

**Unaudited
Interim
Report
January –
March**

2014

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

Management Board of
Gorenje d.d.

Velenje, April 2014

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Performance Highlights of the Gorenje Group

CORE FINANCIAL INDICATORS

- Revenue amounted to EUR 290.7m, which is 0.5% more than in Q1 2013.
- Revenue by the Home's core activity were recorded at EUR 242.4m (1.1% growth; if the estimated impact of the exchange rate fluctuations¹ is not taken into account, the Home segment's organic growth in revenue would amount to 5.0% over last year's same period).
- EBITDA was EUR 20.8m (increase of 29.0% if compared to Q1 2013). The EBITDA margin was recorded at 7.2% and indicates an improvement by 1.6 p.p. if compared to Q1 2013.
- EBIT amounted to EUR 10.2m and shows a 78.0% growth. The EBIT margin was improved as well and amounted to 3.5%, which is higher by 1.5 p.p. over the same period in 2013.
- Total effect of exchange losses recognised in the financial part as consequence of impairment of significant currencies against euro amounted to EUR -1.9m,
- Profit for the period was recorded at EUR 1.0m and indicates an increase of EUR 5.2m if compared to the same period in 2013, when loss was incurred in the amount of EUR -4.2m.

EURm	Q1 2013	Q1 2014	Index	Plan 2014	Plan realisation
Revenue	289.4	290.7	100.5	1.286.5	22.6
EBITDA	16.1	20.8	129.0	93.7	22.2
<i>EBITDA margin (%)</i>	5.6%	7.2%	/	7.3%	/
EBIT	5.7	10.2	178.0	46.4	22.0
<i>EBIT margin (%)</i>	2.0%	3.5%	/	3.6%	/
Profit or loss before tax	-1.0	2.5	/	16.4	15.4
Profit or loss without discontinued operation	-2.3	1.4	/	13.2	10.9
Profit or loss of discontinued operation	-1.9	-0.4	22.9	-1.2	37.2
Profit or loss for the period	-4.2	1.0	/	12.1	8.4
<i>ROS (%)</i>	-1.5%	0.3%	/	0.9%	/
<i>ROA (%)</i>	-1.4%	0.4%	/	1.0%	/
<i>ROE (%)</i>	-4.4%	1.1%	/	3.0%	/
Financial debt	473.2	418.2	88.4	362.0	115.5
Net financial debt²	451.9	392.6	86.9	333.6	117.7
Net financial debt / EBITDA	5.3	4.7	/	3.6	/

MARKETS

- The biggest growth was generated by the Business Segment Home, particularly on the markets of Germany, Austria, Great Britain, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bosnia and Herzegovina, Romania, North America and also Russia.
- Lower volume of sales was recorded on markets of Ukraine, Scandinavia, Kazakhstan, and France.
- Gorenje Group recorded a 13% sales growth on markets outside Europe, which is one of Gorenje's key strategic goals.

COST MANAGEMENT

- In Q1 2014, Gorenje successfully curbed employee benefits expense, which declined by 9% over the same period last year. The effect is attributable to the successfully completed production relocation and the sales network restructuring process. Positive effects of the production relocation are also evident in the improved energy cost management and the purchases prices for material and raw materials. Changed transport routes resulted in higher cost of logistics services, which was also anticipated within the production relocation. In Q1 2014, production sites recorded EUR 4.2m of net cost savings, whereas on the Group level the savings amounted to EUR 5.4m.

¹ Estimate is founded on the assumption of comparable exchange rate levels in Q1 2013

² Financial debt - cash

INDEBTEDNESS

- Compared to Q1 2013, indebtedness³ declined by EUR 55.0m. Given the comparable level of Q1 2013, lower indebtedness is primarily the result of lowering investments in net working capital and the improved profitability in business operations. Group's net financial debt⁴ dropped by EUR 59.3m. The ratio between net financial debt and EBITDA was 4.7 (an improvement of 0.6 over the Q1 2013 balance).
- The Group generated EUR -31.9m of cash flows from operating and investment activities, which shows an improvement of EUR 38.4m over the same period in 2013. This result is attributable primarily to improved profitability in the first quarter 2014 and investment activities and lower investments made in net working capital. Negative cash flows from operating activities are of seasonal nature.

DEVELOPMENT AND NEW PRODUCTS

- Key innovations launched in Q1 2014 comprise:
 - the new generation of innovative premium build-in ovens that were developed for various own brands,
 - the Asko product range which was expanded with the Asko ProSeries™ cooking line and presented to customers for the first time during the Eurocucina Milan design week at the beginning of April.
- Innovations whose development is still in progress and are planned to be launched on the market in Q2 2014 include the freestanding fridge freezer (600 mm).

³ Sum of Group's current and non-current financial liabilities.

⁴ Sum of Group's current and non-current financial liabilities less cash and cash equivalents on accounts at the end of the reporting period.

MANAGEMENT REPORT

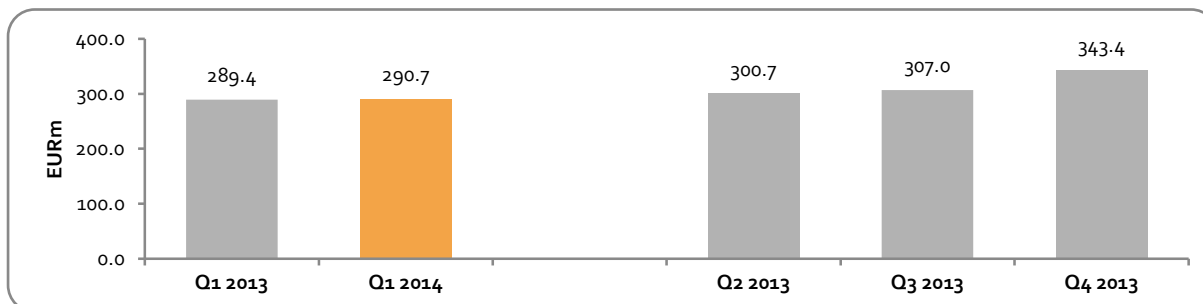
Operating Performance of the Gorenje Group

EURm	Q1 2013	Q1 2014	Index	Plan 2014	Plan realisation
Revenue	289.4	290.7	100.5	1.286.5	22.6
CM ⁵	127.0	127.0	100.0	563.6	22.5
CM (%)	43.9%	43.7%	/	43.8%	/
EBIT	5.7	10.2	178.0	46.4	22.0
EBIT margin (%)	2.0%	3.5%	/	3.6%	/
Profit or loss for the period	-4.2	1.0	/	12.1	8.4
ROS (%)	-1.5%	0.3%	/	0.9%	/

EUR 290.7m of **revenue** was generated by the Group in Q1 2014, which is 0.5% more than in the previous year's same period. The balance of revenue was impacted mostly by the lower volume of business activities within the Portfolio Investments segment (-2.7%). The Home segment recorded a 1.1% growth in revenue, regardless of the harsh market situation in Europe. If the estimated impact of exchange rate fluctuations⁶ is not taken into account, the segment's organic growth in revenue would amount to 5.0% over the previous year's same period. The improved sales structure contributed to maintaining the contribution margin despite the negative impacts caused by the exchange rate fluctuations.

Higher volume of business activities was recorded on most of sales markets, particularly in Germany, Great Britain, Czech Republic, Slovakia, Hungary, Croatia, Bosnia and Herzegovina, Romania, Bulgaria, Russia, and North America. Sales significantly declined in Ukraine due to the fierce political situation but Gorenje nevertheless kept its market position there. Gorenje has adjusted its business activities to the changed market situation by reducing the costs and intensifying debt collection. Sales declined also on the markets of Scandinavia due to lower scope of demand.

Revenue of the Gorenje Group



Revenue by geographical segments

EURm	Q1 2013	%	Q1 2014	%	Change (%)
Western Europe	117.2	40.5	115.9	39.9	-1.1%
Eastern Europe	151.6	52.4	151.4	52.1	+0.0%
Other	20.6	7.1	23.4	8.0	+13.4%
Total Group	289.4	100.0	290.7	100.0	+0.5%
Western Europe	116.4	48.6	114.0	47.0	-2.1%
Eastern Europe	102.7	42.8	105.0	43.3	+2.3%
Other	20.7	8.6	23.4	9.7	+13.4%
Total Home	239.8	100.0	242.4	100.0	+1.1%

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

⁶ Estimate is founded on the assumption of comparable exchange rate levels in Q1 2013

- **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, Czech Republic, Hungary, Poland, Bulgaria, Romania, Slovakia;
- **Other** refers to all other non-European countries.

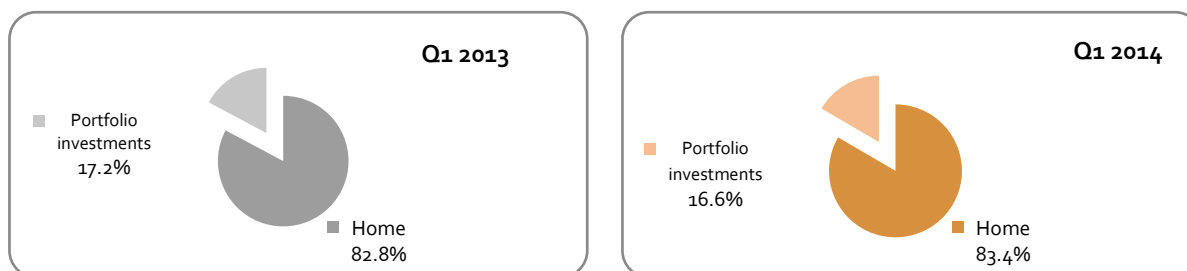
The **geographical sales structure** of the Business Segment Home indicates that:

- sales declined by 2.1% in Western Europe if compared to Q1 2013. Lower volume of sales was also recorded on markets of Scandinavia, France and Belgium, whereby in Germany, Austria, Greece and Great Britain the sales have increased over the previous year's same period.
- sales volume in Eastern Europe grew by 2.3% over the same period in 2013. If the estimated effects of exchange rate fluctuations are not taken into account, the organic growth in revenue would amount to 9.0% over the Q1 2013 balance. Higher sales volume in Eastern Europe is attributable mostly to markets of the Czech Republic, Slovakia, Hungary, Croatia, Bosnia and Herzegovina, Romania, Bulgaria, Caucasus and also Russia. Lower sales were generated on the markets of Ukraine, Macedonia and Poland.
- significant growth of +13.4% was recorded on markets outside Europe, which is in compliance with Gorenje's strategic goals. By excluding the estimated impact of exchange rate fluctuations, the organic growth would amount to more than 20%. The largest growth was recorded on markets of North America, whereby significant growth was also achieved in Australia with the sale of large household appliances under own brands. Sales declined on markets of Far East as a result of postponed completion of major construction projects and accompanying contractual supplies. The relevant dynamics is planned to be recouped for in Q2 2014.

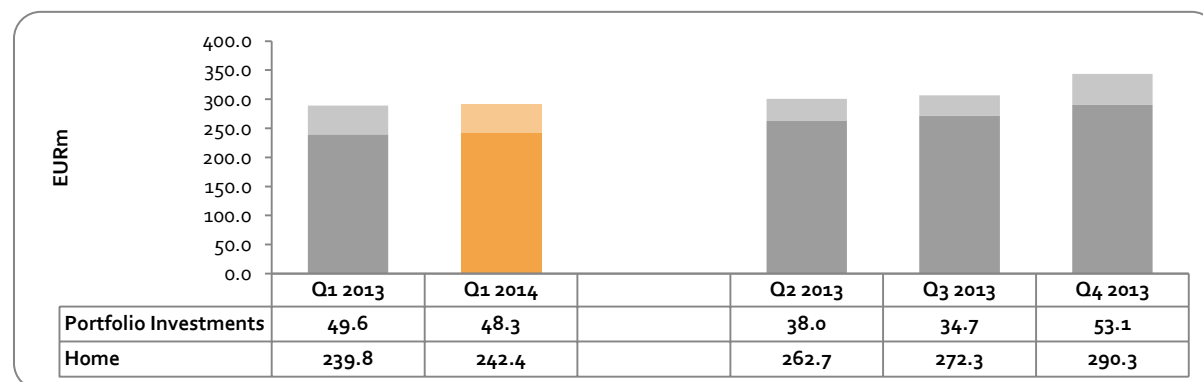
The **revenue structure by business segment** shows that:

- significance of the core activity (segment Home) strengthened in the Group's revenue structure due to lower share of sales within the segment Portfolio Investments. In Q1 2014, the segment Home already accounts for 83.4% of Group's total revenue which shows a growth of 0.6 p.p.

Group's revenue structure by business segment



Revenue by business segment



In Q1 2014, EUR 242.4m of revenue was generated within the **Business Segment Home** and shows a 1.1% growth. If the estimated impact of exchange rate fluctuations⁷ is not taken into consideration, the organic growth in revenue would amount to 5% over the same period in 2013.

⁷ Estimate is founded on the assumption of comparable exchange rate levels in Q1 2013

Details about sales made by the Business Segment Home are provided on previous pages of this report.

EUR 48.3m of revenue was generated within the **Business Segment Portfolio Investments**, which is 2.7% or EUR 1.3m less than in Q1 2013. The decline in business activities is primarily attributable to lower volume of coal sold, where the dynamics in sales is uneven. The dynamics of the coal sale shall be compensated for in Q2 2014. Higher sales activities were recorded in the segment Ecology and other companies within the Portfolio Investments segment.

Movement of profitability at the level of EBIT:

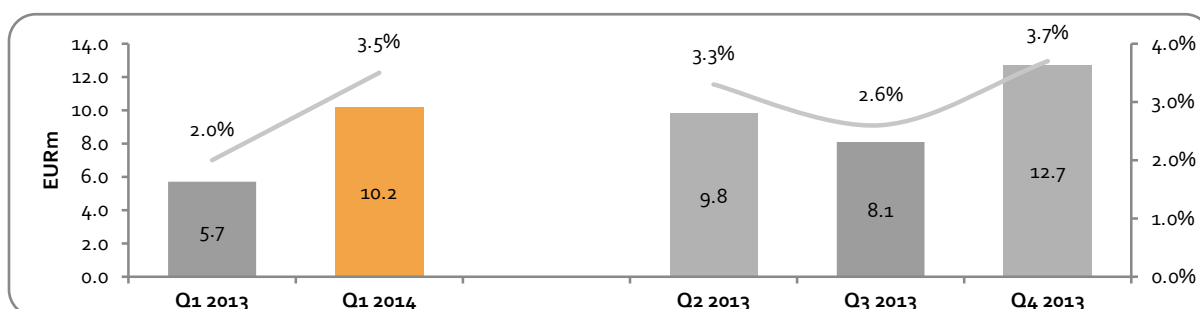
EURm	Development
EBIT January – March 2013	5.7
Contribution margin at the level of cost of goods and material	0.0
Cost of services	-0.3
Employee benefits expense	5.4
Amortisation and depreciation expense	-0.2
Other operating expenses	-0.1
Other operating income	-0.3
EBIT January – March 2014	10.2

Earnings before interest and taxes (EBIT): the Group recorded a positive EBIT in the amount of EUR 10.2m. Compared to Q1 2013, the EBIT shows an increase of EUR 4.5m or 78.0%. Regardless of the negative impact caused by exchange rate fluctuations, Gorenje succeeded to maintain the level of contribution margin based on:

- improved sales structure, and
- successful management of purchase prices for material and raw materials.

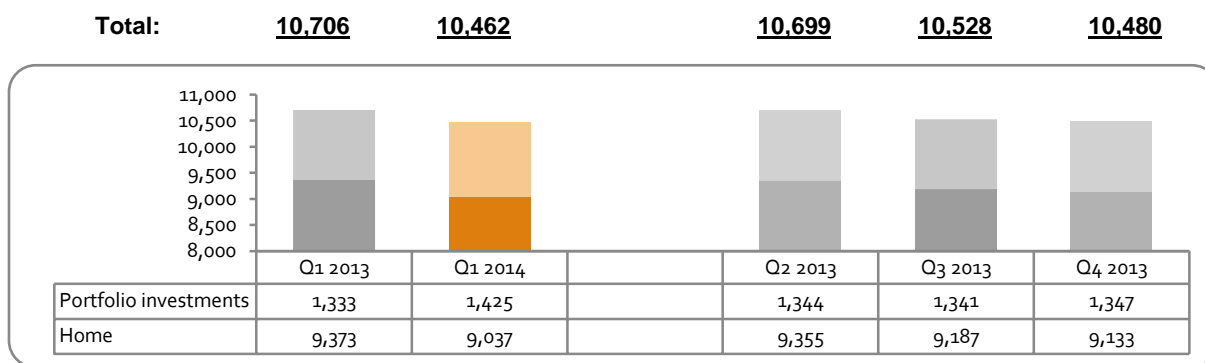
The improvement in EBIT is mostly attributable to lower employee benefits expense by EUR 5.4m. The primary reasons behind this decrease are the effects of the production relocation and reducing the number of employees. Gorenje's costs of services were impacted by expenses relating to medicinal projects, which showed a different implementation dynamics compared to 2013. Costs of logistics also grew due to changed transport routes as a result of changes within production sites after the completed production relocations. Amortisation and depreciation expense increased as a result of investments made in connection with production relocations in 2013.

EBIT and EBIT margin



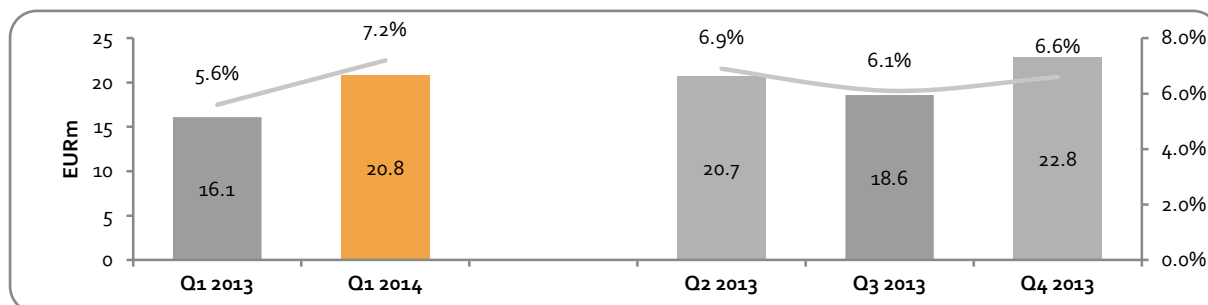
The **average number of employees** amounted to 10,462, which is 244 employees less if compared to Q1 2013. Most of the decline is attributable to the company Asko Appliances AB Sweden (production relocation) and partly also to Gorenje, d.d. However, the number of employees grew at the facility in Valjevo (Serbia) as a result of higher volume of production since the freestanding refrigerator production was relocated. The sales network restructuring activities in 2013 resulted in reducing the number of employees also in the sales network (Turkey, France, Slovakia, Czech Republic, and Scandinavia). The number of employees in the Business Segment Portfolio Investments increased as business activities of ecology and tool manufacture were expanded to new markets (Serbia).

Average number of employees by business segment



The Group generated **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of EUR 20.8m, which is EUR 4.7m or 29.0% more than in the same period in 2013. 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 7.6m is worsened by EUR 0.9m over the last year's same period. This result is attributable primarily to the:

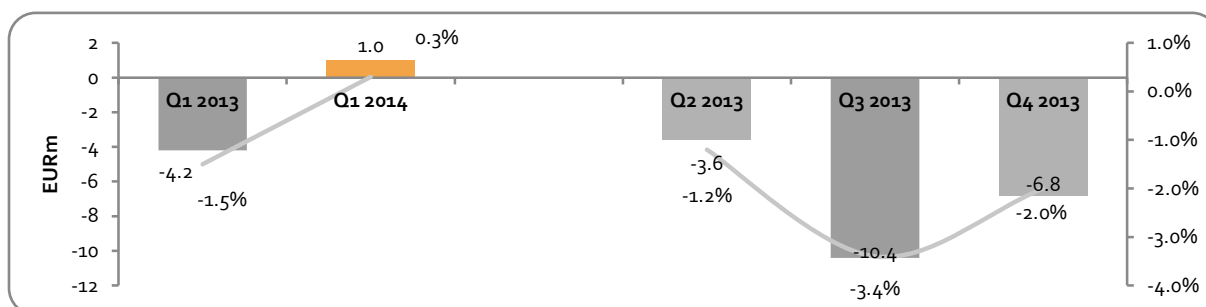
- total effect of exchange losses recognised in the result from financing activities (EUR -1.9m).

However, the result from financing activities was positively impacted by the less negative interest result and the formation of allowances for receivables.

Income tax expense disclosed at EUR 1.1m 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 from previous periods, which to a large extent refer to the parent company.

The Group's **profit for the period** was recorded at EUR 1.0m and shows an increase in profitability by EUR 5.2m if compared to first quarter 2013.

Profit or loss for the period and ROS

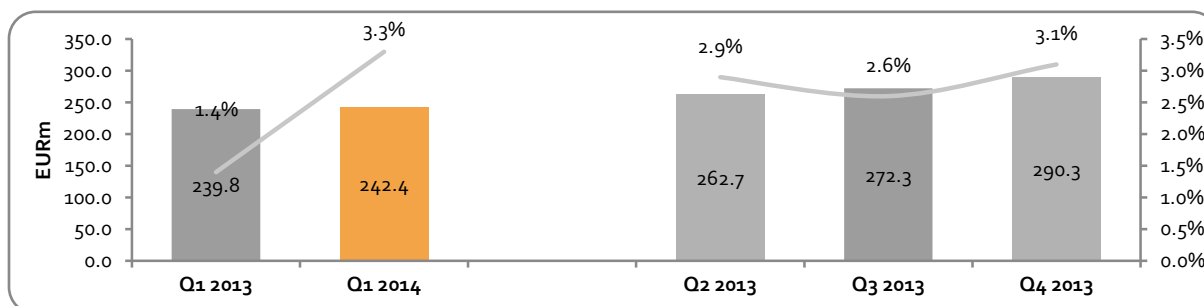


Operating Performance by Business Segment

Home

EURm	Q1 2013	Q1 2014	Index	Plan 2014	Plan realisation
Revenue	239.8	242.4	101.1	1.102	22.0
CM ⁸	108.0	105.8	98.0	477.3	22.2
CM (%)	45.1%	43.7%	/	43.3%	/
EBIT	3.4	8.1	237.2	39.6	20.4
EBIT margin (%)	1.4%	3.3%	/	3.6%	/

Revenue and the EBIT margin of the Business Segment Home



Movement of business activities of the segment Home by individual markets is outlined on page 5 and 6 of the report hereof.

In the first three months of 2014, a positive **EBIT** was generated in the amount of EUR 8.1m. Compared to equivalent period in 2013, the EBIT increased by EUR 4.7m and is the result of:

- higher balance of operating income by EUR 2.7m (generated mostly on markets outside Europe),
- movement of employee benefits expense, which declined by 11% or EUR 5.8m; the decrease is attributable primarily to the relocating the production from Sweden and partly to the restructured sales business units.

Irrespective of the stated impact of exchange rate fluctuations, we succeeded by:

- improved sales structure, and
- successful management of purchase prices for material and raw materials

to curb the pressure on the contribution margin of the segment Home. In countries, where exchange rate fluctuations were most unfavourable, gradual price increases were performed in local currencies so as to further ease pressure on the contribution margin in Q2 2014.

Movement of profitability at the level of EBIT:

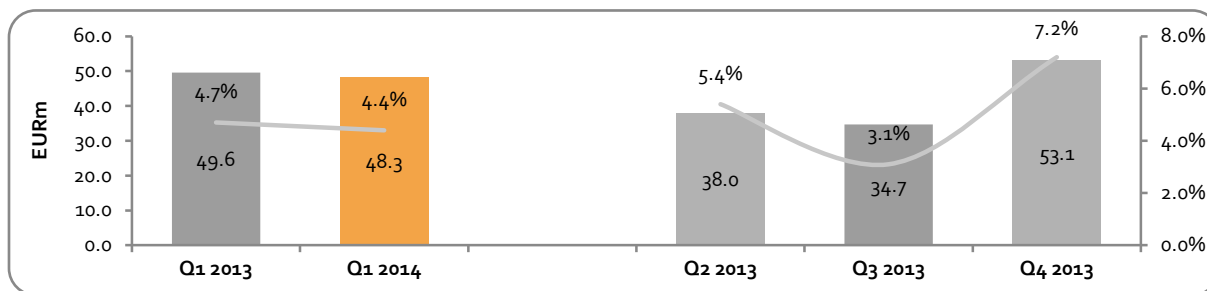
EURm	Development
EBIT January – March 2013	3.4
Contribution margin at the level of cost of goods and material	-2.2
Cost of services	1.4
Employee benefits expense	5.8
Amortisation and depreciation expense	-0.2
Other operating expenses	0
Other operating income	-0.1
EBIT January – March 2014	8.1

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

Portfolio Investments

EURm	Q1 2013	Q1 2014	Index	Plan 2014	Plan realisation
Revenue	49.6	48.3	97.3	184.5	26.2
CM ⁹	18.9	21.2	111.8	86.2	24.6
CM (%)	38.2%	43.9%	/	46.7%	/
EBIT	2.3	2.1	91.6	6.8	31.5
EBIT margin (%)	4.7%	4.4%	/	3.7%	/

Revenue and the EBIT margin of the Business Segment Portfolio investments



Regardless the 2.7% decline in revenue, the **EBIT** amounted to EUR 2.1m in the first three months of 2014, which is EUR 0.2m less than in the previous year's same period. This EBIT is the result of:

- lower scope of business activities (lower sales of coal; the sales dynamics shall be compensated for in Q2 2014),
- **employee benefits expense** which are higher in the revenue structure due to expanding activities in the ecology and tool manufacturing segment in Serbia (higher by EUR 0.4m over the Q1 2013),
- higher **cost of services**, which had a negative impact on the EBIT; costs refer to the implementation of the medicinal projects, which showed a different dynamics from the one recorded in Q1 2013; however, related revenue is higher due to implemented business deals, whereby
- the categories of **operating expenses** or **income** had no material impact on the profitability at the level of EBIT.

Movement of profitability at the level of EBIT:

EURm	Development
EBIT January – March 2013	2.3
Contribution margin at the level of cost of goods and material	2.2
Cost of services	-1.7
Employee benefits expense	-0.4
Amortisation and depreciation expense	0
Other operating expenses	-0.1
Other operating income	-0.2
EBIT January – March 2014	2.1

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

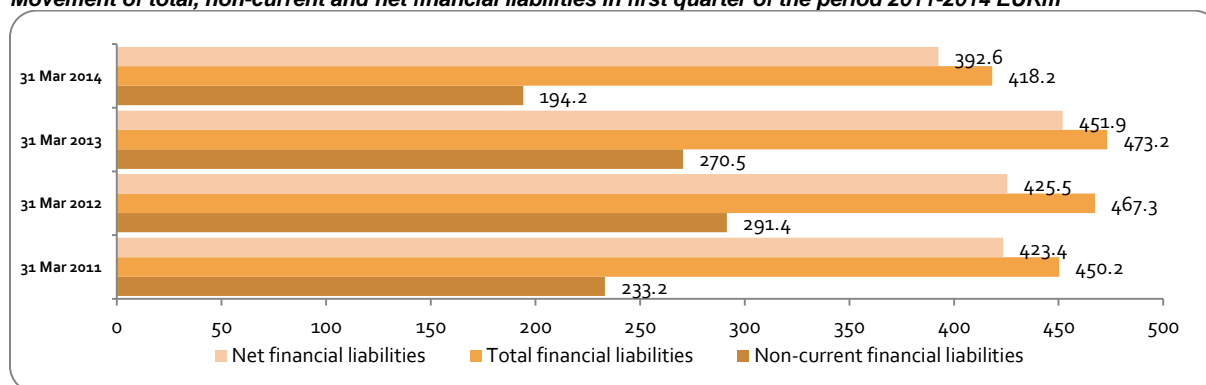
Financial Performance of the Gorenje Group

Group's financial operations

The fundamental goal of the financial policy that is implemented on the Group level through the centralised treasury function, is to ensure sufficient active capital by means of minimum funding costs aimed at repaying current outstanding liabilities. 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. Sources of financing comprise encompass also divestment of underperforming assets, raising of non-current borrowings for partly refinancing the overdue existing non-current borrowings, as well as the permanent renewal of current borrowings, revolving loans and bank overdrafts. With respect to repaying financial liabilities in 2014, most of the activities focused on repaying and refinancing current overdue long-term financial liabilities. Non-current borrowings are settled on a regular basis and are partly also refinanced, whereas current borrowing are renewed continuously.

In Q1 2014, EUR 20.5m of overdue non-current borrowings were repaid and were financed by means of already granted non-current borrowings, inflows generated on divestment and the liquidity reserve as disclosed on bank accounts. Given the strategy of diversified funding sources as well as covering seasonal cash flow fluctuations, the Group issued in Q1 2014 commercial papers for the second time in the total par value of EUR 35.0m and a maturity on 19 December 2014. They were purchased primarily by domestic investors. It is a form of short-term financing launched on the capital market for the second time by the Group and is part of a long-term strategy of diversifying funding sources. Similar issues of commercial papers are planned in future as well.

Movement of total, non-current and net financial liabilities in first quarter of the period 2011-2014 EURm^{10 11}

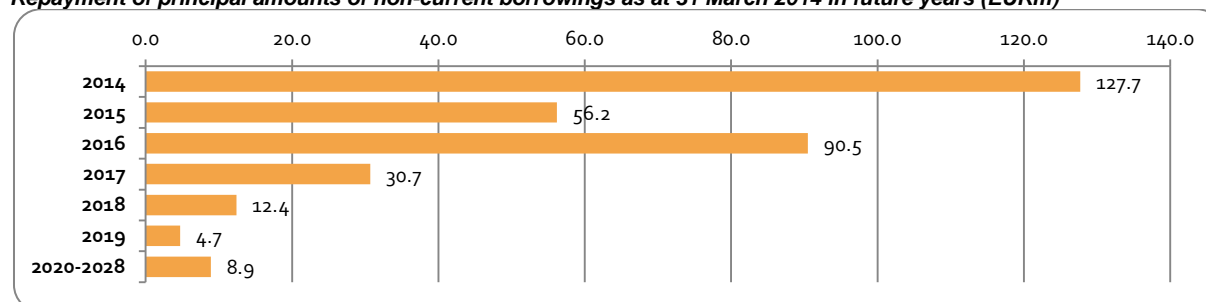


Total financial liabilities (as sum of current and non-current financial liabilities) amounted as at 31 March 2014 to EUR 418.2m and indicate a decline by EUR 55.0m if compared to the same period in 2013. Movement of financial liabilities complies with the interim seasonal dynamics, which is in 2014 more favourable than in previous years.

As for the **maturity structure of financial liabilities**, 46.4% refer to non-current and the remaining share to current liabilities. The structure worsened by 10.7 p.p. if compared to 31 March 2013. 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.

As at 31 March 2014, **net financial liabilities** (measured as difference between total financial liabilities, the item of cash and cash equivalents) amounted to EUR 392.6m and declined by EUR 59.3m if compared to Q1 2013.

Repayment of principal amounts of non-current borrowings as at 31 March 2014 in future years (EURm)¹²



¹⁰ Data as at 31 March 2011 are shown at comparable levels, without the companies of Istrabenz Gorenje Group, which was sold in the first half of 2011.

¹¹ Accounting view

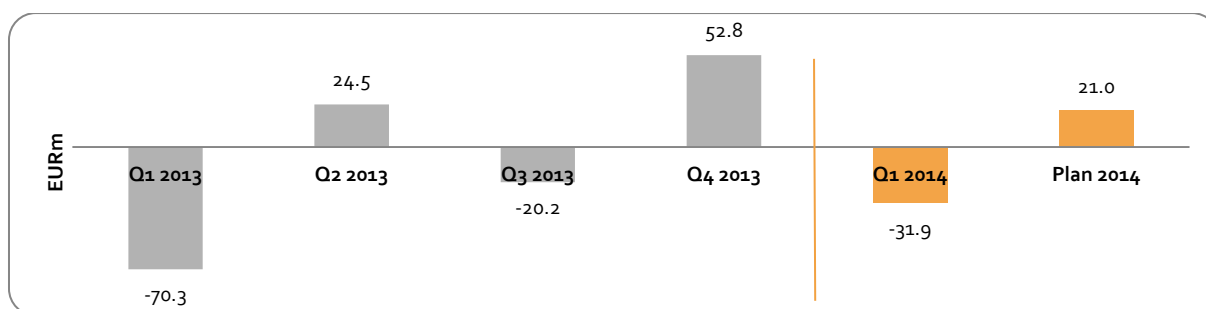
¹² Contractual view

Activities relating to repayment of overdue borrowings in 2014 and beyond are implemented in compliance with the corporate policy on the permanent liquidity and financial debt management. EUR 127.7m of non-current borrowings mature in the period from 31 March 2014 to 31 December 2014. The relevant borrowings will be repaid on the basis of current operations and divestment, in part also by means of new non-current borrowings raised. The largest share of borrowings matures in Q3 2014 i.e. in the amount of EUR 76.6m, indicating that the Group must at least provide for 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 improve the loan maturity structure and the scope of the annual maturity of non-current borrowings for a longer period. This shall be implemented by means of servicing the current maturity of non-current borrowings mostly 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 of EUR 91.7m as at 31 March 2014 in form of granted but not yet utilised current and non-current borrowings and bank balances, which can in case of overdue liabilities be used also for bridging purposes.

Cash flows of the Gorenje Group

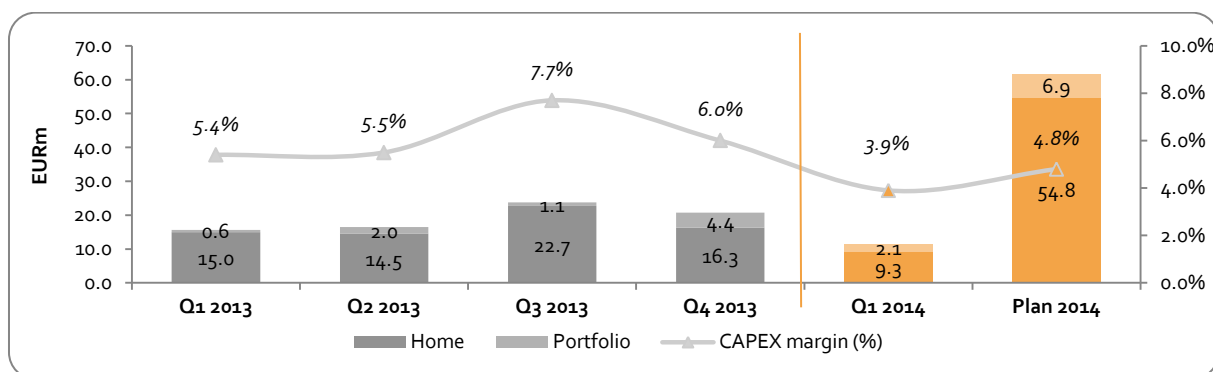
In Q1 2014, the Group generated negative cash flows from operating and investing activities in the amount of EUR -31.9m, which shows an improvement of EUR 38.4m if compared to the same period in 2013. This is a typical interim dynamics as negative cash flows are generally recorded in the first quarter of the year.

Cash flows from operating and investing activities



Investments amounted to EUR 11.4m in Q1 2014 and declined by EUR 4.3m over the last year's equal period. Most of investments refer the completion of already started projects and investments made into developing new projects. The biggest portion in the amount of EUR 9.3m relates to the segment Home, whereas EUR 2.1m of investments were made in the Portfolio Investments segment. The largest portion thereof was invested in ecology and tool manufacturing.

Investments by business segment



The Group continues with the in 2010 adopted programme on **divestment** of underperforming and non-operating assets, as well as certain other non-strategic activities that disclosed loss and negative cash flow over the past years. Gorenje sold in Q1 2014 the production facility in Lahti (Finland), where the production was halted in 2012 due to the restructuring process. The total value of implemented divestment was recorded at the book value of EUR 2.8m and indicates a decrease of 6.5m if compared to the divestment in the last year's same period.

Investments in net working capital amounted in Q1 2014 to EUR 245.6m and show a decline over the Q1 2013 balance by EUR 63.0m. Within the aforesaid, the narrow net working assets (inventories, trade receivables and trade payables) decreased by EUR 44.0m. The balance of investments in net working capital was impacted also by the decline in other current liabilities and the decrease of other current assets.

Trade receivables amounted to EUR 211.6m in Q1 2014 and record an increase of EUR 6.0m over the Q1 2013 balance and a decline of EUR 27.5m if compared to the year-end of 2013. The increase in receivables is the result of higher volume of sales.

In Q1 2013, **inventories** amounted to EUR 237.5m and were higher by EUR 1.7m over the 31 December 2013 balance and lower by EUR 26.8m if compared to the previous year's same period.

Trade payables amounted to EUR 168.2m as at 31 March 2014 and declined by EUR 45.6m if compared to 31 December 2013 or decreased by EUR 10.3m over the Q1 2013 balance. Their balance complies with the general annual dynamics since liabilities relating to the purchase of higher volumes of raw materials, material and small household appliances made at the end of the previous year, are due for payment in the first quarter of the coming year. Lower level of liabilities was impacted also by higher purchases made in January and lower made in March, compared to the dynamics in the previous year's same period when the situation was reverse. Consequently, more payables were due for payment in Q1 2014 than in the same period in 2013.

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 forward exchange contracts significantly grew in the first quarter of 2014, which enhanced the stability of operations for the rest of the year. 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. Exchange losses were recorded as at 31 March 2014 as a result of extreme devaluation of the Ukrainian hryvnia and additional depreciation of the Russian rouble. 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 in bank accounts. The undrawn part of current and non-current credit lines as at 31 March 2014 amounted to EUR 66.1m and bank balances amounted to an additional EUR 25.6m.

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

Operating performance of Gorenje, d.d.

EURm	Q1 2013	Q1 2014	Index	Plan 2014	Plan realisation
Revenue	166.8	178.7	107.1	761.1	23.5
CM ¹³	51.3	55.8	108.8	243.5	22.9
CM (%)	30.8%	31.2%	/	32.0%	/
EBITDA	7.7	12.2	158.4	44.3	27.5
EBITDA margin (%)	4.6%	6.8%	/	5.8%	/
EBIT	3.3	7.0	212.1	20.6	34.2
EBIT margin (%)	2.0%	3.9%	/	2.7%	/
Profit before tax	1.5	4.2	280.0	8.0	52.2
Profit for the period	1.2	4.2	350.0	7.6	54.6
ROS (%)	0.7%	2.3%	/	1.0%	/
ROA (%)	0.6%	1.9%	/	0.9%	/
ROE (%)	1.5%	4.7%	/	2.1%	/
Employee / end of period	4.191	4.174	99.6	4.037	103.4
Employee / average	4.190	4.146	98.9	4.040	102.6

Revenue generated by the parent company in Q1 2014 amounted to EUR 178.7 m, which indicates a growth of EUR 11.9m or 7.1% if compared to the Q1 2013 balance.

As at 31 March 2014, revenue generated by the Business Segment Home amounted to EUR 163.4m, which is 10.0% more if compared to the previous year's equal period and is primarily the result of:

- higher volume of orders for products produced in-house (higher utilisation of production capacities in all programmes, except the cooking programme; increased volume of production by 14.4%),
- higher sale of products manufactured in-house by 12.6%,
- higher sale of household appliances via dealers by 7.9% (higher sale of products manufactured in Valjevo by 148.0% and higher sale of products of the complementary programme by 2.0%).

Revenue generated in sales beyond the Business Segment Home were recorded at EUR 13.8m and indicate a decline over the Q1 2013 balance by 24.3%, which is attributable mostly to lower revenue generated through the sale of coal.

The level of the contribution margin (gross margin) at the level of difference between revenue, cost of raw materials, material, and purchase cost of goods sold including the related change in inventories, increased by EUR 4.5m if compared to the previous year's same period. This result is attributable primarily to the dynamics of revenue from sales, which is faster than their direct costs of material and goods.

The level of employee benefits expense grew by 4.1% if compared to the last year's same period and is the result of withdrawing the extraordinary measure of decreasing wages of staff with higher income that applied in Q1 2013.

The result from financing activities declined by 58.0% or EUR 1,044k over the Q1 2013 balance, due to unpaid dividends from subsidiaries. These were paid out in Q1 2013 in the amount of EUR 1,743k.

An improvement of the **EBIT** is attributable largely to:

- improved utilisation of production capacities, higher business activities and the additional production that was transferred from Sweden,
- improved product and geographical structure of sales,
- successful management of purchase prices of material and raw materials, and
- continued use of the model for adequate accounting and transfer of costs of the parent company's central administration units (research and development, sales, IT, etc.) to locations, where the production was transferred.

¹³ Contribution margin at the level of difference between revenue and cost of goods and material

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

EURm	Development
Profit for the period January – March 2013	1.2
Contribution margin at the level of cost of goods and material	4.4
Cost of services	-1.3
Employee benefits expense	-0.9
Amortisation and depreciation expense	-0.8
Other operating expenses	2.8
Other operating income	-0.4
Financial result	-1.0
Income tax expense and deferred taxes	0.2
Profit for the period January – March 2014	4.2

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.

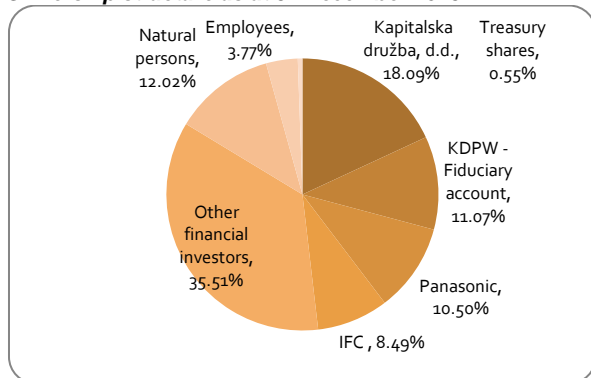
17,217 shareholders were entered in the share register as of **31 March 2014**, which is 1.3 percent less than at the end of 2013 (17,438).

Gorenje's ten major shareholders and owners

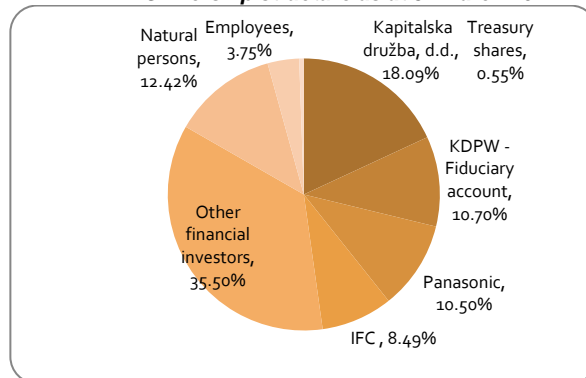
Ten major shareholders	No. of shares (31 Dec 2013)	Share in %	No. of shares (31 Mar 2014)	Share in %
KAPITALSKA DRUŽBA, D.D.	3,998,653	18.09%	3,998,653	18.09%
KDPW – FIDUCIARY ACCOUNT ¹⁴	2,446,603	11.07%	2,366,243	10.70%
PANASONIC CORPORATION	2,320,186	10.50%	2,320,186	10.50%
IFC	1,876,876	8.49%	1,876,876	8.49%
NFD 1, mixed flexible sub-fund - South	1,125,802	5.09%	1,125,802	5.09%
HOME PRODUCTS EUROPE B.V.	1,070,000	4.84%	1,070,000	4.84%
INGOR, d.o.o., & co. k.d.	794,473	3.59%	662,473	3.00%
CONSEQ INVEST PUBLIC LIMITED COMPANY	464,732	2.10%	464,732	2.10%
EECF AG	411,727	1.86%	411,727	1.86%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT	325,260	1.47%	/	/
AKTSIASELTS TRIGON FUNDS	/	/	318,676	1.44%
Total major shareholders	14,834,312	67.11%	14,615,368	66.12%
Other shareholders	7,270,115	32.89%	7,489,059	33.88%
Total	22,104,427	100%	22,104,427	100%

¹⁴ The KDPW fiduciary account includes shares, which were registered and paid in Poland during the second share capital increase.

Ownership structure as at 31 December 2013



Ownership structure as at 31 March 2014



The number of own shares or treasury shares as at 31 March 2014 equals the year-end balance of 2013 i.e. at **121,311 treasury shares**, which accounts for **0.5488%** of total share capital.

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

Supervisory Board	31 Dec 2013		31 Mar 2014	
Total:	3,508	0.0159%	3,508	0.0159%
Peter Kobal	1,355	0.0061%	1,355	0.0061%
Krešimir Martinjak	115	0.0005%	115	0.0005%
Jurij Slemenik	2,038	0.0092%	2,038	0.0092%

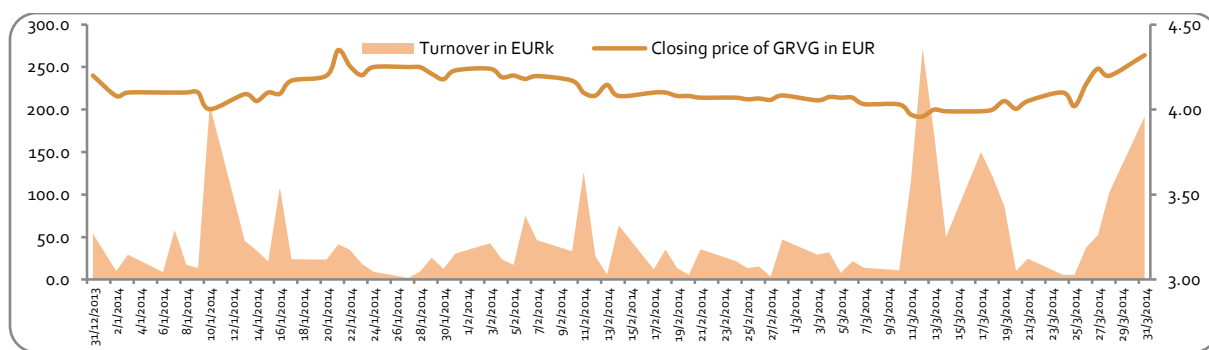
Management Board	31 Dec 2013		31 Mar 2014	
Total:	18,894	0.0855%	21,394	0.0968%
Franc Bobinac	4,096	0.0185%	4,096	0.0185%
Branko Apat	626	0.0028%	626	0.0028%
Drago Bahun	9,082	0.0411%	9,082	0.0411%
Marko Mrzel	450	0.0020%	450	0.0020%
Peter Groznik	4,640	0.0210%	7,140	0.0323%

Peter Groznik, the Management Board member, acquired 2,500 shares of Gorenje, d.d. (GRVG) on 17 March 2014 at the Ljubljana Stock Exchange through a business deal worth EUR 9,999.25. Upon the conclusion of the respective deal, the total number of shares is 7,140 whereby the share of his voting rights is recorded at 0.0325%.

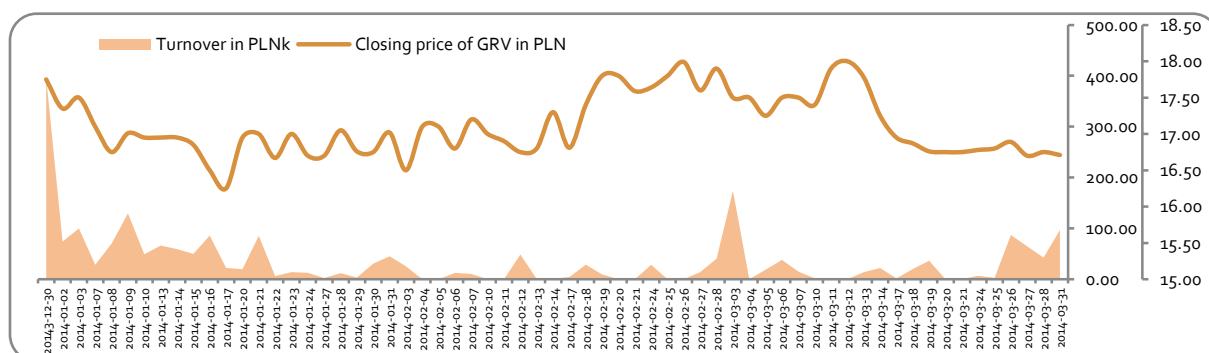
The number and interest of company's shares held by Supervisory Board and Management Board members has not changed in the period from 31 March 2014 to the date of this public announcement.

The **closing price per share** as at the last trading day in March 2014 was at the Ljubljana Stock Exchange as the primary market, recorded at EUR 4.32 and shows an increase of 2.9% compared to the last trading day in 2013 (EUR 4.20). The prime market index SBITOP increased in the same period by 9.3%. As at 31 March 2014, the total turnover at the Ljubljana and Warsaw Stock Exchange was recorded at 833,388 shares, indicating that the average daily turnover at the Ljubljana Stock Exchange was 11,510 shares (GRVG) and 1,746 shares at the Warsaw Stock Exchange. Compared to the year-end balance of 2013, the closing price per share grew by 6.2% (from 16.71 PLN to 17.75 PLN).

Movement of the GRVG share and the daily turnover at the Ljubljana Stock Exchange for the period January – March 2014



Movement of the GRV share and the daily turnover at the Warsaw Stock Exchange for the period January – March 2014



Basic and diluted earnings per share calculated as the ratio between the profit or loss of parent company's owners in Q1 2014 and the number of shares issued, less average number of treasury shares (21,983,116 shares) amounts to EUR 0.05 (2013: EUR -1.51).

Book value of the GRVG share as at 31 March 2014 amounted to EUR 17.29 (EUR 17.32 as at 31 December 2013). 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 March 2014 (21,983,116 shares).

The ratio between the market and the book value of the GRVG share is recorded at 0.25 (0.24 as at 31 December 2013).

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 that had a major impact on Gorenje's operations since the last quarter of 2008, no dividends were paid out for the years 2008, 2009, 2010 and 2012. A dividend payout in the amount of EUR 0.15 gross per share was carried out for the financial year 2011. With respect to the loss that was recorded by the Gorenje Group in 2013, the Management and the Supervisory Board propose the Shareholders' Meeting not to pay out dividends in 2014.

Significant Events after the Balance Sheet Date

As of 2 April 2014, Gorenje, d. d. successfully completed the 9-month issue of commercial papers. These papers, marked as GRV02, bear interest at 4.00 percent and were issued in the total par value of EUR 35m. The purpose of issuing commercial papers is to seasonally finance issuer's business operations and to disperse short-term sources of debt financing.

As of 16 April 2014, Gorenje, d.d. and Municipality Šentjur concluded an Agreement on the equity interest transfer. According to this Agreement, the Municipality Šentjur ceased to be shareholder in the company Gorenje Surovina, d.o.o. with Gorenje, d.d. acquiring the residual share of 0.0155% in Gorenje Surovina, d.o.o.

No other significant events occurred after the date of compiling the balance sheet date as of 31 March 2014.

Major Business Events

JANUARY

For the first time in its corporate history, Gorenje Group manufactures dishwashers in Slovenia

In addition to refrigerator-freezer, cooking and laundry care appliances, Gorenje has also been producing dishwashers since autumn last year. This is the first time in Gorenje's corporate history that these appliances are produced in Slovenia. The expansion of the production programme in Velenje was celebrated in Gorenje with a special event that included also a symbolic launch of the five-station sheet metal processing conveyor line. The dishwasher production programme was shifted to Velenje from Sweden as a part of the large-scale production restructuring programme. In addition to dishwashers, also the production of premium washing machines and dryers was relocated from Sweden to Velenje and thereby saved 300 jobs in Velenje.

International agreement signed with Expert International

As of 23 January 2014, Gorenje Group and Expert International signed an international partnership agreement that confirms the parties' intent to enhance their partnership within the sale of Gorenje appliances through Expert's international network of specialised stores. Currently Europe's second largest brand in its segment, the Expert International Group boasts of nearly 50 years of business development and growth. The association of consumer electronics, IT, telecommunications, and appliances stores headquartered in the Swiss town of Zug today includes 18 European countries and over 3,500 specialised stores. In addition to Europe, they are present also in USA and Australia, whereas their total sales amount to around EUR 20b.

FEBRUARY

Gorenje Group and Sub-Zero Group Inc. as the American manufacturer of premium home appliances sign a distribution agreement

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.

Superbrand for Gorenje kitchens in the Czech Republic



Gorenje Kitchens brand received the prestigious Superbrand 2014 award and thereby officially joined the elite club of excellent brands in the Czech Republic. In addition to the Mora and Gorenje brands which have been present on the Czech market's home appliance segment for several decades, Gorenje has also a long standing tradition of kitchen furniture sales there. In 2011, a network of 19 kitchen studios was set up across the country, which operates within the sales company Gorenje Real in Prague and the franchise stores of Gorenje business partners.

Gorenje Orodjarna expands its business operations in Serbia

Gorenje Orodjarna d.o.o. as the producer of industrial tools for metal and plastics processing for the automotive and major appliance industry, is expanding its operations in Serbia. Thus, its first international subsidiary Gorenje MDM, d.o.o., was established for this purpose in Kragujevac, Serbia.

MARCH

»Red Dots« for Gorenje Group design



reddot award 2014
winner

Gorenje design was also this year awarded the international Red Dot award for best product design. The 40-member expert jury was impressed by two Gorenje Group designs, namely the built-in oven with interactive colour touch display of the Gorenje brand, and the built-in oven of the Pro Series™ line of the Asko brand.

Gorenje successfully issued commercial papers in the total par value of EUR 35m

As of 25 March 2014, Gorenje, d.d. successfully issued 9-month commercial papers in the total par value of EUR 35m bearing an interest rate of 4%. The interest in Gorenje's commercial papers is higher than expected and reflects investors' confidence in Gorenje. The respective papers are issued with the aim to disperse short-term sources of financing and to balance interim fluctuations in generating free cash flow.

ACCOUNTING REPORT

Reporting Company

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

Consolidated financial statements of Gorenje, d.d. for the three-month period ended 31 March 2014 include the parent company and its subsidiaries (hereinafter jointly referred to as 'the Group'), equity interests in jointly controlled companies, and equity interests in associated companies. The Group's core activity is manufacturing and sale of home appliances.

Basis of preparation

(a) Statement of compliance

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

The Management Board of Gorenje, d.d. confirmed these financial statements on 22 April 2014.

(b) Use of estimates and judgements

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

Material estimates of uncertainty and critical judgements or evaluations made by the management in the process of pursuing the accounting policies, which have the strongest effect on the amounts in the financial statements are similar to those used by the management when drawing up the consolidated financial statements as at 31 December 2013.

Fundamental Accounting Policies and Significant Notes to the Financial Statements

Accounting policies applied in these interim financial statements are identical to those used in the consolidated financial statements compiled as at 31 December 2013.

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 March 2014 were as follows:

- Pursuant to the consolidation policy for companies in the Ecology segment, the parent company has sold its equity interests in Erico d.o.o. and Econo d.o.o. to the company Gorenje Surovina d.o.o. in February.
- As of 27 March 2014, a contract on assigning the total interest (100%) in the company GORENJE – kuchyne spol. s.r.o. was concluded in Olomoucu (Czech Republic) in form of a notarial record between the assignor VARIO 2000, proizvodnja pohlštva, d.o.o. – in liquidation and Gorenje gospodinjski aparati, d.d., Velenje as the assignee.

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	BSPI
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 Special Product BV, the Netherlands	100.00	BSH
43.	Intell Properties BV, the Netherlands	100.00	BSH
44.	Gorenje Nederland BV, the Netherlands	100.00	BSH
45.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	BSH
46.	Gorenje kuhinje, d.o.o., Ukraine	70.00	BSH
47.	»Euro Lumi & Surovina« SH.P.K., Kosovo	50.992	BSPI
48.	OOO Gorenje BT, Russia	100.00	BSH
49.	Gorenje GTI, d.o.o., Beograd, Serbia	100.00	BSPI
50.	Asko Appliances AB, Sweden	100.00	BSH
51.	Asko Appliances Inc, USA	100.00	BSH
52.	Asko Appliances Pty, Australia	100.00	BSH
53.	Asko Appliances OOO, Russia	100.00	BSH
54.	»Gorenje Albania« SHPK, Albania	100.00	BSH
55.	Gorenje Home d.o.o., Zaječar, Serbia	100.00	BSH
56.	ORSES d.o.o., Beograd, Serbia	100.00	BSPI
57.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	99.984	BSPI
58.	Gorenje Corporate GmbH, Austria	100.00	BSH
59.	Cleaning system S, d.o.o., Serbia	75.989	BSPI
60.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	49.45	BSPI
61.	Solarna energija Solago, d.o.o., Serbia	100.00	BSPI
62.	Gorenje Sola - Home, d.o.o., Serbia	100.00	BSPI

63.	Gorenje do Brasil Ltda., Brasil	100.00	BSH
64.	Gorenje Asia Ltd., China	100.00	BSH
65.	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., Beograd
- Gorenje Electronics Trading LLC, Dubai
- Gorenje Projekt, d.o.o., Beograd

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

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

Unaudited Condensed Consolidated Financial Statements of the Gorenje Group

Condensed Balance Sheet of the Gorenje Group

EURk	Balance at 31 Mar 2013	%	Balance at 31 Dec 2013	%	Balance at 31 Mar 2014	%
ASSETS	1,206,350	100.0%	1,149,702	100.0%	1,136,048	100.0%
Non-current assets	572,319	47.4%	595,512	51.8%	591,220	52.1%
Intangible assets	158,356	13.1%	167,882	14.6%	170,289	15.0%
Property, plant and equipment	350,628	29.1%	356,552	31.0%	350,016	30.8%
Investment property	21,249	1.7%	28,129	2.4%	27,835	2.5%
Non-current investments	8,120	0.7%	5,527	0.5%	5,521	0.5%
Investments in associates	1,246	0.1%	711	0.1%	641	0.1%
Non-current trade receivables	14,868	1.2%	10,559	0.9%	10,719	0.9%
Deferred tax assets	17,852	1.5%	26,152	2.3%	26,199	2.3%
Current assets	634,031	52.6%	554,190	48.2%	544,828	47.9%
Non-current assets held for sale	899	0.1%	1,655	0.1%	1,423	0.1%
Inventories	264,248	21.9%	235,767	20.5%	237,480	20.9%
Current investments	35,781	3.0%	17,202	1.5%	17,572	1.5%
Trade receivables	239,036	19.8%	205,581	17.9%	211,564	18.6%
Other current assets	65,365	5.4%	48,615	4.2%	45,473	4.0%
Cash and cash equivalents	21,358	1.8%	38,589	3.4%	25,606	2.3%
Assets held for sale	7,344	0.6%	6,781	0.6%	5,710	0.5%
EQUITY AND LIABILITIES	1,206,350	100.0%	1,149,702	100.0%	1,136,048	100.0%
Equity	387,135	32.1%	380,670	33.1%	380,067	33.5%
Share capital	66,378	5.5%	92,240	8.0%	92,240	8.1%
Share premium	175,575	14.6%	175,568	15.3%	175,568	15.5%
Revenue reserves	94,331	7.8%	95,818	8.3%	95,818	8.4%
Treasury shares	-3,170	-0.3%	-3,170	-0.2%	-3,170	-0.3%
Retained earnings	35,208	2.9%	12,829	1.1%	13,831	1.2%
Translation reserve	7,045	0.6%	-4,435	-0.4%	-6,405	-0.5%
Fair value reserve	9,378	0.8%	9,007	0.8%	9,284	0.8%
Equity of holders of the parent	384,745	31.9%	377,857	32.9%	377,166	33.2%
Equity of non-controlling interests	2,390	0.2%	2,813	0.2%	2,901	0.3%
Non-current liabilities	348,148	28.9%	280,595	24.4%	275,906	24.3%
Provisions	65,337	5.4%	66,671	5.8%	66,723	5.9%
Deferred income	3,172	0.3%	5,081	0.4%	5,244	0.4%
Non-current trade payables	4,983	0.4%	5,773	0.5%	5,530	0.5%
Deferred tax liabilities	4,193	0.4%	4,316	0.4%	4,209	0.4%
Non-current financial liabilities	270,463	22.4%	198,754	17.3%	194,200	17.1%
Current liabilities	471,067	39.0%	488,437	42.5%	480,075	42.2%
Current financial liabilities	202,768	16.8%	198,659	17.3%	224,011	19.7%
Trade payables	178,510	14.8%	213,820	18.6%	168,225	14.8%
Other current liabilities	87,097	7.2%	72,244	6.3%	85,425	7.5%
Liabilities held for sale	2,692	0.2%	3,714	0.3%	2,414	0.2%

Condensed Income Statement of the Gorenje Group

EURk	Jan - Mar 2013	%	Jan - Mar 2014	%	Plan 2014	%	2014/2013	Plan realisation
Revenue	289,366	94.9%	290,709	93.1%	1,286,489	98.9%	100.5	22.6
Change in inventories	11,258	3.7%	17,850	5.7%	1,367	0.1%	158.6	/
Other operating income	4,164	1.4%	3,861	1.2%	12,753	1.0%	92.7	30.3
Gross profit	304,788	100.0%	312,420	100.0%	1,300,609	100.0%	102.5	24.0
Cost of goods, materials and services	-223,156	-73.2%	-231,377	-74.1%	-948,227	-72.9%	103.7	24.4
Employee benefits expense	-60,922	-20.0%	-55,558	-17.8%	-240,568	-18.5%	91.2	23.1
Amortisation and depreciation expense	-10,392	-3.4%	-10,594	-3.4%	-47,296	-3.6%	101.9	22.4
Other operating expenses	-4,582	-1.5%	-4,681	-1.5%	-18,115	-1.4%	102.2	25.8
Operating profit	5,736	1.9%	10,210	3.2%	46,403	3.6%	178.0	22.0
Finance income	1,005	0.3%	1,237	0.4%	2,366	0.2%	123.1	52.3
Finance costs	-7,679	-2.5%	-8,859	-2.8%	-33,329	-2.6%	115.4	26.6
Net finance costs	-6,674	-2.2%	-7,622	-2.4%	-30,963	-2.4%	114.2	24.6
Share in profits or losses in associates	-53	0.0%	-70	0.0%	946	0.1%	132.1	-7.4
Profit or loss before tax	-991	-0.3%	2,518	0.8%	16,386	1.3%	/	15.4
Income tax expense	-1,359	-0.5%	-1,076	-0.3%	-3,160	-0.3%	79.2	34.1
Profit or loss without discontinued operation	-2,350	-0.8%	1,442	0.5%	13,226	1.0%	/	10.9
Profit or loss from discontinued operation	-1,884	-0.6%	-431	-0.2%	-1,159	-0.1%	22.9	37.2
Profit or loss for the period	-4,234	-1.4%	1,011	0.3%	12,067	0.9%	/	8.4
Attributable to non-controlling interests	98	0.0%	9	0.0%	479,0	0.0%	9.2	1.9
Attributable to equity holders of the parent	-4,332	-1.4%	1,002	0.3%	11,588	0.9%	/	8.6
Basic and diluted earnings per share without discontinued operation (in EUR)	-0.15		0.07		/		/	/
Basic and diluted earnings per share (in EUR)	-0.27		0.05		/		/	/

Condensed Consolidated Statement of Comprehensive Income of the Gorenje Group

EURk	Jan - Mar 2013	Jan - Mar 2014
Profit or loss for the period	-4,234	1,011
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	0	0
Change in fair value of land		
Items that may be reclassified subsequently to profit or loss	1,586	-1,693
Net change in fair value of available-for-sale financial assets	-10	2
Net change in fair value of available-for-sale financial assets, reclassified to profit or loss		
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	151	-62
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	310	394
Net change in exchange differences from subsidiaries, reclassified to profit or loss		
Income tax on other comprehensive income	-49	-57
Translation reserve	1,184	-1,970
Other comprehensive income for the period	1,586	-1,693
Total comprehensive income for the period	-2,648	-682
Attributable to equity holders of the parent	-2,746	-691
Attributable to non-controlling interests	98	9

Condensed Consolidated Statement of Cash Flows of the Gorenje Group

EURk	Jan - Mar 2013	Jan - Mar 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES	-4,234	1,011
Profit or loss for the period		
Adjustments for:		
Depreciation of property, plant and equipment	8,889	8,964
Amortisation of intangible assets	1,713	1,638
Investment income	-1,005	-1,237
Finance costs	7,691	8,941
Gain on sale of property, plant and equipment	-145	-7
Income tax expense	1,359	1,076
Operating profit before changes in net operating assets and provisions	14,268	20,386
Change in trade and other receivables	-24,215	-3,224
Change in inventories	-16,269	-1,697
Change in provisions	347	60
Change in trade and other payables	-23,228	-36,031
Cash generated from operations	-63,365	-40,892
Interest paid	-5,465	-4,835
Income tax paid	-1,078	-944
Net cash from operating activities	-55,640	-26,285
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	182	2,802
Interest received	585	503
Dividends received		-70
Acquisition of property, plant and equipment	-14,796	-7,586
Other investments	-3,887	-383
Acquisition of intangible assets	-852	-3,780
Net cash used in investing activities	-18,768	-8,514
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings / Repayment of borrowings	41,184	21,141
Net cash used in financing activities	41,184	21,141
Net change in cash and cash equivalents	-33,224	-13,658
Cash and cash equivalents at beginning of period	54,588	39,500
Cash and cash equivalents at end of period	21,364	25,842

Condensed Consolidated Statement of Changes in Equity of the Gorenje Group

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves		Profit or loss from previous periods	Profit or loss for the period					
Opening balance at 1 Jan 2013	66,378	175,575	12,896	6,653	3,170	71,612	-3,170	25,395	14,145	5,861	8,976	387,491	2,352	389,843
Total comprehensive income for the period														
Profit or loss for the period									-4,332			-4,332	98	-4,234
Total other comprehensive income										1,184	402	1,586	0	1,586
Total comprehensive income for the period	0	0	0	0	0	0	0	0	-4,332	1,184	402	-2,746	98	-2,648
Transactions with owners (when acting as owners) recognised directly in equity														
Contributions by owners and distribution to owners														
Capital increase												0		0
Transfer of profit or loss from previous period to retained earnings or losses								14,145	-14,145			0		0
Total contributions by owners and distributions to owners	0	0	0	0	0	0	0	14,145	-14,145	0	0	0	0	0
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0	-60	-60
Total changes in equity interests in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	-60	-60
Total transactions with owners	0	0	0	0	0	0	0	14,145	-14,145	0	0	0	-60	-60
Closing balance at 31 Mar 2013	66,378	175,575	12,896	6,653	3,170	71,612	-3,170	39,540	-4,332	7,045	9,378	384,745	2,390	387,135

EURk	Revenue reserves						Retained earnings			Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
	Share capital	Share premium	Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves	Treasury shares	Profit or loss from previous periods	Profit or loss for the period					
Opening balance at 1 Jan 2014	92,240	175,568	12,896	6,923	3,170	72,829	-3,170	39,540	-26,711	-4,435	9,007	377,857	2,813	380,670
Total comprehensive income for the period														
Profit or loss for the period									1,002			1,002	9	1,011
Total other comprehensive income										-1,970	277	-1,693	0	-1,693
Total comprehensive income for the period	0	0	0	0	0	0	0	0	1,002	-1,970	277	-691	9	-682
Transactions with owners (when acting as owners) recognised directly in equity														
Contributions by owners and distribution to owners														
Capital increase												0		0
Transfer of profit or loss from previous period to retained earnings or losses								-26,711	26,711					
Total contributions by owners and distributions to owners	0	0	0	0	0	0	0	-26,711	26,711	0	0	0	0	0
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0	79	79
Total changes in equity interests in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	79	79
Total transactions with owners	0	0	0	0	0	0	0	-26,711	26,711	0	0	0	79	79
Closing balance at 31 Mar 2014	92,240	175,568	12,896	6,923	3,170	72,829	-3,170	12,829	1,002	-6,405	9,284	377,166	2,901	380,067

Notes to the Condensed Consolidated Financial Statements of the Gorenje Group

Discontinued Operation

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. Accordingly, Gorenje d.d. sold Gorenje Kuhinje, d.o.o., and Gorenje Notranja oprema d.o.o. to the investment firm CoBe Capital in February 2013.

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 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.

The income statement, the balance sheet and the statement of cash flows of discontinued operations are outlined below.

Balance Sheet – Discontinued Operations

EURk	Balance at 31 Mar 2013	Balance at 31 Mar 2014
Assets included in disposal groups	7,344	5,710
Intangible assets	21	6
Property, plant and equipment	806	133
Investment property	689	0
Non-current investments	964	981
Non-current trade receivables	6	187
Deferred tax assets	32	0
Inventories	1,014	568
Current investments	20	20
Trade receivables	2,880	2,724
Other current assets	906	855
Cash and cash equivalents	6	236
Liabilities included in disposal groups	2,692	2,414
Provisions	751	792
Non-current trade receivables	25	25
Deferred tax liabilities	0	0
Non-current financial liabilities	0	0
Current financial liabilities	187	0
Trade payables	372	83
Other current liabilities	1,357	1,514

Income Statement – Discontinued Operations

EURk	Jan – Mar 2013	Jan - Mar 2014
Revenue	4,300	2,008
Change in inventories	337	0
Other operating income	100	156
Gross profit	4,737	2,164

Cost of goods, materials and services	-4,261	-2,252
Employee benefits expense	-2,025	-241
Amortisation and depreciation expense	-210	-8
Other operating expenses	-113	-82
Operating loss	-1,872	-419
Finance income	0	0
Finance costs	-12	-12
Net finance costs	-12	-12
Loss before tax	-1,884	-431
Income tax expense	0	0
Loss for the period	-1,884	-431

Cash Flows of Discontinued Operations

EURk	Jan - Mar 2014
Net cash flow from operating activities	-413
Net cash used in investing activities	-55
Net cash used in financing activities	0
Net cash flows of discontinued operation	-468

Fair value

The Fair Values and Book Values of Assets and Liabilities

EURk	Book value		Fair value	
	31 Dec 2013	31 Dec 2013	31 Mar 2014	31 Mar 2014
Available-for-sale investments	3,986	3,986	4,027	4,027
Non-current loans and deposits	4,645	4,645	4,641	4,641
Non-current trade receivables	10,559	10,559	10,719	10,719
Current loans and deposits	13,216	13,216	13,545	13,545
Derivatives	-3,112	-3,112	-2,784	-2,784
Trade receivables	205,581	205,581	211,564	211,564
Other current assets	38,068	38,068	35,805	35,805
Cash and cash equivalents	38,589	38,589	25,606	25,606
Non-current financial liabilities (variable interest rate)	-198,654	-198,654	-194,107	-194,107
Non-current financial liabilities (fixed interest rate)	-100	-15	-93	-15
Non-current trade payables	-5,773	-5,773	-5,530	-5,530
Current financial liabilities	-195,532	-195,532	-224,011	-224,011
Trade payables	-213,820	-213,820	-168,225	-168,225
Other payables	-38,093	-38,093	-39,264	-39,264
Total	-340,440	-340,355	-328,107	-328,029

Fair Value Scale

31 December 2013

(EURk)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	782	91	3,113	3,986
Derivatives – assets	-	-	-	-
Derivatives – liabilities	-	-3,112	-	-3,112
Land and investment properties	-	-	68,736	68,736

31 March 2014

(EURk)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	779	91	3,157	4,027
Derivatives – assets	-	-	-	-
Derivatives – liabilities	-	-2,784	-	-2,784
Land and investment properties	-	-	68,691	68,691

Related Party Transactions

EURk	Value of transaction		Balance	
	Jan – Mar 2013	Jan – Mar 2014	31 Mar 2013	31 Mar 2014
Revenue				
Gorenje Group companies	82	97	778	387
Expenses				
Gorenje Group companies	126	43	199	588

Significant Events after the Balance Sheet Date

As of 2 April 2014, Gorenje, d. d. successfully completed the 9-month issue of commercial papers. These papers, marked as GRV02, bear interest at 4.00 percent and were issued in the total par value of EUR 35m. The purpose of issuing commercial papers is to seasonally finance issuer's business operations and to disperse short-term sources of debt financing.

As of 16 April 2014, Gorenje, d.d. and Municipality Šentjur concluded an Agreement on the equity interest transfer. According to this Agreement, the Municipality Šentjur ceased to be shareholder in the company Gorenje Surovina, d.o.o. with Gorenje, d.d. acquiring the residual share of 0.0155% in Gorenje Surovina, d.o.o.

No other significant events occurred after the date of compiling the balance sheet as of 31 March 2014.

Business and Geographical Segments of the Gorenje Group

EURk	Business Segment Home		Business Segment Portfolio investments		Group	
	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan - Mar
	2013	2014	2013	2014	2013	2014
Revenue from sale to third parties	239,734	242,408	49,632	48,301	289,366	290,709
Inter-segment sale	835	1,373	3,198	2,833	4,033	4,206
Interest income	548	471	37	32	585	503
Interest expenses	4,573	4,383	76	58	4,649	4,441
Amortisation and depreciation expense	9,041	9,298	1,351	1,296	10,392	10,594
Operating profit or loss before tax	-3,226	468	2,235	2,050	-991	2,518
Income tax expense	1,266	914	93	162	1,359	1,076
Profit or loss without discontinued operation	-4,492	-446	2,142	1,888	-2,350	1,442
Profit or loss from discontinued operation	-1,884	-431			-1,884	-431
Profit or loss for the period	-6,376	-877	2,142	1,888	-4,234	1,011
Total assets *	1,035,420	1,023,630	114,282	112,418	1,149,702	1,136,048
Total liabilities *	719,791	710,346	49,241	45,635	769,032	755,981

* Note: for the year 2013 the data as at 31 December 2013

EURk	Western Europe		Eastern Europe		Other		Group	
	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan - Mar	Jan – Mar	Jan - Mar
	2013	2014	2013	2014	2013	2014	2013	2014
Revenue from sale to third parties	117,201	115,858	151,536	151,464	20,629	23,387	289,366	290,709

Financial Indicators

	Jan - Mar 2013	Jan - Mar 2014	Plan 2014
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	-1.5%	0.3%	0.9%
Net return on assets (ROA)	-1.4%	0.4%	1.0%
Net return on equity (ROE)	-4.4%	1.1%	3.0%
ASSET INDICATORS			
Asset turnover ratio	0.96	1.02	1.11
Inventory turnover ratio	4.52	4.91	5.67
Current trade receivables turnover ratio	5.06	5.58	5.88
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.42	0.46	0.47
Current assets to total assets	0.47	0.52	0.52
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.28	1.11	1.18
Equity to total liabilities	0.32	0.33	0.36
Long-term to total liabilities	0.61	0.58	0.62
Equity to fixed assets (carrying value)	0.76	0.73	0.77
Quick ratio (liquid assets to current liabilities)	0.12	0.09	0.12
(Liquid assets + current receivables) to current liabilities	0.77	0.63	0.74
Current ratio	1.35	1.13	1.25
Net financial liabilities to equity	1.07	0.99	0.75
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1.02	1.03	1.04
Revenue per employee (EUR)	27,786	27,824	122,476
Value added per employee (EUR)	7,399	7,309	31,823

Unaudited Condensed Financial Statements of Gorenje, d.d.

Condensed Balance Sheet of Gorenje, d.d.

EURk	Balance at 31 Mar 2013	%	Balance at 31 Dec 2013	%	Balance at 31 Mar 2014	%
ASSETS	857,110	100.0%	886,876	100.0%	889,801	100.0%
Non-current assets	434,976	50.7%	474,223	53.5%	475,083	53.4%
Intangible assets	13,041	1.5%	21,651	2.4%	24,003	2.7%
Property, plant and equipment	153,824	18.0%	170,668	19.2%	169,813	19.1%
Investment property	23,422	2.7%	25,361	2.9%	25,115	2.8%
Investments in subsidiaries	232,447	27.1%	236,245	26.6%	235,989	26.5%
Investments in associates	976	0.1%	976	0.1%	941	0.1%
Other non-current investments	650	0.1%	690	0.1%	690	0.1%
Deferred tax assets	10,616	1.2%	18,632	2.2%	18,532	2.1%
Current assets	422,134	49.3%	412,653	46.5%	414,718	46.6%
Inventories	81,047	9.5%	95,811	10.8%	83,375	9.4%
Current investments	107,430	12.5%	90,626	10.2%	125,739	14.1%
Trade receivables	213,479	24.9%	195,935	22.1%	180,478	20.3%
Other current assets	19,502	2.3%	15,377	1.7%	17,055	1.9%
Cash and cash equivalents	676	0.1%	14,904	1.7%	8,071	0.9%
EQUITY AND LIABILITIES	857,110	100.0%	886,876	100.0%	889,801	100.0%
Equity	321,091	37.5%	347,907	39.2%	352,333	39.6%
Share capital	66,378	7.7%	92,240	10.4%	92,240	10.4%
Share premium	157,712	18.4%	157,705	17.8%	157,705	17.7%
Revenue reserves	95,780	11.2%	95,818	10.8%	95,818	10.8%
Treasury shares	-3,170	-0.4%	-3,170	-0.4%	-3,170	-0.4%
Retained earnings	1,374	0.2%	1,369	0.2%	5,518	0.6%
Fair value reserve	3,017	0.4%	3,945	0.4%	4,222	0.5%
Non-current liabilities	249,415	29.1%	194,889	22.0%	192,349	21.6%
Provisions	21,347	2.5%	23,185	2.6%	23,132	2.6%
Deferred tax liabilities	1,210	0.1%	1,288	0.2%	1,288	0.1%
Non-current financial liabilities	226,858	26.5%	170,416	19.2%	167,929	18.9%
Current liabilities	286,604	33.4%	344,080	38.8%	345,119	38.8%
Current financial liabilities	122,525	14.3%	157,461	17.7%	183,417	20.6%
Trade payables	135,231	15.8%	169,476	19.1%	138,187	15.5%
Other current liabilities	28,848	3.3%	17,143	2.0%	23,515	2.7%

Condensed Income Statement of Gorenje, d.d.

EURk	Jan - Mar 2013	%	Jan - Mar 2014	%	Plan 2014	%	2014/ 2013	Plan re- alisatio n
Revenue	166,758	102.0%	178,646	97.6%	761,056	98.9%	107.1	23.5
Change in inventories	-5,695	-3.5%	2,327	1.3%	0	0.0%	/	/
Other operating income	2,499	1.5%	2,082	1.1%	8,313	1.1%	83.3	25.0
Gross profit	163,562	100.0%	183,055	100.0%	769,369	100.0%	111.9	23.8
Cost of goods, materials and services	-132,113	-80.8%	-146,177	-79.9%	-619,737	-80.6%	110.6	23.6
Employee benefits expense	-22,534	-13.8%	-23,468	-12.8%	-100,827	-13.1%	104.1	23.3
Amortisation and depreciation expense	-4,370	-2.7%	-5,198	-2.8%	-23,699	-3.1%	118.9	21.9
Other operating expenses	-1,240	-0.7%	-1,176	-0.6%	-4,503	-0.6%	94.8	26.1
Operating profit	3,305	2.0%	7,036	3.9%	20,603	2.6%	212.9	34.2
Finance income	5,651	3.5%	1,892	1.0%	13,500	1.8%	33.5	14.0
Finance costs	-7,452	-4.6%	-4,737	-2.6%	-26,081	-3.4%	63.6	18.2
Net finance costs	-1,801	-1.1%	-2,845	-1.6%	-12,581	-1.6%	158.0	22.6
Profit before tax	1,504	0.9%	4,191	2.3%	8,022	1.0%	278.7	52.2
Income tax expense	-281	-0.2%	-42	0.0%	-427	-0.1%	14.9	9.8
Profit for the period	1,223	0.7%	4,149	2.3%	7,595	0.9%	339.2	54.6
Basic and diluted earnings per share (in EUR)	0.08		0.19		0.35			

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

EURk	Jan - Mar 2013	Jan - Mar 2014
Profit or loss for the period	1,223	4,149
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	402	277
Net change in fair value of available-for-sale financial assets	-10	2
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	151	-62
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	310	394
Income tax on other comprehensive income	-49	-57
Other comprehensive income for the period	402	277
Total comprehensive income for the period	1,625	4,426

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

EURk	Jan - Mar 2013	Jan - Mar 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	1,223	4,149
Adjustments for:		
- Depreciation of property, plant and equipment	3,631	4,502
- Amortisation of intangible assets	739	696
- Investment income	-5,651	-1,892
- Finance costs	7,452	4,737
- Gain on sale of property, plant and equipment	-351	-12
- Income tax expense	281	42
Operating profit before changes in net operating assets and provisions	7,324	12,222
Change in trade and other receivables	-19,705	13,296
Change in inventories	3,170	12,436
Change in provisions	-285	-53
Change in trade and other payables	-5,998	-25,355
Cash generated from operations	-22,818	324
Interest paid	-4,478	-4,754
Net cash from operating activities	-19,972	7,792
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	354	2,005
Interest received	2,379	505
Dividends received	3,382	0
Acquisition of subsidiary	0	256
Acquisition of property, plant and equipment	-11,046	-3,666
Acquisition of investment property	-7,275	-17
Other investments	-208	-34,116
Acquisition of intangible assets	-91	-3,047
Net cash used in investing activities	-12,505	-38,080
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	14,181	23,455
Net cash used in financing activities	14,181	23,455
Net change in cash and cash equivalents	-18,296	-6,833
Cash and cash equivalents at beginning of period	18,972	14,904
Cash and cash equivalents at end of period	676	8,071

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

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Fair value reserve	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other re-venue reserves		Profit or loss from previous periods	Profit or loss for the period		
Opening balance at 1 Jan 2013	66,378	157,712	12,896	6,653	3,170	73,061	-3,170	151	0	2,615	319,466
Total comprehensive income for the period											
Profit for the period									1,223		1,223
Total other comprehensive income											
										402	402
Total comprehensive income for the period	0	0	0	0	0	0	0	0	1,223	402	1,625
Transactions with owners (when acting as owners) recognised directly in equity											
Contributions by owners and distribution to owners											0
Capital increase											
											0
Total contributions by owners and distribution to owners	0	0	0	0	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0	0	0	0	0
Closing balance at 31 Mar 2013	66,378	157,712	12,896	6,653	3,170	73,061	-3,170	151	1,223	3,017	321,091

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings			Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other re-venue reserves		Profit or loss from previous periods	Profit or loss for the period	Fair value reserve	
Opening balance at 1 Jan 2014	92,240	157,705	12,896	6,923	3,170	72,829	-3,170	151	1,218	3,945	347,907
Total comprehensive income for the period											
Profit for the period									4,149		4,149
Total other comprehensive income											
										277	277
Total comprehensive income for the period	0	0	0	0	0	0	0	0	4,149	277	4,426
Transactions with owners (when acting as owners) recognised directly in equity											
Contributions by owners and distribution to owners											0
Transfer of profit or loss for previous period to retained earnings or losses								1,218	-1,218		0
Capital increase											0
Total contributions by owners and distribution to owners	0	0	0	0	0	0	0	1,218	-1,218	0	0
Total transactions with owners	0	0	0	0	0	0	0	1,218	-1,218	0	0
Closing balance at 31 Mar 2014	92,240	157,705	12,896	6,923	3,170	72,829	-3,170	1,369	4,149	4,222	352,333

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

Fair Values and Book Values of Assets and Liabilities

EURk	Book value	Fair value	Book value	Fair value
	31 Dec 2013	31 Dec 2013	31 Mar 2014	31 Mar 2014
Available -for-sale investments	2,758	2,758	2,807	2,807
Non-current loans and deposits	19	19	18	18
Current loans and deposits	87,395	87,395	121,501	121,501
Derivatives	-3,065	-3,065	-2,737	-2,737
Trade receivables	195,935	195,935	180,478	180,478
Other current assets	13,402	13,402	14,961	14,961
Cash and cash equivalents	14,904	14,904	8,071	8,071
Non-current financial	-170,416	-170,416	-167,929	-167,929
Current financial liabilities	-154,396	-154,396	-179,004	-179,004
Trade payables	-169,476	-169,476	-138,187	-138,187
Other current liabilities	-10,413	-10,413	-11,674	-11,674
Total	-193,353	-193,353	-171,695	-171,695

Fair Value Scale

31 December 2013

EURk	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	155	-	2,603	2,758
Derivatives - assets	-	-	-	-
Derivatives - liabilities	-	-3,065	-	-3,065
Land and investment property	-	-	45,727	45,727

31 March 2014

EURk	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	157	-	2,650	2,807
Derivatives - assets	-	-	-	-
Derivatives - liabilities	-	-2,737	-	-2,737
Land and investment property	-	-	45,481	45,481

Related Party Transactions

EURk	Value of transaction		Balance	
	Jan - Mar 2013	Jan - Mar 2014	31 Mar 2013	31 Mar 2014
Revenue	121,050	138,842		
Trade receivables			174,463	147,047
Trade payables			30,800	34,108
Loans granted			81,619	111,989
Borrowings raised			20,347	34,829

Financial Indicators

	Jan - Mar 2013	Jan - Mar 2014	Plan 2014
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	0.73%	2.32%	1.00%
Net return on assets (ROA)	0.57%	1.87%	0.88%
Net return on equity (ROE)	1.53%	4.74%	2.10%
ASSET INDICATORS			
Asset turnover ratio	0.78	0.80	0.88
Inventory turnover ratio	8.07	7.98	8.40
Current trade receivables turnover ratio	3.27	3.80	3.61
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.22	0.25	0.25
Current assets to total assets	0.51	0.53	0.52
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.31	1.15	1.28
Equity to total liabilities	0.37	0.40	0.41
Long-term to total liabilities	0.67	0.61	0.67
Equity to fixed assets (carrying value)	1.69	1.61	1.62
Quick ratio (liquid assets to current liabilities)	0.38	0.39	0.32
(Liquid assets + current receivables) to current liabilities	1.19	0.96	1.12
Current ratio	1.47	1.20	1.44
Net financial liabilities to equity	0.75	0.62	0.69
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1,02	1,04	1,03
Revenue per employee (EUR)	39,799	43,089	188,380
Value added per employee (EUR)	7,210	8,611	35,923

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 Business Report of Gorenje, d.d., for the period January – March 2014** and the **Unaudited Consolidated Business Report of the Gorenje Group for the Period January – March 2014**. The unaudited report of Gorenje, d.d., and the Gorenje Group was presented by its Supervisory Board at their **50th regular session** held on **24 April 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 **25 April 2014**.

Forward-looking Statements

This announcement of the Unaudited Business Report for the Period January – March 2014 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:

