
Unaudited Interim Report

January – June 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, August 2014

Table of Contents

PERFORMANCE HIGHLIGHTS OF THE GORENJE GROUP	3
STATEMENT OF MANAGEMENT RESPONSIBILITY	5
MANAGEMENT REPORT	6
Operating Performance of the Gorenje Group	6
Operating Performance by Business Segment	10
Home	10
Portfolio Investments	11
Financial Performance of the Gorenje Group	13
Summary of the Operating Performance of Gorenje, d.d.	17
Ownership Structure and GRVG Share	18
Significant Events after the Balance Sheet Date	21
Major Business Events	22
ACCOUNTING REPORT	24
Reporting Company	24
Fundamental Accounting Policies and Significant Notes to the Financial Statements	24
Changes in the Composition of the Gorenje Group	25
Condensed Consolidated Balance Sheet of the Gorenje Group	28
Condensed Consolidated Statement of Comprehensive Income of the Gorenje Group	30
Condensed Consolidated Statement of Cash Flows of the Gorenje Group	31
Condensed Consolidated Statement of Changes in Equity of the Gorenje Group	32
Notes to the Condensed Consolidated Financial Statements of the Gorenje Group	34
Business and Geographical Segments of the Gorenje Group	38
Financial Indicators	39
Unaudited Condensed Financial Statements of Gorenje, d.d.	40
Condensed Balance Sheet of Gorenje, d.d.	40
Condensed Income Statement of Gorenje, d.d.	41
Condensed Statement of Comprehensive Income of Gorenje, d.d.	42
Condensed Statement of Cash Flows of Gorenje, d.d.	43
Condensed Statement of Changes in Equity of Gorenje, d.d.	44
Notes to the Condensed Financial Statements of Gorenje, d.d.	46
Financial Indicators	47
Information Regarding the Report and its Public Announcement	48
Appendix: Change in the Organisation of the Gorenje Group	49

Performance Highlights of the Gorenje Group

CORE FINANCIAL INDICATORS

- Group's revenue is disclosed at EUR 600.7m and indicates a 1.8% growth over the comparable period of H1 2013. An organic growth in revenue was generated by both the Business Segment Home and the Business Segment Portfolio Investments.
- Revenue by the Home's core activity was generated at EUR 505.5m (0.6% growth; if the impact of exchange rate fluctuations is not taken into account, the Home segment's organic growth in revenue amounts to 4.2% over last year's same period).
- EBITDA is disclosed at EUR 43.1m (17.2% more than in H1 2013). The Group improved the EBITDA margin which was 7.2% and higher by 1.0 p.p. if compared to the same period in 2013.
- EBIT amounted to EUR 21.9m and shows a 40.8% growth. The Group's EBIT margin was improved as well and was 3.6% which is 1.0 p.p. more than in H1 2013.
- Total effect of exchange losses recognised in the financial part as a consequence of impairment of significant currencies against euro amounted to EUR -2.1m.
- Profit for the period is stated at EUR 3.1m and shows an increase of EUR 10.9m over the previous year's same period, when loss was disclosed at EUR -7.8m.

EURm	Q2 2013	Q2 2014	Index	Jan - Jun 2013	Jan - Jun 2014	Index	Plan 2014	H1 2014 / Plan 2014
Revenue	300.7	310.0	103.1	590.1	600.7	101.8	1,286.5	46.7
EBITDA	20.7	22.3	108.0	36.8	43.1	117.2	93.7	46.0
EBITDA margin (%)	6.9%	7.2%	/	6.2%	7.2%	/	7.3%	/
EBIT	9.8	11.7	118.9	15.5	21.9	140.8	46.4	47.1
EBIT margin (%)	3.3%	3.8%	/	2.6%	3.6%	/	3.6%	/
Profit or loss before tax	-2.2	3.0	/	-3.2	5.5	/	16.4	33.6
Profit or loss without discontinued operation	-2.7	2.4	/	-5.0	3.8	/	13.2	28.8
Profit or loss of discontinued operation	-0.9	-0.3	35.5	-2.8	-0.8	27.0	-1.2	64.8
Profit or loss for the period	-3.6	2.1	/	-7.8	3.1	/	12.1	25.3
ROS (%)	-1.2%	0.7%	/	-1.3%	0.5%	/	0.9%	/
ROA (%)	-1.2%	0.7%	/	-1.3%	0.5%	/	1.0%	/
ROE (%)	-3.7%	2.2%	/	-4.1%	1.6%	/	3.0%	/
Financial debt	456.3	432.1	94.7	456.3	432.1	94.7	362.0	119.4
Net financial debt ¹	431.6	404.6	93.7	431.6	404.6	93.7	333.6	121.3
Net financial debt / EBITDA	5.0	4.8	/	5.0	4.8	/	3.6	/

¹ Financial debt - cash

MARKETS

- The largest growth within the Business Segment Home was generated on the markets of Germany, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Great Britain, North America and also Russia.
- Lower volume of sales if compared to H1 2013 was recorded on markets of Ukraine, Scandinavia, Kazakhstan and France.
- As for the markets outside Europe, we have generated a 24.3 % growth in sales. Increasing our sales on markets outside Europe is one of the Group's key strategic goals.
- We have improved the sales structure as a result of higher sales of premium appliances², which in view of the sales volume of large household appliances accounted for a 16.9% share in H1 2014 (2.6% more than in H1 2013).

COST MANAGEMENT

- Gorenje successfully curbed the employee benefits expense in the first half-year of 2014. Compared to H1 2013, the employee benefits expense declined by 10.5% or EUR 13.1m, which is attributable to the successfully completed production relocation and the sales network restructuring process in 2013.
- The successfully implemented relocation also improved the energy cost management.
- The altered routes increased the cost of logistics services which was also planned within the production relocation project.
- Our production locations generated EUR 10.3m of net cost savings in the first half-year of 2014 or EUR 10.0m on the Group level.

INDEBTEDNESS

- Compared to the 30 June 2013 balance, we have reduced our gross indebtedness³ by EUR 24.2m. This decrease is attributable to the improved cash flows from operating activities and lower volume of investments if compared to H1 2013. The Group's net financial debt⁴ was lowered by EUR 27.0m. Hence, the ratio between the net financial debt and EBITDA was 4.8, indicating an improvement of 0.2 if compared to the last year's same period.
- We record EUR -39.8m of cash flows from operating and investing activities on the Group level, which is an improvement of EUR 6.0m over the H1 2013 period.
- Negative cash flows were mostly the result of the seasonal dynamics in manufacturing additional inventories of finished products in view of the anticipated summer collective vacation and higher sales planned for the second half of Q3 2014.

DEVELOPMENT AND NEW PRODUCTS

- In accordance with the set strategic goals we have increased investments in development costs that accounted in H1 2014 for 2.9% in the Home's revenue structure (an increase of 0.5 p.p. if compared to the same period in 2013).
- Key innovations that were launched in H1 2014 include:
 - the new generation of innovative premium build-in ovens that were developed for various own brands (Gorenje+, Pelgrim, ASKO);
 - the Asko product range which was expanded with the Asko ProSeries™ cooking line and premiered during the Eurocucina Milan design week at the beginning of April; in addition, the ASKO washing machine with a capacity of 11 kg was launched on markets;
 - the innovative A+++ class dryer under the Gorenje brand;
 - The freestanding fridge freezers (600mm/2000mm) that were launched on the market in Q2 2014.

² Premium appliances: appliances of the ATAG and ASKO brands, appliances from the Gorenje designer kitchen programme.

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 as at the end of the reporting period.

STATEMENT OF MANAGEMENT RESPONSIBILITY

The Management Board is responsible for the preparation of the half-yearly report of Gorenje, d.d. and the Gorenje Group, as well as the financial statements, in a manner providing the public with a true and fair presentation of the financial position and the results of operations of Gorenje, d.d. and its subsidiaries in the first half-year of 2014.

The Management Board confirms that the financial statements of Gorenje, d.d. and the Gorenje Group have been prepared **in conformity with applicable accounting policies, that the accounting estimates have been prepared under the principles of prudence and due diligence, and that the financial statements of the Company and the Group give a true and fair view of their financial position and the results of their operations in the first half-year of 2014.**

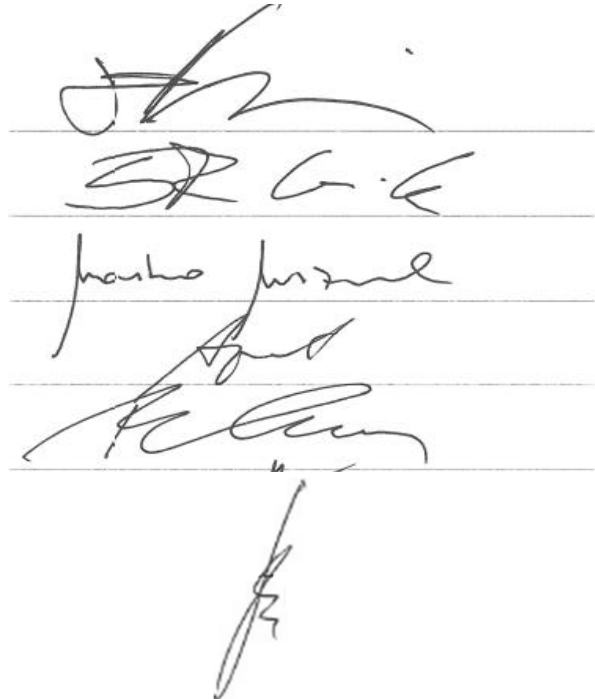
The Management Board is also responsible for adequate and orderly accounting and the adoption of appropriate measures for safeguarding property and other assets, and confirms that the **financial statements of Gorenje, d.d. and the Gorenje Group, together with the accompanying notes, have been prepared under the assumption of going concern and in compliance with applicable legislation and the International Financial Reporting Standards as adopted by the European Union.**

The Management Board confirms that, to the best of its knowledge, the **half-yearly accounting report has been prepared in compliance with the accounting reporting framework, and that it gives a true and fair view of the assets and liabilities, financial position, and the profit or loss of the controlling company and other companies included in the consolidation of the Gorenje Group.**

The president and members of the Management Board are **familiar with the contents of integral parts of the half-yearly report of Gorenje, d.d. and the Gorenje Group for 2014, and thus also with the entire half-yearly report. We agree with the report hereof, and confirm this with our signatures.**

Members of the Management Board

- Franc Bobinac, President of the Management Board
- Peter Groznik, Member of the Management Board
- Marko Mrzel, Member of the Management Board
- Branko Apat, Member of the Management Board
- Drago Bahun, Member of the Management Board,
Workers' Representative
- Peter Kukovica Member of the Management Board



The image shows five handwritten signatures, each on a horizontal line. From top to bottom, the signatures correspond to the list of board members: Franc Bobinac, Peter Groznik, Marko Mrzel, Branko Apat, and Drago Bahun. The signature for Peter Kukovica is not visible in the image.

MANAGEMENT REPORT

Operating Performance of the Gorenje Group

EURm	Q2 2013	Q2 2014	Index	Jan - Jun 2013	Jan - Jun 2014	Index	Plan 2014	H1 2014 / Plan 2014
Revenue	300.7	310.0	103.1	590.1	600.7	101.8	1,286.5	46.7
CM ⁵	131.4	130.4	99.2	258.4	257.4	99.6	563.6	45.7
CM (%)	43.7%	42.1%	/	43.8%	42.8%	/	43.8%	/
EBIT	9.8	11.7	118.9	15.5	21.9	140.8	46.4	47.1
EBIT margin (%)	3.3%	3.8%	/	2.6%	3.6%	/	3.6%	/
Profit or loss for the period	-3.6	2.1	/	-7.8	3.1	/	12.1	25.3
ROS (%)	-1.2%	0.7%	/	-1.3%	0.5%	/	0.9%	/

In H1 2014, we have generated EUR 600.7m of **revenue** on the Group level, which shows an increase of 1.8% over the same period in 2013. Most of the relevant growth was recorded by the Portfolio Investments segment (+8.5%). Regardless of the fierce circumstances on the European markets, we have managed to increase revenue in the Home segment by 0.6%. If the impact of exchange rate fluctuations is not taken into account, the Home segment's organic growth amounts to 4.2% 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.

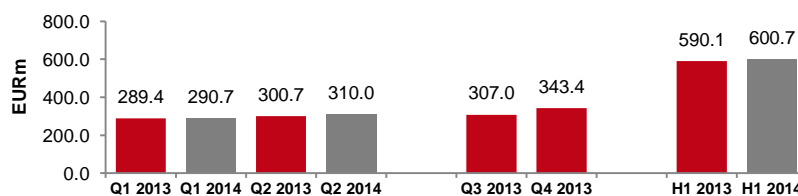
As for the Home segment the largest growth was generated on markets of Germany, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Great Britain, North America and also Russia.

Compared to H1 2013, the sales volume declined on markets of Ukraine, Scandinavia, Kazakhstan, and France. The sales in Ukraine have declined due to the political turmoil there but it is essential that increased sales in other markets to a great extent compensated for the lower sales in Ukraine.

Moreover, we have maintained our market position in Ukraine and simultaneously limited operating expenses and reduced the volume of operating receivables, which provides a good platform for the future when the market will recover. As regards the Scandinavian market we have lost 1% of the market share in Denmark and Sweden due to the distribution concentration on the market and the related competition pressure. Operating expenses were already adjusted to the lower sales volume. Forecasts for Q3 2014 indicate that the sales volume shall improve.

As for the markets outside Europe, we have generated a 24.3% growth of sales which is one of the Group's key strategic goals. The largest growth in H1 2014 was recorded on markets of North America.

Revenue of the Gorenje Group



Revenue by geographical segments

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

Unaudited Interim Report
January – June 2014

EURm	Q2 2013	%	Q2 2014	%	Change (%)	Jan - Jun 2013	%	Jan - Jun 2014	%	Change (%)
Western Europe	118.1	39.3	110.3	35.6	-6.6	235.3	39.9	226.2	37.7	-3.9
Eastern Europe	157.6	52.4	166.4	53.7	5.5	309.2	52.4	317.8	52.9	2.8
Other	25.0	8.3	33.3	10.7	33.3	45.6	7.7	56.7	9.4	24.3
Total Group	300.7	100.0	310.0	100.0	3.1	590.1	100.0	600.7	100.0	1.8
Western Europe	116.5	44.4	108.4	41.2	-7.0	232.9	46.4	222.4	44.0	-4.5
Eastern Europe	121.2	46.1	121.5	46.2	0.2	223.9	44.5	226.5	44.8	1.2
Other	25.0	9.5	33.2	12.6	33.3	45.6	9.1	56.6	11.2	24.3
Total Home	262.7	100.0	263.1	100.0	0.2	502.4	100.0	505.5	100.0	0.6

- **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.

Geographical sales structure of the Business Segment Home shows that:

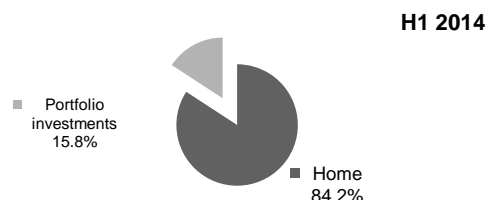
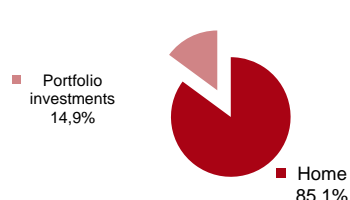
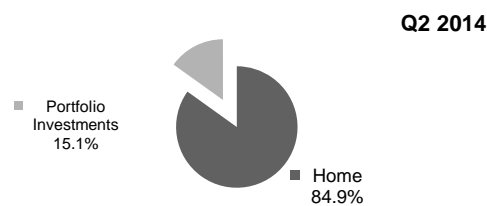
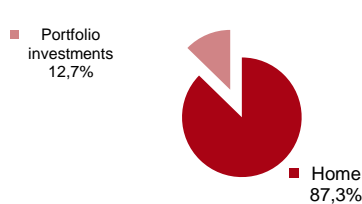
- our sales declined in Western Europe by 4.5% over the same period in 2013. We have generated less revenue in Scandinavia, France and Belgium, whereas in Germany, Greece and Great Britain higher revenue was recorded;
- our sales volume has grown in Eastern Europe by 1.2% if compared to H1 2013. If the impact of exchange rate fluctuations is not taken into account, our organic growth in revenue amounts to 7.5% in view of the same period in 2013. The largest sales growth was generated on markets of the Czech Republic, Slovakia, Hungary, Bosnia and Herzegovina, Romania, Bulgaria, Caucasus and also Russia; lower sales volume was noted in Ukraine, Macedonia and Poland.
- 24.3% sales growth was generated outside of Europe in pursuance of the Group's strategic goals. If the impact of the exchange rate fluctuations is not taken into account, our organic growth in sales exceeds 30%. Most of the relevant growth was recorded in markets of North America. An increase in sales of large household appliances under own brands was achieved in Australia. Our sales volume also increased in markets of Far East where the sales are expected to grow even more in the second half-year of 2014 when we shall provide contractual supplies in connection with major construction projects that were in delay in the first half-year of 2014.

The recorded **revenue structure by business segment** signifies that:

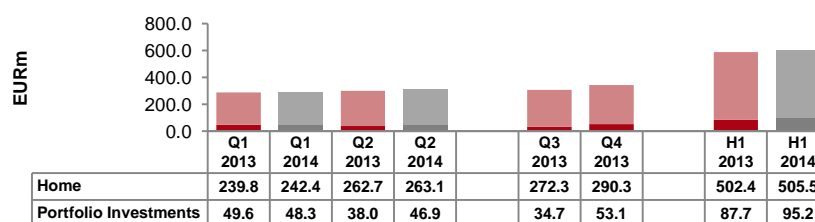
- our Home segment generated 84.2% of Group's total revenue in H1 2014 (0.9 p.p. less than in the same period in 2013). Based on the planned revenue growth in the Home segment, we shall in H2 2014 again increase the Home's sales share in the total sales structure of the Group.

Group's revenue structure by business segment

Unaudited Interim Report
January – June 2014



Revenue by business segment



In the first half-year of 2014, EUR 505.5 m of revenue was generated within the **Business Segment Home** and shows a 0.6% growth.

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

We have generated EUR 95.2m of revenue in the **Business Segment Portfolio Investments** indicating an increase of 8.5% or EUR 7.5m if compared to the H1 2013 level. The increase in revenue is attributable to higher sales of medical equipment and metallurgic products. Larger sales volume was also noted in the field of machine and tool manufacturing and ecology.

Movement of profitability at the EBIT level:

EURm	Development
EBIT January - June 2013	15.5
Contribution margin at the level of cost of goods and material	-1.0
Cost of services	-0.5
Employee benefits expense	13.1
Amortisation and depreciation expense	0
Other operating expenses	0
Other operating income	-5.2
EBIT January - June 2014	21.9

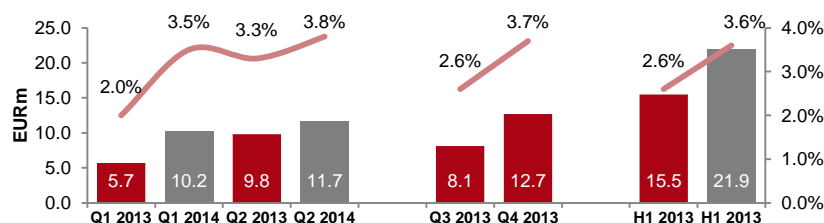
Earnings before interest and taxes (EBIT): we have achieved a positive EBIT in the amount of EUR 21.9m. Compared to H1 2013, the EBIT grew by EUR 6.4m or 40.8%. The improved EBIT is the result of:

- successful management of purchase costs of material and raw materials, and

- reduced employee benefits expense, which decreased by EUR 13.1m over the same period in 2013.

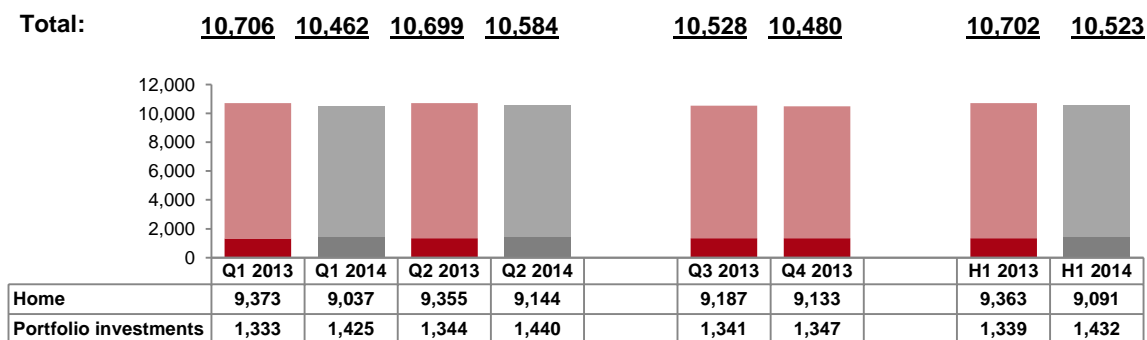
The EBIT was negatively impacted by cost of services, particularly logistics services in view of the altered transportation routes upon the production relocation. The lower contribution margin affected by exchange rate fluctuations had also a negative impact on the EBIT. The aforesaid effects were mitigated by means of selective price increases and an improved appliances-related sales structure. We have improved our sales structure by increasing the sales of premium appliances⁶, which in view of the sales volume of large appliances accounted for a 16.9% share in H1 2014 (2.6% more than in H1 2013).

EBIT and EBIT margin



In H1 2014, our average number of employees on the Group level was 10,523 and thus 179 employees less than in H1 2013. Most of the decline is attributable to the company Asko Appliances AB Sweden (production relocation from Sweden to Slovenia) 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

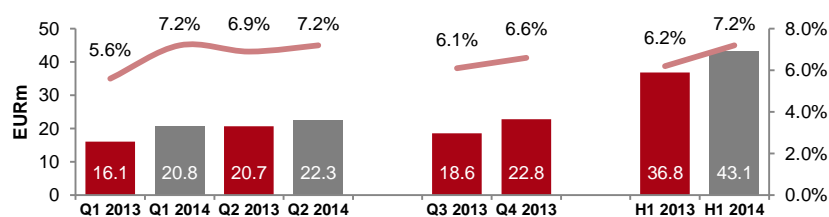


The Group generated **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of EUR 43.1m, which is EUR 6.3m or 17.2% more than in H1 2013.

EBITDA and EBITDA margin

⁶ Premium appliances: appliances of the ATAG and ASKO brands, appliances from the Gorenje designer kitchen programme

Unaudited Interim Report
January – June 2014

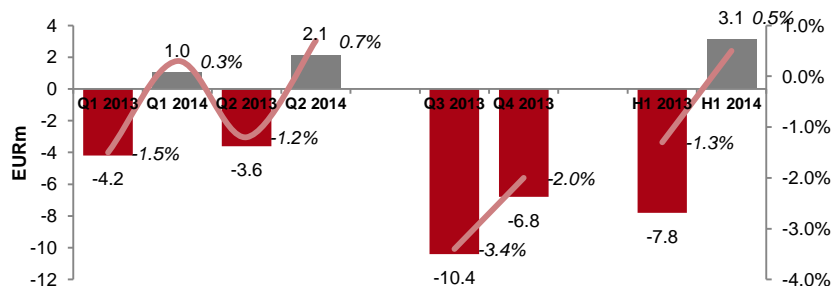


We record a **negative result from financing activities** in the amount of EUR 16.3m. The latter result signifies an improvement of EUR 2.4m if compared to the figures recorded as at 30 June 2013. The favourable impact (EUR 2.9m) on the result from financing activities was caused by the less negative result arising on exchange differences referring to the financial part of the income statement (EUR 2.6m) and lower interest expenses (EUR 0.3m).

Income tax expense disclosed at EUR 1.7m 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** amounts to EUR 3.1m and thus experiences a profitability growth by EUR 10.9m if compared to H1 2013.

Profit or loss for the period and ROS



Operating Performance by Business Segment

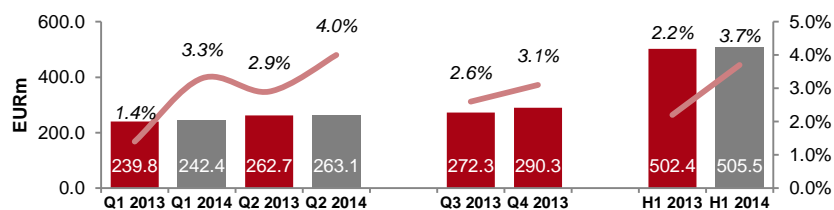
Home

EURm	Q2 2013	Q2 2014	Index	Jan - Jun 2013	Jan - Jun 2014	Index	Plan 2014	H1 2014 / Plan 2014
Revenue	262.7	263.1	100.2	502.4	505.5	100.6	1,102	45.9
CM ⁷	112.2	110.5	98.5	220.2	216.3	98.2	477.3	45.3
CM (%)	42.7%	42.0%	/	43.8%	42.8%	/	43.3%	/
EBIT	7.7	10.6	137.6	11.1	18.7	168.0	39.6	47.2
EBIT margin (%)	2.9%	4.0%	/	2.2%	3.7%	/	3.6%	/

Revenue and the EBIT margin of the Business Segment Home

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

Unaudited Interim Report
January – June 2014



Home's movement of revenue growth by individual markets is presented on page 6 and 7 of the report hereof.

In the first half-year of 2014, our Home segment generated a positive **EBIT** in the amount of EUR 18.7m. Compared to equivalent period in 2013, the EBIT increased by EUR 7.6m and is primarily the result of:

- lower **employee benefits expense** by 12.9% or EUR 14.0m; the decrease is attributable largely to the production relocation from Sweden to Slovenia and partly to the restructured sales business units.

We have succeeded to curb the negative impacts on the contribution margin of the Business Segment Home primarily by means of:

- the **improved sales structure** (higher sale of premium household appliances, higher sales on markets outside Europe),
- a **larger sales volume** in the Home segment, and
- as successful **management of purchase prices for material, raw materials and cost of fuels**.

In countries, where exchange rate fluctuations were most unfavourable, we have also **progressively increased the prices in local currencies** so as to further ease pressure on the contribution margin in Q3 2014.

Cost of services grew as a result of higher **cost of logistics services** in view of the altered transportation routes upon the production relocation.

Movement of profitability at the EBIT level:

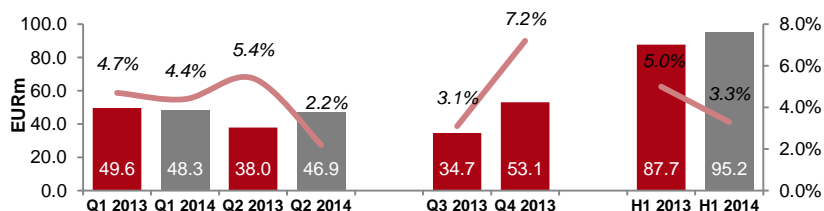
EURm	Development
EBIT January - June 2013	11.1
Contribution margin at the level of cost of goods and material	-3.9
Cost of services	2.6
Employee benefits expense	14.0
Amortisation and depreciation expense	-0.2
Other operating expenses	0
Other operating income	-4.9
EBIT January - June 2014	18.7

Portfolio Investments

Unaudited Interim Report
January – June 2014

EURm	Q2 2013	Q2 2014	Index	Jan - Jun 2013	Jan - Jun 2014	Index	Plan 2014	H1 2014 / Plan 2014
Revenue	38.0	46.9	123.1	87.7	95.2	108.5	184.5	51.6
CM ⁸	19.2	19.9	103.5	38.2	41.1	107.6	86.2	47.6
CM (%)	50.5%	42.4%	/	43.5%	43.2%	/	46.7%	/
EBIT	2.1	1.0	49.5	4.4	3.2	71.8	6.8	46.7
EBIT margin (%)	5.4%	2.2%	/	5.0%	3.3%	/	3.7%	/

Revenue and the EBIT margin of the Business Segment Portfolio investments



In the first six months of 2014, our Portfolio Investments segment recorded an 8.5% increase in revenue. Regardless the said growth in revenue, we achieved an **EBIT** of EUR 3.2m which is EUR 1.2m less than in the last year's same period. The primary reasons behind the EBIT decline are:

- **higher employee benefits expense** as a result of expanding activities in the ecology and tool manufacturing segment in Serbia (higher by EUR 0.9m over the H1 2013),
- higher **cost of services**; costs refer to the implementation of the medicinal projects, which showed a different dynamics from the one recorded in H1 2013; however, revenue in connection with the latter were higher due to implemented business deals, whereas
- other categories of **operating expenses** or **income** had no material impact on the profitability at the level of EBIT.

Movement of profitability at the EBIT level:

EURm	Development
EBIT January - June 2013	4.4
Contribution margin at the level of cost of goods and material	2.9
Cost of services	-3.1
Employee benefits expense	-0.9
Amortisation and depreciation expense	0.2
Other operating expenses	0
Other operating income	-0.3
EBIT January - June 2014	3.2

⁸ 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

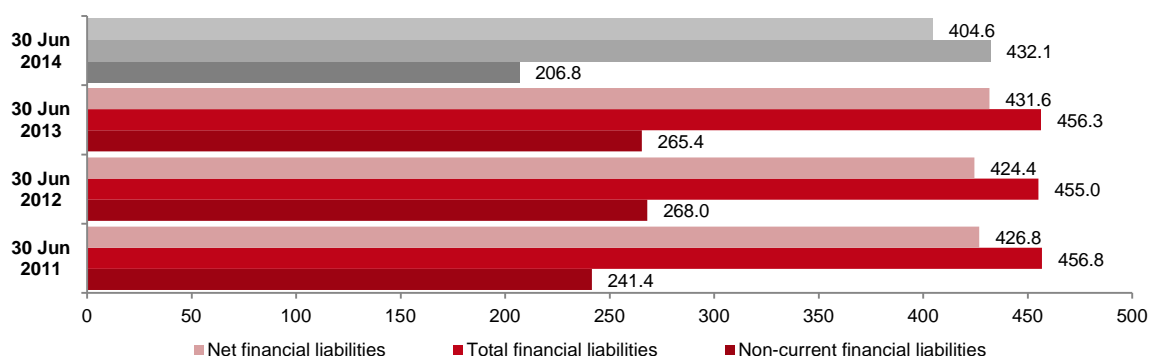
The primary sources of liquidity are provided through operative sales activities in the segments Home and Portfolio Investments and within these also the optimisation of net working capital. Additional sources of financing include inflows generated on divestment, taking of non-current borrowings for 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 past due non-current financial liabilities. Non-current borrowings are repaid on a regular basis and are partly also refinanced, whereas current borrowing are renewed continuously.

In the first half-year of 2014, EUR 47.7m of due 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. Moreover, at the end of Q2 and the start of Q3, we have raised two non-current borrowings, namely:

1. a non-current syndicated borrowing in the amount of EUR 55m and approved by the syndicate of six banks i.e. NLB, SID Banka, Banka Koper, Nova KBM, Abanka Vipava, and Gorenjska banka. The loan matures in seven years and is earmarked for financing the working capital, for company's expansion on international markets and for the development of washing machines and dishwashers;
2. a non-current borrowing extended by the Austrian branch of the Russian VTB Bank Group. The loan in the amount of EUR 72m and extended by the VTB Bank (Austria) AG matures in 5 years. The relevant borrowing is earmarked for refinancing the loan (Schuldschein) that falls due in July in the amount of EUR 50m, and for restructuring the loan (Schuldschein) that matures in July 2016 i.e. from a lump-sum payment loan into an amortisation loan.

By drawing both borrowings and repaying the due »Schuldschein« in July, the Group repaid in 2014 i.e. including and up to 15 July 2014, EUR 101.7m of past due non-current borrowings that were in the amount of EUR 99.7m substituted by non-current sources. The new loans do not increase Gorenje's indebtedness but solely improve the maturity structure of the existing sources of financing. We shall continue with activities to further improve the relevant maturity structure.

Movement of total, non-current and net financial liabilities in Q2 of the period 2011-2014 (EURm)^{9,10}



⁹ Data as at 30 June 2011 are shown at comparable levels, without the companies of Istrabenz Gorenje Group, which was sold in H1 2011.

¹⁰ Accounting aspect

Total financial liabilities (as sum of current and non-current financial liabilities) amounted as at 30 June 2014 to EUR 432.1m and indicate a decline by EUR 24.2m 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**, 47.8% refer to non-current sources whereby the remaining share to current sources. The structure worsened by 10.3 p.p. if compared to 30 June 2013, which is attributable to the reclassification of the lump-sum payment loan (Schuldschein) at the start of Q3 2013 to the short-term portion which matured and was repaid in July 2014. The share of non-current sources increased in July 2014 based on the loan's repayment and the substitution of almost all repaid and due non-current borrowings with alternative non-current sources, which is however comparable to the level in H1 2013.

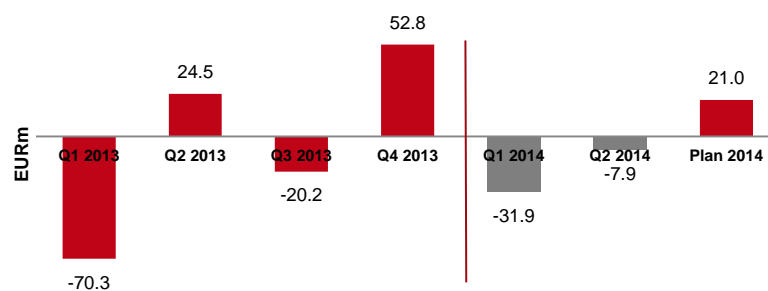
As at 30 June 2014, **net financial liabilities** (measured as difference between total financial liabilities, the item of cash and cash equivalents) amounted to EUR 404.6m and declined by EUR 27.0m if compared to the 30 June 2013 balance.

Activities relating to repayment of currently due borrowings are implemented in compliance with the corporate policy on the permanent liquidity and financial debt management. In the period from 30 June 2014 to the year-end of 2014, EUR 100.4m of non-current borrowings fall due for repayment. The largest share in the amount of EUR 76.6m matures in Q3 2014, most of thereof in July. Hence, the Group repaid by 15 July 2014 EUR 101.7m of past due non-current loans and has largely replaced them by the already mentioned borrowings. Another EUR 46.4m of non-current borrowings mature by the end of the year. They shall be repaid on the basis of current operations as most of Group's free cash flows from operating activities are generated in Q3 and primarily in Q4 due to the seasonal nature of the business. Divestment activities are a further source of repaying liabilities in addition to raising of new replacement non-current loans. Permanent activities with existing and new bank partners are therefore carried out and are expected to additionally improve the loan maturity structure and decrease the scope of the annual maturity of non-current loans. This shall in future be implemented by means of servicing the current maturity of non-current borrowings mostly through current operations and through the significantly lower level of required replacement indebtedness for the purpose of refinancing. It is essential that the Group recorded a liquidity reserve of EUR 95.6m as at 30 June 2014 in form of granted but not yet drawn 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

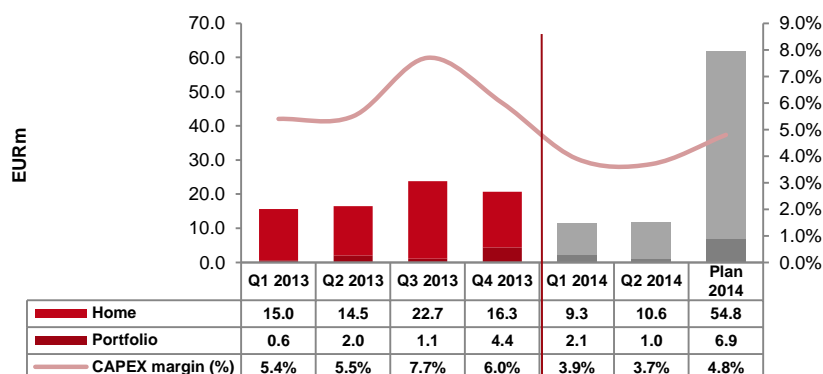
In the first half-year of 2014, the Group recorded negative cash flows from operating and investing activities in the amount of EUR 39.8m which indicates an improvement of EUR 6.0m over the equivalent period in 2013. This is a typical interim dynamics as negative cash flows from operating and investing activities are always recorded in the first half-year, whereas in the second half-year, primarily in the last quarter the Group generates positive cash flows.

Cash flows from operating and investing activities



Investments amounted to EUR 11.6m in Q2 2014 and decreased by EUR 4.9m over the last year's equal period. Most of investments refer to the completion of already started projects and to new investments for developing new products. The largest portion in the amount of EUR 10.6m relates to the segment Home, whereas EUR 1.0m 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 programme on **divestment** of underperforming and non-operating assets adopted in 2010, which we also update and recast. The total value of implemented divestment in H1 2014 was recorded at the book value of EUR 3.0m and shows a decline of EUR 14.4m if compared to the divestment activity in the last year's same period.

As at 30 June 2014, Group's investments in net working capital amounted to EUR 255.2m and signify a decrease over the H1 2013 balance by EUR 25.7m. The amount of investments made in net working capital was impacted also by the changed balance of other current assets and liabilities. Within latter investments, the narrow net working assets (inventories, trade receivables and trade payables) have dropped by EUR 16.9m if compared to the same period in 2013.

Trade receivables amounted to EUR 226.3m as at 30 June 2014 and were by EUR 20.7m higher than at the year-end of 2013 and higher by EUR 1.2m if compared to the 30 June 2013 balance. The increase in receivables is attributable to the higher volume of sales.

As at 30 June 2014, **inventories** amounted to EUR 255.4m and were higher by EUR 19.7m over the 31 December 2013 balance and lower by EUR 11.6m if compared to the previous year's same period. As compared to the year-end of 2013, inventories increased primarily as a result of higher inventories of finished products and merchandise; these inventories are created for sales planned in the summer months, when the production is halted due to the collective vacation in Group's production facilities and supplies of merchandise from the complementary programme are not possible.

Trade payables amounted to EUR 189.7m as at 30 June 2014 and declined by EUR 24.1m if compared to 31 December 2013 or increased by EUR 6.6m over the H1 2013 balance. The 30 June 2014 balance complies with the general annual dynamics and is partly related to higher volume of material and merchandise purchased as no supplies are possible during the collective summer vacation.

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.). We have in this relation a strict set of rules on what is deemed suitable collateral for the sale of goods and what a maximum exposure by individual companies, customers, etc.

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 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 half-year of 2014, which enhanced the stability of operations for the rest of the year. We are seeking additional possibilities for a larger scope of natural hedging, which is to a great extent used in hedging against the US dollar. Exchange losses were recorded as at 30 June 2014 as a result of extreme devaluation of the Ukrainian hryvnia. In medium-term, we hedge 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.

We are well managing the **risk of short-term liquidity** by means of revolving credit lines approved for Group companies, approved bank account overdrafts, and bank balances. As at 30 June 2014, the undrawn part of current and non-current credit lines amounted to EUR 68.0m and bank balances amounted to an additional EUR 27.6m.

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

Operating performance of Gorenje, d.d.

EURm	Q2 2013	Q2 2014	Index	Jan - Jun 2013	Jan - Jun 2014	Index	Plan 2014	H1 2014 / Plan 2014
Revenue	151.1	170.6	112.9	317.9	349.3	109.9	761.1	45.9
CM ¹¹	48.5	54.4	112.2	99.8	110.2	110.4	243.5	45.3
CM (%)	32.1%	31.9%	/	31.4%	31.6%	/	32.0%	/
EBITDA	5.4	9.6	177.8	13.1	21.8	166.4	44.3	49.2
EBITDA margin (%)	3.6%	5.6%	/	4.1%	6.2%	/	5.8%	/
EBIT	0.9	4.4	488.9	4.2	11.4	271.4	20.6	55.1
EBIT margin (%)	0.6%	2.6%	/	1.3%	3.3%	/	2.7%	/
Profit or loss before tax	-0.6	1.5	/	0.9	5.7	633.3	8.0	70.7
Profit or loss for the period	-0.4	1.8	/	0.8	6.0	750.0	7.6	78.5
ROS (%)	-0.3%	1.1%	/	0.3%	1.7%	/	1.0%	/
ROA (%)	-0.2%	0.8%	/	0.2%	1.3%	/	0.9%	/
ROE (%)	-0.5%	2.0%	/	0.5%	3.4%	/	2.1%	/
Employee / end of period	4,181	4,138	99.0	4,181	4,138	99.0	4,037	102.5
Employee / average	4,182	4,138	98.9	4,186	4,142	98.9	4,040	102.5

Revenue generated by the parent company in H1 2014 amounted to EUR 349.3m, which indicates a growth of EUR 31.4m or 9.9% if compared to the H1 2013 balance.

As at 30 June 2014, the Business Segment Home recorded revenue in the amount of EUR 322.7m, which is 10.1% more than in the previous year's equal period and is primarily the result of:

- higher revenue from sale of products manufactured in-house by 13.2% as a result of more orders placed for in-house production (in-house production increased in terms of volume by 12.4%);
- higher revenue from sale of household appliances via dealers by 9.2% i.e. sales of household appliances manufactured in Valjevo recorded the highest growth (61.3%) whereby the complementary programme accounts for 10.0%;
- higher revenue from the sale of kitchens by 74.7%.

Revenue generated in sales beyond the Business Segment Home were recorded at EUR 23.6m and show a growth over the H1 2013 balance by 2.2%, which is attributable mostly to higher revenue generated through the Solar programme (solar power plants) and the Point programme (IT equipment).

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 10.4m 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 employee benefits expense grew by 1.1% if compared to the last year's same period which is the result of withdrawing the extraordinary measure of decreasing wages of staff with higher income that applied in H1 2013.

In respect to the last year's equivalent period, the amortisation and depreciation expenses increased by 17.2% as a result of relocating the equipment for manufacturing washing machines, dishwashers and dryers from Sweden which was activated in the second half-year of 2013.

¹¹ Contribution margin at the level of difference between revenue and cost of goods and material

If compared to the same period in 2013, the parent company's result from financing activities is by EUR 2,338k more negative which is mostly attributable to lower dividend income generated by subsidiaries in the amount of EUR 2,419k.

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
- slower growth of operating expenses than the growth of gross profit or loss by 2.1 p.p.

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

EURm	Development
Profit for the period January - June 2013	0.8
Contribution margin at the level of cost of goods and material	10.4
Cost of services	-4.3
Employee benefits expense	-0.5
Amortisation and depreciation expense	-1.5
Other operating expenses	3.3
Other operating income	-0.3
Financial result	-2.3
Income tax expense and deferred taxes	0.4
Profit for the period January - June 2014	6.0

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. In pursuance of the decision, 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 non-cash contributions (conversion of debt into company's equity). The new shares form together with existing shares the same class and are issued for contributions in kind (conversion of debt into company's equity) at EUR 4.31 per share.

During its session in June 2014, the Supervisory Board agreed with the Management Board's decision that was adopted on the basis of the mentioned resolution of the Shareholders' Meeting.

Gorenjska banka and IFC have participated in the debt-to-equity conversion.

On the basis of the completed registration and payment of new shares, we have on 11 July 2014 first received the decision of the District Court in Celje no. Srg 2014/31489 dated 11 July 2014. The respective decision refers to the registration of the relevant changes regarding the share capital increase from EUR 92,240,139.36 to EUR 97,728,229.83, the changed number of shares from 22,104,427 to 23,419,593, and the amended Articles of Association.

Given the completed registration and entry of 1,005,020 new shares of Gorenje, d.d. which were registered by the IFC pursuant to the resolutions of the Shareholders' Meeting, we received on 21 July 2014 also the resolution of the court register, Celje, No. Srg 2014/32359, dated on 18 July 2014. This resolution is relating to the registration of share capital changes from EUR

Unaudited Interim Report
January – June 2014

97,728,229.83 to EUR 101,922,103.97, number of shares from 23,419,593 to 24,424,613 and changes of statute, related to above quoted changes.

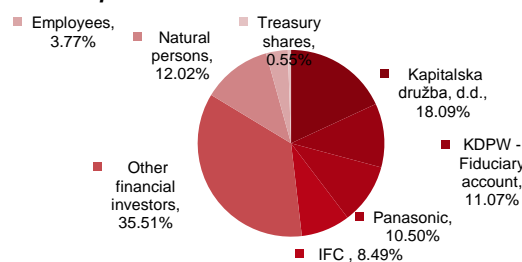
To the date of this announcement, the share capital of Gorenje, d.d. was increased based on authorised capital and as at date of report hereof amounts to EUR 101,922,103.97 and is divided into 24,424,613 ordinary, freely transferable, registered shares.

17,148 shareholders were entered in the share register as of **30 June 2014** indicating that the number of shareholders declined by 1.7% over the year-end balance of 2013 (17,438).

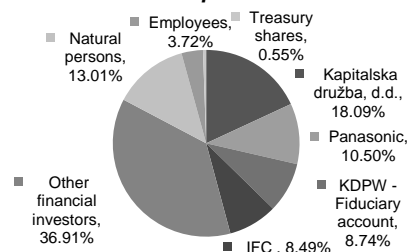
Gorenje's ten major shareholders and owners

Ten major shareholders	No. of shares (31 Dec 2013)	Share in %	No. of shares (30 Jun 2014)	Share in %	No. of shares (13 Aug 2014)	Share in %
KAPITALSKA DRUŽBA, D.D.	3,998,653	18.09%	3,998,653	18.09%	3,998,653	16.37%
KDPW – FIDUCIARY ACCOUNT ¹²	2,446,603	11.07%	1,931,158	8.74%	1,974,247	8.08%
PANASONIC CORPORATION	2,320,186	10.50%	2,320,186	10.50%	2,320,186	9.50%
IFC	1,876,876	8.49%	1,876,876	8.49%	2,881,896	11.80%
NFD 1, Mixed flexible subfund – South / Alpen.SI, mixed flexible subfund	1,125,802	5.09%	1,125,802	5.09%	1,181,415	4.84%
HOME PRODUCTS EUROPE B.V.	1,070,000	4.84%	1,070,000	4.84%	1,070,000	4.38%
ZAGREBAČKA BANKA D.D. - FIDUCIARY ACCOUNT	/	/	/	/	500,000	2.05%
INGOR, d.o.o., & co. k.d.	794,473	3.59%	/	/	/	/
SOP Ljubljana	/	/	466,775	2.11%	470,015	1.92%
CONSEQ INVEST PUBLIC LIMITED COMPANY	464,732	2.10%	464,732	2.10%	464,732	1.90%
EECF AG	411,727	1.86%	411,727	1.86%	411,727	1.69%
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%	13,984,585	63.27%	15,272,871	62.53%
Other shareholders	7,270,115	32.89%	8,119,842	36.73%	9,151,742	37.47%
Total	22,104,427	100%	22,104,427	100%	24,424,613	100%

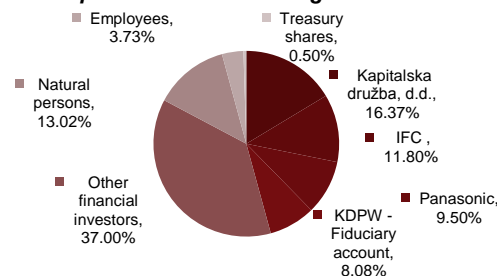
Ownership structure as at 31 December 2013



Ownership structure as at 30 June 2014



Ownership structure as at 13 August 2014



¹² The KDPW fiduciary account includes shares, which were registered and paid in Poland during the second share capital increase.

The number of own shares or treasury shares as at 30 June 2014 equals the year-end balance of 2013 i.e. at **121,311 treasury shares**, which as at 30 June 2014 accounts for **0.5488%** of total share capital; the relevant share declined upon the share capital increase and as at 13 August 2014 amounted to 0,4967 %.

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

Supervisory Board	31 Dec 2013		30 Jun 2014		13 Aug 2014	
Total:	3,508	0.0159%	3,508	0.0159%	3,508	0.0144%
Peter Kobal	1,355	0.0061%	1,355	0.0061%	1,355	0.0055%
Krešimir Martinjak	115	0.0005%	115	0.0005%	115	0.0005%
Jurij Slemenik	2,038	0.0092%	2,038	0.0092%	2,038	0.0083%

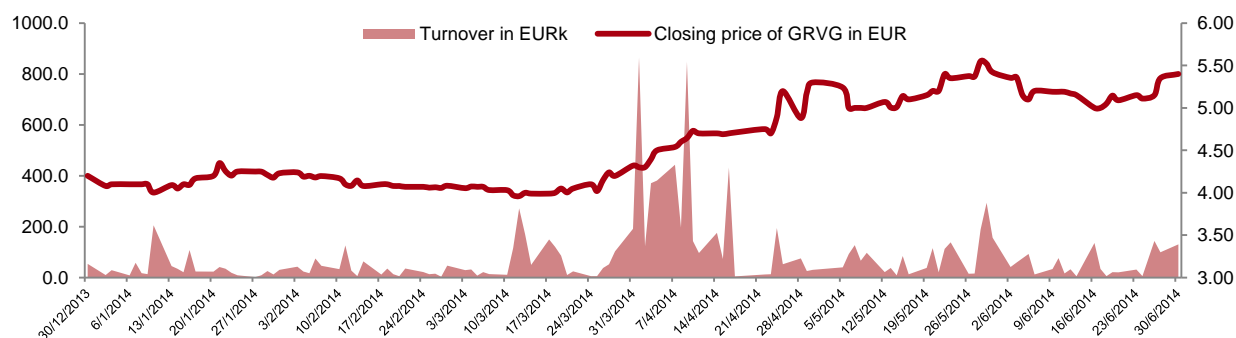
Management Board	31 Dec 2013		30 Jun 2014		13 Aug 2014	
Total:	18,894	0.0855%	21,394	0.0968%	21,394	0.0876%
Franc Bobinac	4,096	0.0185%	4,096	0.0185%	4,096	0.0168%
Branko Apat	626	0.0028%	626	0.0028%	626	0.0026%
Drago Bahun	9,082	0.0411%	9,082	0.0411%	9,082	0.0372%
Marko Mrzel	450	0.0020%	450	0.0020%	450	0.0018%
Peter Groznik	4,640	0.0210%	7,140	0.0323%	7,140	0.0292%

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 upon the share capital increase conducted in July is recorded at 0.0294%.

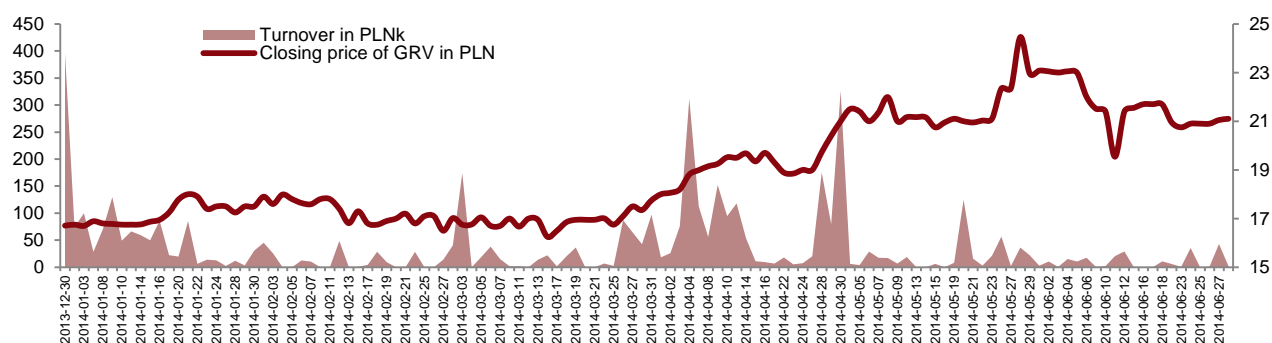
The number and interest of company's shares held by Supervisory Board and Management Board members has not changed in the period from 30 June 2014 to the date of this public announcement. The share capital increase, however, changed their stakes which is also evident in the table above i.e. as at 13 August 2014.

The **closing price per share** as at the last trading day in June 2014 was at the Ljubljana Stock Exchange as the primary market, recorded at EUR 5.40 and shows an increase of 28.6% if 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 30 June 2014, the total turnover at the Ljubljana and Warsaw Stock Exchange was recorded at 2,479,983 shares, indicating that the average daily turnover at the Ljubljana Stock Exchange was 18,344 shares (GRVG) and 1,819 shares at the Warsaw Stock Exchange. Compared to the year-end listed, the closing price per share grew by 26.3% (from PLN 16.71 to PLN 21.10).

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



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



Basic and diluted earnings per share calculated as the ratio between the profit or loss of parent company's owners in H1 2014 and the number of shares issued, less average balance of treasury shares (21,983,116 shares) amounts to EUR 0.14 (2013: EUR -1.51).

Book value of the GRV share as at 30 June 2014 amounted to EUR 17.21 (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 30 June 2014 (21,983,116 shares).

The ratio between the market and the book value of the GRV share is recorded at 0.31 (0.24 as at 31 December 2013).

The dividend policy

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 have proposed the Shareholders' Meeting not to pay out dividends in 2014 for 2013. During the Shareholders' Meeting held on 4 July 2014, the stakeholders endorsed also the relevant proposal of the Management and Supervisory Board. The Management Board is of the opinion that a dividend payout is not suitable until proper deleveraging is achieved.

Significant Events after the Balance Sheet Date

Successful share capital increase by means of non-cash contributions

Pursuant to the resolution adopted by the 20th Shareholders' Meeting on 23 August 2013 which gives way to a share capital increase by means of non-cash contributions, Gorenje signed a debt-to-equity conversion agreement with Gorenjska banka and the IFC (International Financial Corporation). The relevant agreement with the Gorenjska banka was signed on 10 July, whereby with IFC on 17 July 2014.

Upon the completion of the two share capital increases, the price of the share amounted in 2013 to EUR 4.31.

By converting its receivables in the amount of EUR 5,668,365.46, the Gorenjska banka obtained 1,315,166 newly issued Gorenje shares, whereby the IFC became the owner of 1,005,020 shares by converting EUR 4,013,599.15 of its receivables. Hence, Gorenje's share capital has been increased by exactly the amount specified in the resolution adopted by the Shareholders' Meeting on 23 August 2013 i.e. by EUR 9,681,964.61 with the issue of 2,320,186 new shares.

The newly issued shares are listed on the Ljubljana and Warsaw Stock Exchange. Gorenjska banka acquainted us with its intention to sell the shares acquired.

Appointment of a new Supervisory Board for a new term

At the Shareholders' Meeting, the shareholders approved the increase of the number of capital representatives in the Supervisory Board from six to seven and elected the capital representatives for the new term. Supervisory Board members representing capital in the new term are Corinna Claudia Graf, Toshibumi Tanimoto, and Marko Voljč as newly appointed members, and Bachtiar Djalil, Keith Charles Miles, Bernard Charles Pasquier, and Uroš Slavinec who were reappointed as Supervisory Board members. In compliance with the Worker Participation in Management Act and the Rules of Procedure of the Works Council, four employee representatives in the Supervisory Board were previously elected by the Works Council, namely Peter Kobal, Jurij Slemenik, Drago Krenker and Krešimir Martinjak. The four-year term of office of the newly elected Supervisory Board shall commence on 20 July 2014.

Two non-current borrowings were obtained

We have raised two non-current syndicated borrowings in July 2014. A syndicate of six banks i.e. NLB, SID Banka, Banka Koper, Nova KBM, Abanka Vipava, and Gorenjska banka granted Gorenje a non-current loan in the amount of EUR 55m which matures in seven years. It is earmarked for company's expansion on international markets, for the development of new appliances and for financing the working capital.

We have signed an agreement with the VTB Bank on a 5-year non-current replacement loan in the amount of EUR 72m, which will be used to improve the maturity structure of the financial resources and enhance our financial stability.

No other significant events occurred after the date of compiling the balance sheet as of 30 June 2014.

Major Business Events

JANUARY

Symbolic launch of the dishwasher production in Velenje

By a symbolic launch of the five-station sheet metal processing conveyor line we have celebrated the transfer of the production programme from Sweden to Velenje. The dishwasher production programme was relocated as a part of the large-scale strategic production restructuring programme.

FEBRUARY

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

We have concluded with the Sub-Zero Group Inc. as the American leading manufacturer of premium home appliances 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 our strategic activities aimed at boosting Gorenje'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.

Gorenje Orodjarna also in Serbia

The subsidiary 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 also in Serbia. Hence, its first international subsidiary Gorenje MDM, d.o.o., was established for this purpose in Kragujevac, Serbia.

MARCH

»Red Dots« for the Gorenje Group



reddot award 2014
winner

was on 7 July 2014.

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. The prize awarding ceremony

Successful issue of commercial papers in the total par value of EUR 35m

On 25 March 2014 we 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.

APRIL

Launch of ASKO Pro Series™ products at the Design Week in Milan



The ASKO Pro Series™ was launched as the new line of exclusive kitchen products during the Design Week in Milan, which commenced from 8 till 13 April 2014. We thereby expanded our existing Asko brand offer that is recognisable primarily by washing machines, dishwashers and dryers.

JUNE

Gorenje wins the Plus X Award for the 11th consecutive year



The building of the former German parliament in Bonn hosted on June 5 the festive Plus X Award ceremony. Gorenje was among the award winners for the eleventh consecutive year. The expert jury, consisting of representatives from 25 different industries, was impressed by the latest combined steam oven of the Gorenje+ line which won the award in the categories of quality, design, user-friendliness, and functionality.

ACCOUNTING REPORT

Reporting Company

Gorenje, d.d., is a company headquartered in Slovenia. The address of the registered head office is at Partizanska 12, 3320 Velenje.

Consolidated financial statements of Gorenje, d.d. for the six-month period ended 30 June 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 21 July 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 30 June 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 Olomouc (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.
- Pursuant to the entry in the register of companies dated 8 April 2014, the company Gorenje projekt d.o.o., which is classified as an associate and where the parent company holds a 50% equity interest, has acquired a 51.17% interest in the company Tosidos d.o.o.
- By means of a decision adopted by the municipal council in March, the Municipality Šentjur as the owner of the 0.0155% equity interest in Gorenje Surovina d.o.o. confirmed the sale of the non-controlling interest in Gorenje Surovina d.o.o. to Gorenje d.d. The transfer of the equity interest to Gorenje d.d. was carried out in April, with the relevant agreement being signed on 16 April 2014. Hence, Gorenje d.d. became the owner of the 85.80% interest in Gorenje Surovina, whereas the residual interest of 14.20% shall remain as treasury share owned by Gorenje Surovina. Gorenje d.d. is thereby indirectly becoming the sole owner (100%) of Gorenje Surovina d.o.o.
- As of 14 April 2014, Gorenje d.d. sold its equity interest in the company Gorenje kuhinje, d.o.o., Kiev.
- As of 25 June 2014, Atag Nederland BV merged with Atag Special Products BV and with Atag Europe BV on 26 June 2014.
- The company ATAG Financiele Diensten BV changed its corporate name into Supportive Retail Services BV and was liquidated on 27 June 2014.
- As of 30 June 2014, the company Asko Appliances, Inc. changed its corporate name into Gorenje North America, Inc.

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	100.00	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	100.00	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	51.00	BSPI

Unaudited Interim Report
January – June 2014

13.	EKOGOR, d.o.o., Jesenice	75.01	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	51.00	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 domačinstvo, 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	100.00	BSPI
29.	Kemis - BH, d.o.o., Bosnia and Herzegovina	100.00	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

Unaudited Interim Report
January – June 2014

36.	Kemis Valjevo, d.o.o, Serbia	100.00	BSPI
37.	Kemis – SRS, d.o.o., Bosnia and Herzegovina	100.00	BSPI
38.	ATAG Nederland BV, the Netherlands	100.00	BSH
39.	ATAG België NV, Belgium	100.00	BSH
40.	Intell Properties BV, the Netherlands	100.00	BSH
41.	Gorenje Nederland BV, the Netherlands	100.00	BSH
42.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	BSH
43.	»Euro Lumi & Surovina« SH.P.K., Kosovo	51.00	BSPI
44.	OOO Gorenje BT, Russia	100.00	BSH
45.	Gorenje GTI, d.o.o., Beograd, Serbia	100.00	BSPI
46.	Asko Appliances AB, Sweden	100.00	BSH
47.	Gorenje North America, Inc., USA	100.00	BSH
48.	Asko Appliances Pty, Australia	100.00	BSH
49.	Asko Appliances OOO, Russia	100.00	BSH
50.	»Gorenje Albania« SHPK, Albania	100.00	BSH
51.	Gorenje Home d.o.o., Zaječar, Serbia	100.00	BSH
52.	ORSES d.o.o., Beograd, Serbia	100.00	BSPI
53.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	100.00	BSPI
54.	Gorenje Corporate GmbH, Austria	100.00	BSH
55.	Cleaning system S, d.o.o., Serbia	76.00	BSPI
56.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	49.45	BSPI
57.	Solarna energija Solago, d.o.o., Serbia	100.00	BSPI
58.	Gorenje Sola - Home, d.o.o., Serbia	100.00	BSPI
59.	Gorenje do Brasil Ltda., Brasil	100.00	BSH
60.	Gorenje Asia Ltd., China	100.00	BSH
61.	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
- Tosidos d.o.o., Ljubljana

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 Consolidated Balance Sheet of the Gorenje Group

EURk	Balance at 30 Jun 2013	%	Balance at 31 Dec 2013	%	Balance at 30 Jun 2014	%
ASSETS	1,189,034	100.0%	1,149,702	100.0%	1,169,472	100.0%
Non-current assets	573,010	48.2%	595,512	51.8%	592,088	50.7%
Intangible assets	157,247	13.2%	167,882	14.6%	172,797	14.8%
Property, plant and equipment	351,792	29.6%	356,552	31.0%	348,341	29.8%
Investment property	21,170	1.8%	28,129	2.4%	27,732	2.4%
Non-current investments	8,173	0.7%	5,527	0.5%	5,519	0.5%
Investments in associates	1,257	0.1%	711	0.1%	868	0.1%
Non-current trade receivables	14,579	1.2%	10,559	0.9%	10,507	0.9%
Deferred tax assets	18,792	1.6%	26,152	2.3%	26,324	2.2%
Current assets	616,024	51.8%	554,190	48.2%	577,384	49.3%
Non-current assets held for sale	1,051	0.1%	1,655	0.1%	1,469	0.1%
Inventories	267,003	22.4%	235,767	20.5%	255,430	21.8%
Current investments	35,940	3.0%	17,202	1.5%	17,487	1.5%
Trade receivables	225,084	18.9%	205,581	17.9%	226,285	19.3%
Other current assets	55,405	4.7%	48,615	4.2%	43,201	3.7%
Cash and cash equivalents	24,701	2.1%	38,589	3.4%	27,554	2.4%
Assets held for sale	6,840	0.6%	6,781	0.6%	5,958	0.5%
EQUITY AND LIABILITIES	1,189,034	100.0%	1,149,702	100.0%	1,169,472	100.0%
Equity	379,528	31.9%	380,670	33.1%	378,210	32.3%
Share capital	66,378	5.6%	92,240	8.0%	92,240	7.9%
Share premium	175,575	14.8%	175,568	15.3%	175,568	15.0%
Revenue reserves	94,331	7.9%	95,818	8.3%	95,818	8.2%
Treasury shares	-3,170	-0.3%	-3,170	-0.2%	-3,170	-0.3%
Retained earnings	31,595	2.6%	12,829	1.1%	15,818	1.4%
Translation reserve	2,182	0.2%	-4,435	-0.4%	-6,190	-0.5%
Fair value reserve	10,224	0.9%	9,007	0.8%	5,131	0.4%
Equity of holders of the parent	377,115	31.7%	377,857	32.9%	375,215	32.1%
Equity of non-controlling interests	2,413	0.2%	2,813	0.2%	2,995	0.2%
Non-current liabilities	343,952	28.9%	280,595	24.4%	288,705	24.7%
Provisions	64,501	5.4%	66,671	5.8%	65,665	5.6%
Deferred income	3,210	0.3%	5,081	0.4%	5,366	0.4%
Non-current trade payables	6,391	0.5%	5,773	0.5%	6,683	0.6%
Deferred tax liabilities	4,492	0.4%	4,316	0.4%	4,231	0.4%
Non-current financial liabilities	265,358	22.3%	198,754	17.3%	206,760	17.7%
Current liabilities	465,554	39.2%	488,437	42.5%	502,557	43.0%
Current financial liabilities	190,982	16.1%	198,659	17.3%	225,375	19.3%
Trade payables	183,123	15.4%	213,820	18.6%	189,698	16.2%
Other current liabilities	87,148	7.3%	72,244	6.3%	84,996	7.3%
Liabilities held for sale	4,301	0.4%	3,714	0.3%	2,488	0.2%

Unaudited Interim Report
January – June 2014

Condensed Consolidated Income Statement of the Gorenje Group

EURk	Q2 2013	%	Q2 2014	%	Jan - Jun 2013	%	Jan - Jun 2014	%	Plan 2014	%	2014/ 2013	H1 2014 / Plan 2014
Revenue	300,732	95.7%	309,960	96.2%	590,098	95.3%	600,669	94.6%	1,286,489	98.9%	101.8	46.7
Change in inventories	4,231	1.4%	7,977	2.5%	15,489	2.5%	25,827	4.1%	1,367	0.1%	166.7	/
Other operating income	9,210	2.9%	4,306	1.3%	13,374	2.2%	8,167	1.3%	12,753	1.0%	61.1	64.0
Gross profit	314,173	100.0%	322,243	100.0%	618,961	100.0%	634,663	100.0%	1,300,609	100.0%	102.5	48.8
Cost of goods, materials and services	-224,462	-71.4%	-238,660	-74.1%	-447,618	-72.3%	-470,037	-74.1%	-948,227	-72.9%	105.0	49.6
Employee benefits expense	-64,049	-20.4%	-56,281	-17.5%	-124,971	-20.2%	-111,839	-17.6%	-240,568	-18.5%	89.5	46.5
Amortisation and depreciation expense	-10,862	-3.5%	-10,660	-3.3%	-21,254	-3.4%	-21,254	-3.4%	-47,296	-3.6%	100.0	44.9
Other operating expenses	-5,006	-1.6%	-4,993	-1.5%	-9,588	-1.6%	-9,674	-1.5%	-18,115	-1.4%	100.9	53.4
Operating profit	9,794	3.1%	11,649	3.6%	15,530	2.5%	21,859	3.4%	46,403	3.6%	140.8	47.1
Finance income	1,551	0.5%	784	0.2%	2,556	0.4%	2,021	0.3%	2,366	0.2%	79.1	85.4
Finance expenses	-13,589	-4.3%	-9,486	-2.9%	-21,268	-3.4%	-18,345	-2.8%	-33,329	-2.6%	86.3	55.0
Net finance expenses	-12,038	-3.8%	-8,702	-2.7%	-18,712	-3.0%	-16,324	-2.5%	-30,963	-2.4%	87.2	52.7
Share in profits or losses in associates	11	0.0%	38	0.0%	-42	0.0%	-32	0.0%	946	0.1%	76.2	/
Profit or loss before tax	-2,233	-0.7%	2,985	0.9%	-3,224	-0.5%	5,503	0.9%	16,386	1.3%	/	33.6
Income tax expense	-453	-0.2%	-620	-0.2%	-1,812	-0.3%	-1,696	-0.3%	-3,160	-0.3%	93.6	53.7
Profit or loss without discontinued operation	-2,686	-0.9%	2,365	0.7%	-5,036	-0.8%	3,807	0.6%	13,226	1.0%	/	28.8
Profit or loss from discontinued operation	-901	-0.2%	-320	-0.1%	-2,785	-0.5%	-751	-0.1%	-1,159	-0.1%	27.0	64.8
Profit or loss for the period	-3,587	-1.1%	2,045	0.6%	-7,821	-1.3%	3,056	0.5%	12,067	0.9%	/	25.3
Attributable to non-controlling interests	26	0.0%	58	0.0%	124	0.0%	67	0.0%	479,0	0.0%	54.0	14.0
Attributable to equity holders of the parent	-3,613	-1.1%	1,987	0.6%	-7,945	-1.3%	2,989	0.5%	11,588	0.9%	/	25.8
Basic and diluted earnings per share without discontinued operation (in EUR)	-0.17		0.10		-0.33		0.17		/		/	/
Basic and diluted earnings per share (in EUR)	-0.23		0.09		-0.50		0.14		/		/	/

**Condensed Consolidated Statement of Comprehensive Income
of the Gorenje Group**

EURk	Jan - Jun 2013	Jan - Jun 2014
Profit or loss for the period	-7,821	3,056
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	-2,431	-5,631
Net change in fair value of available-for-sale financial assets	2	-14
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	203	-2,698
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	1,299	-1,018
Income tax on other comprehensive income	-256	-146
Translation reserve	-3,679	-1,755
Other comprehensive income for the period	-2,431	-5,631
Total comprehensive income for the period	-10,252	-2,575
Attributable to equity holders of the parent	-10,376	-2,642
Attributable to non-controlling interests	124	67

**Condensed Consolidated Statement of Cash Flows of the
Gorenje Group**

EURk	Jan - Jun 2013	Jan - Jun 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	-7,821	3,056
Adjustments for:		
– Depreciation of property, plant and equipment	18,046	18,089
– Amortisation of intangible assets	3,455	3,180
– Investment income	-2,556	-2,035
– Finance expenses	21,280	18,409
– Gain on sale of property, plant and equipment	-4,727	-12
– Income tax expense	1,812	1,696
Operating profit before changes in net operating current assets and provisions	29,489	42,383
Change in trade and other receivables	-11,320	-18,428
Change in inventories	-18,548	-19,626
Change in provisions	-518	-914
Change in trade and other payables	-15,677	-13,582
Cash generated from operations	-46,063	-52,550
Interest paid	-10,914	-10,680
Income tax paid	-1,743	-2,246
Net cash from operating activities	-29,231	-23,093
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	18,473	3,000
Interest received	1,171	1,032
Dividends received	0	-32
Acquisition of property, plant and equipment	-30,626	-14,785
Acquisition of investment property	-7,281	0
Other investments	-4,108	-743
Acquisition of intangible assets	-1,512	-8,151
Net cash used in investing activities	-23,883	-19,679
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings / Repayment of borrowings	23,611	31,189
Net cash used in financing activities	23,611	31,189
Net change in cash and cash equivalents	-29,503	-11,583
Cash and cash equivalents at beginning of period	54,588	39,500
Cash and cash equivalents at end of period	25,085	27,917

Condensed Consolidated Statement of Changes in Equity of the Gorenje Group

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings			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	Translation reserve				
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									-7,945			-7,945	124	-7,821
Total other comprehensive income										-3,679	1,248	-2,431	0	-2,431
Total comprehensive income for the period	0	0	0	0	0	0	0	0	-7,945	-3,679	1,248	-10,376	124	-10,252
Transactions with owners (when acting as owners) recognised directly in equity														
Contributions by owners and distribution to owners														
Capital increase														
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	-63	-63
Total changes in equity interests in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	-63	-63
Total transactions with owners	0	0	0	0	0	0	0	14,145	-14,145	0	0	0	-63	-63
Closing balance at 30 Jun 2013	66,378	175,575	12,896	6,653	3,170	71,612	-3,170	39,540	-7,945	2,182	10,224	377,115	2,413	379,528

Unaudited Interim Report
January – June 2014

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings			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	Translation reserve				
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									2,989			2,989	67	3,056
Total other comprehensive income										-1,755	-3,876	-5,631	0	-5,631
Total comprehensive income for the period	0	0	0	0	0	0	0	0	2,989	-1,755	-3,876	-2,642	67	-2,575
Transactions with owners (when acting as owners) recognised directly in equity														
Contributions by owners and distribution to owners														
Capital increase														
Transfer of profit or loss from previous period to retained earnings or losses								-26,711	26,711			0		0
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	115	115
Total changes in equity interests in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	115	115
Total transactions with owners	0	0	0	0	0	0	0	-26,711	26,711	0	0	0	115	115
Closing balance at 30 Jun 2014	92,240	175,568	12,896	6,923	3,170	72,829	-3,170	12,829	2,989	-6,190	5,131	375,215	2,995	378,210

Notes to the Condensed Consolidated Financial Statements of the Gorenje Group

Discontinued Operations

Gorenje is in the process of discontinuing/disposing/restructuring its activities in business segment Home (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 30 Jun 2013	Balance at 30 Jun 2014
Assets included in disposal groups	6,840	5,958
Intangible assets	16	5
Property, plant and equipment	132	130
Investment property	0	0
Non-current investments	962	981
Non-current trade receivables	6	187
Deferred tax assets	32	0
Inventories	538	547
Current investments	20	20
Trade receivables	3,110	2,846
Other current assets	1,640	879
Cash and cash equivalents	384	363
Liabilities included in disposal groups	4,301	2,488
Provisions	684	754
Non-current trade receivables	25	25
Deferred tax liabilities	0	0
Non-current financial liabilities	0	0
Current financial liabilities	2	0
Trade payables	223	35
Other current liabilities	3,367	1,674

Income statement – discontinued operations

EURk	Jan - Jun 2013	Jan - Jun 2014
Revenue	6,755	4,040
Change in inventories	337	0
Other operating income	1,330	139
Gross profit	8,422	4,179
Cost of goods, materials and services	-7,026	-4,288
Employee benefits expense	-3,671	-453
Amortisation and depreciation expense	-247	-15
Other operating expenses	-251	-156
Operating loss	-2,773	-733
Finance income	0	14
Finance expenses	-12	-32
Net finance expenses	-12	-18
Loss before tax	-2,785	-751
Income tax expense	0	0
Loss for the period	-2,785	-751

Statement of cash flows – discontinued operations

EURk	Jan - Jun 2013	Jan - Jun 2014
Net cash flow from operating activities	-598	-771
Net cash used in investing activities	1,642	-57
Net cash used in financing activities	-3	0
Net cash flows of discontinued operation	1,041	-828

Fair value

Fair values and book values of assets and liabilities

EURk	Book value	Fair value	Book value	Fair value
	31 Dec 2013	31 Dec 2013	30 Jun 2014	30 Jun 2014
Available-for-sale investments	3,986	3,986	4,051	4,051
Non-current loans and deposits	4,645	4,645	4,637	4,637
Non-current trade receivables	10,559	10,559	10,507	10,507
Current loans and deposits	13,216	13,216	13,436	13,436
Derivatives	-3,112	-3,112	-6,660	-6,660
Trade receivables	205,581	205,581	226,285	226,285
Other current assets	38,068	38,068	34,519	34,519
Cash and cash equivalents	38,589	38,589	27,554	27,554
Non-current financial liabilities (variable interest rate)	-198,654	-198,654	-206,667	-206,667
Non-current financial liabilities (fixed interest rate)	-100	-15	-93	-16
Non-current trade payables	-5,773	-5,773	-6,683	-6,683

Unaudited Interim Report
January – June 2014

Current financial liabilities	-195,532	-195,532	-218,715	-218,715
Trade payables	-213,820	-213,820	-189,698	-189,698
Other payables	-38,093	-38,093	-38,640	-38,640
Total	-340,440	-340,355	-346,167	-346,090

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

30 June 2014

EURk	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	776	91	3,184	4,051
Derivatives – assets	-	-	-	-
Derivatives – liabilities	-	-6,660	-	-6,660
Land and investment properties	-	-	68,547	68,547

Related party transactions

EURk	Value of transaction			Balance
	Jan - Jun 2013	Jan - Jun 2014	30 Jun 2013	30 Jun 2014
Revenue				
Gorenje Group companies	172	738	632	702
Expenses				
Gorenje Group companies	398	392	211	408

Significant events after the balance sheet date

Successful share capital increase by means of non-cash contributions

We have received the decision by the Securities Market Agency on 1 July 2014 on the approval of the prospectus for the admission to trading on a regulated market of 1,315,166 ordinary, freely transferable, no par value shares in a registered, book-entry form with the symbol GRVG. The shares were listed also on the Warsaw Stock Exchange.

At the Shareholders' Meeting, the shareholders approved the increase of the number of capital representatives in the Supervisory Board from six to seven and elected the capital representatives for the new term. Supervisory Board members representing capital in the new term are Corinna Claudia Graf, Toshibumi Tanimoto, and Marko Voljč as newly appointed members, and Bachtiar Djalil, Keith Charles Miles, Bernard Charles Pasquier, and Uroš Slavinec who were reappointed as Supervisory Board members. In compliance with the Worker Participation in Management Act and the Rules of Procedure of the Works Council, four employee representatives in the Supervisory Board were previously elected by the Works Council, namely

Peter Kobal, Jurij Slemenik, Drago Krenker and Krešimir Martinjak. The four-year term of office of the newly elected Supervisory Board shall commence on 20 July 2014.

Gorenje signed an agreement on a long-term syndicated loan approved by a syndicate of six banks. NLB, SID Banka, Banka Koper, Nova KBM, Abanka Vipava, and Gorenjska banka granted to Gorenje a long-term loan of EUR 55m. The loan matures in seven years and is earmarked for company's expansion on international markets, the development of new appliances and for working capital financing.

Gorenje and VTB Bank signed an agreement on a five-year long-term loan in the amount of EUR 72m, which will be used to refinance Gorenje's current debt and, in turn, improve the maturity profile of the Group's financial resources and its financial stability.

Pursuant to the resolution adopted by the 20th Shareholders' Meeting on 23 August 2013 about increasing the share capital by non-cash contributions, Gorenje and Gorenjska banka signed a debt-to-equity conversion agreement according to which receivables in the amount of EUR 5,668,365.46 held by Gorenjska banka are to be exchanged for Gorenje shares. Gorenjska banka subscribed the shares at a price of EUR 4.31 per share as also confirmed at the 20th Shareholders' Meeting, and thus acquired 1,315,166 newly issued Gorenje shares.

Gorenje and the International Finance Corporation (IFC) signed on 17 July 2014 a debt-to-equity conversion agreement for 1,005,020 newly issued ordinary shares. With the conversion of IFC receivables into 1,005,020 new shares, and the conversion of receivables of Gorenjska banka into 1,315,166 new shares, Gorenje's share capital has been increased by exactly the amount specified in the resolution adopted by the Shareholders' Meeting on 23 August 2013.

No other significant events occurred after the date of compiling the balance sheet as of 30 June 2014.

Business and Geographical Segments of the Gorenje Group

EURk	Business Segment Home		Business Segment Portfolio Investments		Group	
	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun
	2013	2014	2013	2014	2013	2014
Revenue from sale to third parties	502,401	505,517	87,697	95,152	590,098	600,669
Inter-segment sale	2,342	3,289	5,716	5,339	8,058	8,628
Interest income	1,077	941	94	91	1,171	1,032
Interest expenses	9,449	9,043	163	176	9,612	9,219
Amortisation and depreciation expense	18,514	18,681	2,740	2,573	21,254	21,254
Operating profit or loss before tax	-7,249	2,592	4,025	2,911	-3,224	5,503
Income tax expense	1,530	1,417	282	279	1,812	1,696
Profit or loss without discontinued operation	-8,779	1,175	3,743	2,632	-5,036	3,807
Profit or loss from discontinued operation	-2,785	-751	0	0	-2,785	-751
Profit or loss for the period	-11,564	424	3,743	2,632	-7,821	3,056
Total assets *	1,035,420	1,055,485	114,282	113,987	1,149,702	1,169,472
Total liabilities *	719,791	743,957	49,241	47,305	769,032	791,262

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

EURk	Western Europe		Eastern Europe		Other		Group	
	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun
	2013	2014	2013	2014	2013	2014	2013	2014
Revenue from sale to third parties	235,290	226,198	309,223	317,825	45,585	56,646	590,098	600,669

Financial Indicators

	Jan - Jun 2013	Jan - Jun 2014	Plan 2014
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	-1.3%	0.5%	0.9%
Net return on assets (ROA)	-1.3%	0.5%	1.0%
Net return on equity (ROE)	-4.1%	1.6%	3.0%
ASSET INDICATORS			
Asset turnover ratio	0.99	1.04	1.11
Inventory turnover ratio	4.59	4.89	5.67
Current trade receivables turnover ratio	5.32	5.56	5.88
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.43	0.45	0.47
Current assets to total assets	0.48	0.51	0.52
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.26	1.13	1.18
Equity to total liabilities	0.32	0.32	0.36
Long-term to total liabilities	0.61	0.57	0.62
Equity to fixed assets (carrying value)	0.75	0.73	0.77
Quick ratio (liquid assets to current liabilities)	0.13	0.09	0.12
(Liquid assets + current receivables) to current liabilities	0.73	0.63	0.74
Current ratio	1.32	1.15	1.25
Net financial liabilities to equity	1.04	1.02	0.75
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1.03	1.04	1.04
Revenue per employee (EUR)	55,965	57,158	122,476
Value added per employee (EUR)	15,341	14,745	31,823

Unaudited Condensed Financial Statements of Gorenje, d.d.

Condensed Balance Sheet of Gorenje, d.d.

EURk	Balance at 30 Jun 2013	%	Balance at 31 Dec 2013	%	Balance at 30 Jun 2014	%
ASSETS	847,222	100.0%	886,876	100.0%	916,003	100.0%
Non-current assets	440,927	52.0%	474,223	53.5%	476,299	52.0%
Intangible assets	12,600	1.5%	21,651	2.4%	27,015	3.0%
Property, plant and equipment	160,093	18.9%	170,668	19.2%	168,156	18.4%
Investment property	23,428	2.8%	25,361	2.9%	25,053	2.7%
Investments in subsidiaries	232,447	27.4%	236,245	26.6%	235,666	25.7%
Investments in associates	976	0.1%	976	0.1%	941	0.1%
Other non-current investments	697	0.1%	690	0.1%	690	0.1%
Deferred tax assets	10,686	1.2%	18,632	2.2%	18,778	2.0%
Current assets	406,295	48.0%	412,653	46.5%	439,704	48.0%
Inventories	83,046	9.8%	95,811	10.8%	90,419	9.9%
Current investments	109,458	12.9%	90,626	10.2%	134,839	14.7%
Trade receivables	193,356	22.8%	195,935	22.1%	192,538	21.0%
Other current assets	18,825	2.3%	15,377	1.7%	15,251	1.7%
Cash and cash equivalents	1,610	0.2%	14,904	1.7%	6,657	0.7%
EQUITY AND LIABILITIES	847,222	100.0%	886,876	100.0%	916,003	100.0%
Equity	321,522	38.0%	347,907	39.2%	354,580	38.7%
Share capital	66,378	7.8%	92,240	10.4%	92,240	10.1%
Share premium	157,712	18.6%	157,705	17.8%	157,705	17.2%
Revenue reserves	95,780	11.3%	95,818	10.8%	95,818	10.5%
Treasury shares	-3,170	-0.4%	-3,170	-0.4%	-3,170	-0.4%
Retained earnings	959	0.1%	1,369	0.2%	7,334	0.8%
Fair value reserve	3,863	0.6%	3,945	0.4%	4,653	0.5%
Non-current liabilities	235,723	27.8%	194,889	22.0%	207,827	22.7%
Provisions	20,799	2.5%	23,185	2.6%	22,355	2.4%
Deferred tax liabilities	1,288	0.1%	1,288	0.2%	1,285	0.2%
Non-current financial liabilities	213,636	25.2%	170,416	19.2%	184,187	20.1%
Current liabilities	289,977	34.2%	344,080	38.8%	353,596	38.6%
Current financial liabilities	128,304	15.2%	157,461	17.7%	181,435	19.8%
Trade payables	130,829	15.4%	169,476	19.1%	145,519	15.9%
Other current liabilities	30,844	3.6%	17,143	2.0%	26,642	2.9%

Unaudited Interim Report
January – June 2014

Condensed Income Statement of Gorenje, d.d.

EURk	Q2 2013	%	Q2 2014	%	Jan - Jun 2013	%	Jan - Jun 2014	%	Plan 2014	%	2014/ 2013	H1 2014 / Plan 2014
Revenue	151,101	97.6%	170,681	97.2%	317,859	99.9%	349,327	97.4%	761,056	98.9%	109.9	45.9
Change in inventories	1,302	0.9%	2,469	1.4%	-4,393	-1.4%	4,796	1.3%	0	0.0%	/	/
Other operating income	2,366	1.5%	2,531	1.4%	4,865	1.5%	4,613	1.3%	8,313	1.1%	94.8	55.5
Gross profit	154,769	100.0%	175,681	100.0%	318,331	100.0%	358,736	100.0%	769,369	100.0%	112.7	46.6
Cost of goods, materials and services	-123,944	-80.1%	-141,163	-80.4%	-256,057	-80.5%	-287,340	-80.1%	-619,737	-80.6%	112.2	46.4
Employee benefits expense	-24,009	-15.5%	-23,590	-13.4%	-46,543	-14.6%	-47,058	-13.1%	-100,827	-13.1%	101.1	46.7
Amortisation and depreciation expense	-4,503	-2.9%	-5,205	-3.0%	-8,873	-2.8%	-10,403	-2.9%	-23,699	-3.1%	117.2	43.9
Other operating expenses	-1,377	-0.9%	-1,399	-0.8%	-2,617	-0.8%	-2,575	-0.7%	-4,503	-0.6%	98.4	57.2
Operating profit	936	0.6%	4,324	2.4%	4,241	1.3%	11,360	3.2%	20,603	2.6%	267.9	55.1
Finance income	4,944	3.2%	4,807	2.7%	10,595	3.4%	6,699	1.9%	13,500	1.8%	63.2	49.6
Finance expenses	-6,495	-4.2%	-7,652	-4.3%	-13,947	-4.4%	-12,389	-3.5%	-26,081	-3.4%	88.8	47.5
Net finance expenses	-1,551	-1.0%	-2,845	-1.6%	-3,352	-1.0%	-5,690	-1.6%	-12,581	-1.6%	169.7	45.2
Profit or loss before tax	-615	-0.4%	1,479	0.8%	889	0.3%	5,670	1.6%	8,022	1.0%	637.8	70.7
Income tax expense	200	0.1%	337	0.2%	-81	0.0%	295	0.1%	-427	-0.1%	/	/
Profit or loss for the period	-415	-0.3%	1,816	1.0%	808	0.3%	5,965	1.7%	7,595	0.9%	738.2	78.5
Basic and diluted earnings per share (in EUR)	-0.03		0.08		0.05		0.27		0.35		/	/

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

EURk	Jan - Jun 2013	Jan - Jun 2014
Profit or loss for the period	808	5,965
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	1,248	708
Net change in fair value of available-for-sale financial assets	2	-14
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	203	1,886
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	1,299	-1,018
Income tax on other comprehensive income	-256	-146
Other comprehensive income for the period	1,248	708
Total comprehensive income for the period	2,056	6,673

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

EURk	Jan - Jun 2013	Jan - Jun 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	808	5,965
Adjustments for:		
- Depreciation of property, plant and equipment	7,413	9,119
- Amortisation of intangible assets	1,460	1,284
- Investment income	-10,595	-6,699
- Finance expenses	13,947	12,389
- Gain on sale of property, plant and equipment	-448	-19
- Income tax expense	81	-295
Operating profit before changes in net operating assets and provisions	12,666	21,744
Change in trade and other receivables	1,358	1,041
Change in inventories	1,171	5,392
Change in provisions	-833	-830
Change in trade and other payables	-13,354	-15,760
Cash generated from operations	-11,658	-10,157
Interest paid	-9,295	-8,503
Net cash from operating activities	-8,287	3,084
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	5,467	1,751
Interest received	3,050	1,721
Dividends received	3,382	2,408
Acquisition of subsidiary	-2,800	250
Acquisition of property, plant and equipment	-21,131	-6,688
Acquisition of investment property	-7,281	-9
Other investments	3,302	-42,912
Acquisition of intangible assets	-367	-6,647
Net cash used in investing activities	-16,378	-50,126
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	7,303	38,795
Net cash used in financing activities	7,303	38,795
Net change in cash and cash equivalents	-17,362	-8,247
Cash and cash equivalents at beginning of period	18,972	14,904
Cash and cash equivalents at end of period	1,610	6,657

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									808		808
Total other comprehensive income										1,248	1,248
Total comprehensive income for the period	0	0	0	0	0	0	0	0	808	1,248	2,056
Transactions with owners (when acting as owners) recognised directly in equity											0
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 30 Jun 2013	66,378	157,712	12,896	6,653	3,170	73,061	-3,170	151	808	3,863	321,522

Unaudited Interim Report
January – June 2014

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 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									5,965		5,965
Total other comprehensive income										708	708
Total comprehensive income for the period	0	0	0	0	0	0	0	0	5,965	708	6,673
Transactions with owners (when acting as owners) recognised directly in equity											0
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 30 Jun 2014	92,240	157,705	12,896	6,923	3,170	72,829	-3,170	151	7,183	4,653	354,580

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	30 Jun 2014	30 Jun 2014
Available -for-sale investments	2,758	2,758	2,845	2,845
Non-current loans and deposits	19	19	19	19
Current loans and deposits	87,395	87,395	130,081	130,081
Derivatives	-3,065	-3,065	-2,030	-2,030
Trade receivables	195,935	195,935	192,538	192,538
Other current assets	13,402	13,402	12,467	12,467
Cash and cash equivalents	14,904	14,904	6,657	6,657
Non-current financial liabilities	-170,416	-170,416	-184,187	-184,187
Current financial liabilities	-154,396	-154,396	-179,405	-179,405
Trade payables	-169,476	-169,476	-145,519	-145,519
Other current liabilities	-10,413	-10,413	-11,835	-11,835
Total	-193,353	-193,353	-178,369	-178,369

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

30 June 2014

EURk	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	182	-	2,663	2,845
Derivatives - assets	-	-	-	-
Derivatives - liabilities	-	-2,030	-	-2,030
Land and investment property	-	-	45,418	45,418

Related party transactions

EURk	Value of transaction		Balance	
	Jan - Jun 2013	Jan - Jun 2014	30 Jun 2013	30 Jun 2014
Revenue	236,986	263,370		
Trade receivables			159,149	150,688
Trade payables			28,370	34,917
Loans granted			79,965	121,082
Borrowings raised			27,937	32,895

Financial Indicators

	Jan - Jun 2013	Jan - Jun 2014	Plan 2014
INDICATORS OF PROFITABILITY			
Net return on sales (ROS)	0.25%	1.71%	1.00%
Net return on assets (ROA)	0.19%	1.32%	0.88%
Net return on equity (ROE)	0.50%	3.40%	2.10%
ASSET INDICATORS			
Asset turnover ratio	0.75	0.78	0.88
Inventory turnover ratio	7.60	7.50	8.40
Current trade receivables turnover ratio	3.28	3.60	3.61
INVESTMENT INDICATORS			
Fixed assets (PPE) to total assets	0.23	0.24	0.25
Current assets to total assets	0.52	0.52	0.52
INDICATORS OF FINANCIAL COMPOSITION			
Long-term coverage of non-current assets	1.26	1.18	1.28
Equity to total liabilities	0.38	0.39	0.41
Long-term to total liabilities	0.66	0.61	0.67
Equity to fixed assets (carrying value)	1.64	1.61	1.62
Quick ratio (liquid assets to current liabilities)	0.38	0.40	0.32
(Liquid assets + current receivables) to current liabilities	1.11	0.99	1.12
Current ratio	1.40	1.24	1.44
Net financial liabilities to equity	0.72	0.63	0.69
OPERATING PERFORMANCE INDICATORS			
Operating income to operating expenses	1.01	1.03	1.03
Revenue per employee (EUR)	75,934	84,338	188,380
Value added per employee (EUR)	14,252	16,615	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-3320 Velenje, hereby announces the **Unaudited Non-consolidated Business Report of Gorenje, d.d., for the period January – June 2014** and the **Unaudited Consolidated Business Report of the Gorenje Group for the Period January – June 2014**. The unaudited report of Gorenje, d.d., and the Gorenje Group was presented by its Supervisory Board at their **1st regular session** held on **20 August 2014**. The report shall be available for review at the headquarters of Gorenje, d.d., at Partizanska 12, SI-3320 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 **21 August 2014**.

Forward-looking Statements

This announcement of the Unaudited Business Report for the Period January - June 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 and Warsaw 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.

Gorenje Group's organisation developed in the past years towards the core business activity:

