**1,149,702**	**100.0%**
Non-current assets	**566,141**	**47.3%**	**595,512**	**51.8%**
Intangible assets	159,607	13.3%	167,882	14.6%
Property, plant and equipment	341,171	28.5%	356,552	31.0%
Investment property	23,276	2.0%	28,129	2.4%
Non-current investments	7,193	0.6%	5,527	0.5%
Investments in associates	1,298	0.1%	711	0.1%
Non-current trade receivables	15,176	1.3%	10,559	0.9%
Deferred tax assets	18,420	1.5%	26,152	2.3%
Current assets	**631,183**	**52.7%**	**554,190**	**48.2%**
Non-current assets held for sale	893	0.1%	1,655	0.1%
Inventories	247,365	20.7%	235,767	20.5%
Current investments	32,769	2.7%	17,202	1.5%
Trade receivables	218,516	18.2%	205,581	17.9%
Other current assets	48,098	4.0%	45,859	4.0%
Income tax receivables	2,833	0.2%	2,756	0.2%
Cash and cash equivalents	53,488	4.5%	38,589	3.4%
Assets held for sale	27,221	2.3%	**6,781**	0.6%
EQUITY AND LIABILITIES	**1,197,324**	**100.0%**	**1,149,702**	**100.0%**
Equity	**389,843**	**32.6%**	**380,670**	**33.1%**
Share capital	66,378	5.5%	92,240	8.0%
Share premium	175,575	14.7%	175,568	15.3%
Legal and statutory reserves	22,719	1.9%	22,989	2.0%
Retained earnings	111,152	9.3%	85,658	7.5%
Treasury shares	-3,170	-0.3%	-3,170	-0.3%
Translation reserve	5,861	0.5%	-4,435	-0.4%
Fair value reserve	8,976	0.8%	9,007	0.8%
Equity of holders of the parent	**387,491**	**32.4%**	**377,857**	**32.9%**
Equity of non-controlling interests	**2,352**	**0.2%**	**2,813**	**0.2%**
Non-current liabilities	**354,457**	**29.6%**	**280,595**	**24.4%**
Provisions	65,020	5.4%	66,671	5.8%
Deferred income	3,145	0.3%	5,081	0.4%
Non-current trade payables	5,046	0.4%	5,773	0.5%
Deferred tax liabilities	4,366	0.4%	4,316	0.4%
Non-current financial liabilities	276,880	23.1%	198,754	17.3%
Current liabilities	**453,024**	**37.8%**	**488,437**	**42.5%**
Current financial liabilities	155,846	13.0%	198,659	17.3%
Trade payables	212,430	17.7%	213,820	18.6%
Other current liabilities	75,218	6.3%	71,001	6.2%
Income tax payables	1,208	0.1%	1,243	0.1%
Liabilities held for sale	8,322	0.7%	3,714	0.3%

Consolidated Income Statement

EURk	Q4 2012	%	Q4 2013	%	2012	%	2013	%	Plan 2013	%	13/12	Plan realisation
Revenue	**352,464**	**94.7**	**343,362**	**102.3**	**1,263,082**	**96.0**	**1,240,482**	**99.3**	**1,339,590**	**99.50%**	**98.2**	**92.6**
Change in inventories	2,847	0.7	-24,124	-7.2	11,881	0.9	-26,122	-2.1	-8,212	-0.60%	/	318.1
Other operating income	17,007	4.6	16,548	4.9	40,929	3.1	34,517	2.8	15,214	1.10%	84.3	226.9
Gross profit	**372,318**	**100.0**	**335,786**	**100.0**	**1,315,892**	**100.0**	**1,248,877**	**100.0**	**1,346,592**	**100.00%**	**94.9**	**92.7**
Cost of goods, materials and services	-265,742	-71.4	-248,111	-73.9	-946,215	-71.9	-910,516	-72.9	-972,457	-72.20%	96.2	93.6
Employee benefits expense	-67,416	-18.1	-57,393	-17.1	-258,680	-19.7	-237,914	-19.1	-258,828	-19.20%	92.0	91.9
Amortisation and depreciation expense	-10,789	-2.9	-10,135	-3.0	-45,665	-3.4	-41,875	-3.3	-47,762	-3.50%	91.7	87.7
Other operating expenses	-5,824	-1.5	-7,461	-2.2	-20,411	-1.6	-22,242	-1.8	-18,621	-1.40%	109.0	119.4
Operating profit	**22,547**	**6.1**	**12,686**	**3.8**	**44,921**	**3.4**	**36,330**	**2.9**	**48,924**	**3.70%**	**80.9**	**74.3**
Finance income	-895	-0.2	3,632	1.1	6,805	0.5	7,547	0.6	3,396	0.20%	110.9	222.2
Finance expenses	-11,188	-3.0	-27,470	-8.2	-37,221	-2.8	-61,929	-5.0	-43,285	-3.20%	166.4	143.1
Net finance expenses	**-12,083**	**-3.2**	**-23,838**	**-7.1**	**-30,416**	**-2.3**	**-54,382**	**-4.4**	**-39,889**	**-3.00%**	**178.8**	**136.3**
Share in profits or losses in associates	225	0.0	-654	-0.2	301	0.0	-592	0.0	342	0.00%	/	/
Profit or loss before tax	**10,689**	**2.9**	**-11,806**	**-3.5**	**14,806**	**1.1**	**-18,644**	**-1.5**	**9,377**	**0.70%**	/	/
Income tax expense	-2,382	-0.7	6,689	2.0	-5,633	-0.4	4,219	0.3	-5,167	-0.40%	/	/
Profit or loss without discontinued operation	**8,307**	**2.2**	**-5,117**	**-1.5**	**9,173**	**0.7**	**-14,425**	**-1.2**	**4,210**	**0.30%**	/	/
Profit or loss from discontinued operation	**-1,632**	**-0.4**	**-1,701**	**-0.5**	-8,883	**-0.7**	**-10,574**	-0.8	**0**	**0.00%**	**119.0**	/
Profit or loss for the period	**6,675**	**1.8**	**-6,818**	**-2.0**	**290**	**0.0**	**-24,999**	**-2.0**	**4,210**	**0.30%**	/	/
Attributable to non-controlling interests	**123**	**0.0**	**-172**	**-0.1**	**238**	**0.0**	**225**	**0.0**	**474**	**0.00%**	**94.5**	**47.5**
Attributable to equity holders of the parent	**6,552**	**1.8**	**-6,646**	**-2.1**	**52**	**0.0**	**-25,224**	**-2.0**	**3,736**	**0.30%**	/	/
Basic and diluted earnings per share (in EUR)	0.00		-0.34		0.003		-1.51		0.24	/	/	/

Consolidated Statement of Comprehensive Income

EURk	2012	2013
Profit or loss for the period	**290**	**-24,999**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	**-995**	**-1,262**
Change in fair value of land	-995	-1,262
Items that may be reclassified subsequently to profit or loss	**-3,044**	**-9,003**
Net change in fair value of available-for-sale financial assets	-27	-153
Net change in fair value of available-for-sale financial assets, reclassified to profit or loss	626	0
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-2,220	-72
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	2,182	2,465
Net change in exchange differences from subsidiaries, reclassified to profit or loss	0	-711
Income tax on other comprehensive income	**524**	**-236**
Translation reserve	**-4,129**	**-10,296**
Other comprehensive income for the period	**-4,039**	**-10,265**
Total comprehensive income for the period	**-3,749**	**-35,264**
Attributable to equity holders of the parent	-3,987	-35,489
Attributable to non-controlling interests	238	225

Consolidated Statement of Cash Flows

EURk	2012	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	**290**	**-24,998**
Adjustments for:		
Depreciation of property, plant and equipment	40,433	35,438
Amortisation of intangible assets	6,553	6,703
Investment income	-6,871	-7,571
Finance expenses	37,474	68,832
Gain on sale of property, plant and equipment	-1,851	-4,910
Operating income on revaluation of properties	-3,387	-6,851
Income tax expense	5,644	-4,219
Operating profit before changes in net operating current assets and provisions	**78,285**	**62,424**
Change in trade and other receivables	6,752	5,620
Change in inventories	-8,060	12,642
Change in provisions	-7,243	3,786
Change in trade and other payables	12,064	-8,716
Cash generated from operations	**3,513**	**13,332**
Interest paid	-25,593	-21,574
Income tax paid	-6,544	-3,437
Net cash from operating activities	**49,661**	**50,745**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	13,256	14,482
Proceeds from sale of investment property	0	9,250
Interest received	2,688	2,547
Dividends received	417	-495
Acquisition of property, plant and equipment	-53,527	-60,928
Acquisition of investment property	0	-7,304
Loans granted	2,073	-1,150
Other investments	-1,235	718
Acquisition of intangible assets	-7,217	-15,678
Net cash used in investing activities	**-43,545**	**-58,558**
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increase	0	25,855
Borrowings / Repayment of borrowings	-50,881	-33,130
Dividends paid	-2,267	0
Net cash used in financing activities	**-53,148**	**-7,275**
Net change in cash and cash equivalents	-47,032	-15,088
Cash and cash equivalents at beginning of period	101,620	54,588
Cash and cash equivalents at end of period	54,588	39,500

Consolidated Statements of Changes in Equity

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Treasury 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
Formation of short-term accruals referring to unused vacation days				-2,302				-2,302		-2,302
Adjusted opening balance at 1 Jan 2012	66,378	175,575	22,719	113,316	-3,170	9,990	8,886	393,694	1,823	395,517
Total comprehensive income for the period										
Profit or loss for the period				52				52	238	290
Total other comprehensive income						-4,129	90	-4,039		-4,039
Total comprehensive income for the period	0	0	0	52	0	-4,129	90	-3,987	238	-3,749
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Capital increase								0		0
Dividends paid				-2,367				-2,367	0	-2,367
Unpaid dividends				151				151		151
Total contributions by owners and distribution to owners	0	0	0	-2,216	0	0	0	-2,216	0	-2,216
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Change in ownership interests								0	291	291
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	291	291
Total transactions with owners	0	0	0	-2,216	0	0	0	-2,216	291	-1,925
Closing balance at 31 Dec 2012	66,378	175,575	22,719	111,152	-3,170	5,861	8,976	387,491	2,352	389,843

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Treasury 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	111,152	-3,170	5,861	8,976	387,491	2,352	389,843
Total comprehensive income for the period										
Profit or loss for the period				-25,224				-25,224	225	-24,999
Total other comprehensive income						-10,296	31	-10,265		-10,265
Total comprehensive income for the period	0	0	0	-25,224	0	-10,296	31	-35,489	225	-35,264
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Capital increase	25,862	849						26,711		26,711
Costs of capital increase		-856						-856		-856
Unpaid dividends								0		0
Formation of statutory reserves			270	-270				0		0
Total contributions by owners and distribution to owners	25,862	-7	270	-270	0	0	0	25,855	0	25,855
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Change in ownership interests								0	236	236
Total changes in ownership interests in subsidiaries	0	0	0	0	0	0	0	0	236	236
Total transactions with owners	25,862	-7	270	-270	0	0	0	25,855	236	26,091
Closing balance at 31 Dec 2013	92,240	175,568	22,989	85,658	-3,170	-4,435	9,007	377,857	2,813	380,670

Unaudited Financial Statements of Gorenje, d.d.

Balance Sheet

EURk	Balance at 31 Dec 2012	%	Balance at 31 Dec 2013	%
ASSETS	**847,894**	**100.0%**	**886,876**	**100.0%**
Non-current assets	**422,272**	**49.8%**	**474,223**	**53.5%**
Intangible assets	14,270	1.7%	21,651	2.4%
Property, plant and equipment	146,748	17.3%	170,668	19.2%
Investment property	16,147	1.9%	25,361	2.9%
Investments in subsidiaries	232,447	27.4%	236,245	26.6%
Investments in associates	976	0.1%	976	0.1%
Other non-current investments	661	0.1%	690	0.1%
Deferred tax assets	11,023	1.3%	18,632	2.2%
Current assets	**425,622**	**50.2%**	**412,653**	**46.5%**
Inventories	84,217	9.9%	95,811	10.8%
Current investments	110,083	13.0%	90,626	10.2%
Trade receivables	194,043	22.9%	195,935	22.1%
Other current assets	18,307	2.2%	15,377	1.7%
Cash and cash equivalents	18,972	2.2%	14,904	1.7%
EQUITY AND LIABILITIES	**847,894**	**100.0%**	**886,876**	**100.0%**
Equity	**318,017**	**37.5%**	**347,907**	**39.2%**
Share capital	66,378	7.8%	92,240	10.4%
Share premium	157,712	18.6%	157,705	17.8%
Legal and statutory reserves	22,719	2.7%	22,989	2.6%
Retained earnings	71,763	8.5%	74,198	8.4%
Treasury shares	-3,170	-0.4%	-3,170	-0.4%
Fair value reserve	2,615	0.3%	3,945	0.4%
Non-current liabilities	**250,247**	**29.5%**	**194,889**	**22.0%**
Provisions	21,632	2.5%	23,185	2.6%
Deferred tax liabilities	1,288	0.2%	1,288	0.2%
Non-current financial liabilities	227,327	26.8%	170,416	19.2%
Current liabilities	**279,630**	**33.0%**	**344,080**	**38.8%**
Current financial liabilities	108,349	12.8%	157,461	17.7%
Trade payables	152,164	17.9%	169,476	19.1%
Other current liabilities	19,117	2.3%	17,143	2.0%

Income Statement

EURk	Q4 2012	%	Q4 2013	%	2012	%	2013	%	Plan 2013	%	2013/ 2012	Plan realisation
Revenue	196,432	95.1%	192,842	97.6%	675,896	97.6%	664,644	98.5%	699,203	98.9%	98.3	95.1
Change in inventories	2,873	1.4%	-5,613	-2.8%	2,583	0.4%	-7,296	-1.1%	0	0.0%	/	/
Other operating income	7,166	3.5%	10,247	5.2%	14,140	2.0%	17,219	2.6%	7,778	1.1%	121.8	221.4
Gross profit	**206,471**	**100.0%**	**197,476**	**100.0%**	**692,619**	**100.0%**	**674,567**	**100.0%**	**706,981**	**100.0%**	**97.4**	**95.4**
Cost of goods, materials and services	-154,217	-74.7%	-158,436	-80.2%	-547,499	-79.0%	-542,718	-80.5%	-564,490	-79.9%	99.1	96.1
Employee benefits expense	-27,985	-13.6%	-22,389	-11.3%	-105,068	-15.2%	-92,675	-13.7%	-102,629	-14.5%	88.2	90.3
Amortisation and depreciation expense	-4,573	-2.2%	-4,895	-2.5%	-20,235	-2.9%	-18,335	-2.7%	-21,024	-3.0%	90.6	87.2
Other operating expenses	-1,174	-0.5%	-1,906	-1.0%	-5,810	-0.8%	-5,793	-0.9%	-4,471	-0.6%	99.7	129.6
Operating profit or loss	**18,522**	**9.0%**	**9,850**	**5.0%**	**14,007**	**2.1%**	**15,046**	**2.2%**	**14,367**	**2.0%**	**107.4**	**104.7**
Finance income	4,423	2.1%	3,065	1.5%	15,846	2.2%	18,290	2.7%	13,890	2.0%	115.4	131.7
Finance expenses	-23,634	-11.4%	-13,859	-7.0%	-42,451	-6.1%	-38,657	-5.7%	-20,403	-2.9%	91.1	189.5
Net finance income / expenses	**-19,211**	**-9.3%**	**-10,794**	**-5.5%**	**-26,605**	**-3.9%**	**-20,367**	**-3.0%**	**-6,513**	**-0.9%**	**76.6**	**312.7**
Profit or loss before tax	**-689**	**-0.3%**	**-944**	**-0.5%**	**-12,598**	**-1.8%**	**-5,321**	**-0.8%**	**7,854**	**1.1%**	**42.2**	**/**
Income tax expenses	-939	-0.5%	7,628	3.9%	-1,495	-0.2%	8,026	1.2%	-593	-0.1%	/	/
Profit or loss for the period	**-1,628**	**-0.8%**	**6,684**	**3.4%**	**-14,093**	**-2.0%**	**2,705**	**0.4%**	**7,261**	**1.0%**	**/**	**37.3**
Basic and diluted earnings per share (in EUR)	-0.10		0.40		-0.89		0.16		0.46			

Statement of Comprehensive Income

EURk	2012	2013
Profit or loss for the period	**-14,093**	**2,705**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	**0**	**0**
Change in fair value of land	0	0
Items that may be reclassified subsequently to profit or loss	**449**	**1,330**
Net change in fair value of available-for-sale financial assets	-6	-1
Net change in fair value of available-for-sale financial assets, reclassified to profit or loss	626	0
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-2,327	-5
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	2,182	2,466
Net change in exchange differences from subsidiaries, reclassified to profit or loss	0	-713
Income tax on other comprehensive income	-26	-417
Other comprehensive income for the period	**449**	**1,330**
Total comprehensive income for the period	**-13,644**	**4,035**

Statement of Cash Flows

EURk	2012	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	**-14,093**	**2,705**
Adjustments for:		
Depreciation of property, plant and equipment	17,450	15,411
Amortisation of intangible assets	2,785	2,924
Investment income	-15,846	-18,290
Finance expenses	42,451	38,657
Gain on sale of property, plant and equipment	-907	-506
Gain on sale of investment property	-365	0
Operating income on revaluation	0	-2,416
Income tax expense	1,495	-8,026
Operating profit before changes in net operating current assets and provisions	**32,970**	**30,459**
Change in trade and other receivables	-3,663	-2,273
Change in inventories	-3,099	-11,594
Change in provisions	-4,594	1,553
Change in trade and other payables	9,116	12,467
Cash generated from operations	**-2,240**	**153**
Interest paid	-20,729	-17,656
Net cash from operating activities	**10,001**	**12,956**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	2,790	7,418
Interest received	5,864	6,033
Dividends received	5,188	9,837
Disposal of investment property	2,161	454
Acquisition of subsidiary	-6,013	-6,600
Acquisition of property, plant and equipment	-16,713	-40,731
Acquisition of investment property	-2,726	-7,304
Loans granted	-12,682	4,009
Other investments	-3,505	-143
Acquisition of intangible assets	-1,605	-10,903
Net cash used in investing activities	**-27,241**	**-37,930**
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital increase	0	25,856
Repayment of borrowings	-19,611	-4,950
Dividends paid	-2,267	0
Net cash used in financing activities	**-21,878**	**20,906**
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		
Net change in cash and cash equivalents	-39,118	-4,068
Cash and cash equivalents at beginning of period	58,090	18,972
Cash and cash equivalents at end of period	18,972	14,904

Statement of Changes in Equity

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Treasury 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**
Formation of short-term accruals for unused vacation days				-1,449			-1,449
Adjusted opening balance at 1 Jan 2012	**66,378**	**157,712**	**22,719**	**88,072**	**-3,170**	**2,166**	**333,877**
Total comprehensive income for the period							
Profit or loss for the period				-14,093			-14,093
Total other comprehensive income						449	449
Total comprehensive income for the period	**0**	**0**	**0**	**-14,093**	**0**	**449**	**-13,644**
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distribution to owners							0
Capital increase							0
Dividends paid				-2,367			-2,367
Unpaid dividends				151			151
Total contributions by owners and distribution to owners	**0**	**0**	**0**	**-2,216**	**0**	**0**	**-2,216**
Total transactions with owners	**0**	**0**	**0**	**-2,216**	**0**	**0**	**-2,216**
Closing balance at 31 Dec 2012	**66,378**	**157,712**	**22,719**	**71,763**	**-3,170**	**2,615**	**318,017**

EURk	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Treasury shares	Fair value reserve	Total
Opening balance at 1 Jan 2013	**66,378**	**157,712**	**22,719**	**71,763**	**-3,170**	**2,615**	**318,017**
Total comprehensive income for the period							
Profit or loss for the period				2,705			2,705
Total other comprehensive income						1,330	1,330
Total comprehensive income for the period	**0**	**0**	**0**	**2,705**	**0**	**1,330**	**4,035**
Transactions with owners (when acting as owners) recognised directly in equity							0
Contributions by owners and distribution to owners							0
Capital increase	25,862	849					26,711
Costs of capital increase		-856					-856
Formation of statutory reserves			270	-270			0
Total contributions by owners and distribution to owners	**25,862**	**-7**	**270**	**-270**	**0**	**0**	**25,855**
Total transactions with owners	**25,862**	**-7**	**270**	**-270**	**0**	**0**	**25,855**
Closing balance at 31 Dec 2013	**92,240**	**157,705**	**22,989**	**74,198**	**-3,170**	**3,945**	**347,907**

Information Regarding the Report and its Public Announcement

Pursuant to provisions of the Code of Warsaw Stock Exchange, Rules and Regulations of the Ljubljana Stock Exchange and the applicable legislation, 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-December 2013** and the **Unaudited Consolidated Management Report of the Gorenje Group for the Period January-December 2013.** The unaudited report of Gorenje, d.d., and the Gorenje Group was presented by its Supervisory Board at their **49th regular session** held on **13 March 2014**. The report shall be available for review at the headquarters of Gorenje, d.d., at Partizanska 12, SI-3503 Velenje, whereas announcements are available in the Ljubljana Stock Exchange electronic info system, the SEOnet (www.ljse.si), the Warsaw Stock Exchange via the ESPI system (www.gpw.pl), and the company's web site at www.gorenje.com, **on 13 March 2014**.

Forward-looking Statements

This announcement of the Unaudited Business Report for the Period January-December 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 exchange rate fluctuations; 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.

Appendix: Change in the Organisation of the Gorenje Group

Since 2010, the Gorenje Group increases the core business share (products and services for home) within the total revenue structure. Thus, revenue generated through the core activity should in the final year of the updated strategy represent already more than 90% of total revenue compared to 2012, when it accounted for poor 85%. In order to focus in the future even more on developing the core activity, the Group adjusted its organisational structure as well. All business areas that are not part of the core activity, are treated as portfolio investments.

The development of Gorenje Group's organisation has been for the past years directed towards the core business activity: