Prospectus for admission to trading of up to 1,315,166 newly issued ordinary shares of the Company Gorenje gospodinjski aparati, d.d., Partizanska 12,3320 Velenje, on the Prime Market of the Ljubljana Stock Exchange and on the Main Market of the Warsaw Stock Exchange

This prospectus (the “Prospectus”) relates to up to 1,315,166 newly issued ordinary registered shares with no par value of Gorenje gospodinjski aparati, d.d. (»Gorenje, d.d.«, »Gorenje.« or the »Company«) and their admission to trading on the Prime Market of the Ljubljana Stock Exchange and on theMain Market of the Warsaw Stock Exchange (the “New Shares” or “Shares”). Up to 1,315,166 new ordinary registered shares with no pair value will be issued in compliance with the resolution of the Shareholders Meeting dated 23 August 2013, the resolution of the Management Board on the increase in the authorised share capital through non-cah (in-kind contributions) – conversion of loans into share capital dated June 18, 2014. and consent by the Supervisory Board of the Isseur dated June 24 to Management Board resolution dated June 18, 2014.

The new shares will be in the form of in-kind contributions paid by Gorenjska banka d.d., Kranj.

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under any securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, sold or delivered within the United States to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Shares will be offered and sold only outside the United States in reliance on Regulation S under the Securities Act.

The Securities Market Agency (Agencija za trg vrednostnih papirjev, the ”SMA” or the “ATVP”) as a competent authority under Directive 2003/71/EC (together with any applicable implementing measures in all member states of the EEA, the “Prospectus Directive”) in the Republic of Slovenia has approved the prospectus, written in Slovenian language and translated into English language, and prepared pursuant to the Prospectus Directive. The existing shares of the Company are traded on the Ljubljana Stock Exchange (“LJSE”), sub-segment “Prime Market”, and on the Main Market of the Warsaw Stock Exchange. Application will be made to the LJSE for the New Shares to be admitted to trading in its sub-segment “Prime Market”. Application will be made to the Warsaw Stock Exchange (Giełda Papierów Wartosciowych w Warszawie S.A. or the “WSE”) for the New Shares to be admitted to trading in its sub-segment “Main Market”. The shares of the Comapny will not be traded on any other regulated stock market. It is estimated that trading of the New Shares on the LJSE and WSE will commence in July 2014.

Gorenje expects to deliver the New Shares through the facilities of the Central Securities and Clearing Corporation (KDD -Centralna klirinško depotna družba, delniška družba, the “KDD”) to the investor by the end of July 2014.

Velenje, June 2014

IMPORTANT INFORMATION ON THIS PROSPECTUS

In connection with this Prospectus, the Company has prepared three documents: (i) a Slovenian prospectus, dated June 2014 (including any and all exhibits thereto), setting forth certain information concerning the Company and the New Shares (the "Slovenian Prospectus"); (ii) an English language translation of the Slovenian Prospectus (the "English Prospectus"); and (iii) a Polish summary prospectus, being a Polish language translation of the summary of the Slovenian Prospectus (the "Polish Summary Prospectus"). The terms "Prospectuses" as used herein means the Slovenian Prospectus, the English Prospectus and the Polish Summary Prospectus.

This Prospectus shall be disclosed in electronic form on the websites of the LJSE (www.ljse.si), Company (www.gorenjegroup.com) na on the website of WSE in a manner consistent with applicable regulations The Company accepts responsibility for the information contained in this Prospectus. The Company declares that, after having taken all reasonable care to ensure that such is the case, the information in this Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information.
Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that from the date of this Prospectus there has been no change in the affairs of the Company and its subsidiaries and associated companies taken as a whole (the “Gorenje Group«) or that the information set forth in this Prospectus is correct as at any date subsequent to the date of this Prospectus. In making an investment decision, prospective investors must rely upon their own examination of the Gorenje Group and the terms of this Prospectus, including the risks involved. The distribution of this Prospectus and the sale of the New Shares in certain jurisdictions may be restricted by law. The Ciompany requires persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the ordinary shares in any jurisdiction in which such offer or sale would be unlawful.

NOTICE TO INVESTORS

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the shares offered hereby. No actions have been taken to register or qualify the New Shares or otherwise permit a public offering of the New Shares on any regulated market other than LJSE and WSE. The distribution of this Prospectus and the offer of the New Shares in certain jurisdictions may be restricted by law, and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

No prospective investor should consider any information in this Prospectus to be investment, legal, tax or other advice. Each prospective investor should consult its own legal expert, tax consultant, and other advisers for such advice. The Company gives no guarantee to any existing or new purchasers regarding the legality of an investment in the New Shares

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes “forward-looking statements”, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”,“could” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Gorenje Group that could cause its actual results, performance or achievements to differ materially from any future results,performance or achievements expressed or implied by such forward-looking statements. Such forwardlooking statements are based on numerous assumptions regarding the Gorenje Group's present and future business strategies and the environment in which it currently operates and will operate in the future.
Among the important factors that could cause the Gorenje Group’s actual results, performance or achievements to differ materially from those expressed in such forward-looking statements include those in “*Financial highlights”, “Risk factors”, Data about the Issuer”, “Overview of operations”, “Performance and financial position*” and elsewhere in this Prospectus. These forward looking statements speak only as at the date of this

Prospectus. The Gorenje Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable laws or the listing rules of the Ljubljana Stock Exchange (the “LJSE”) or the Warsaw Stock Exchange (the “WSE”).Investors should be aware that several important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the effects of competition in the region in which the Gorenje Group operates;
- general economic conditions and market factors;
- the Gorenje Group’s ability to successfully implement its business strategy;
- the Gorenje Group’s ability to attract and/or retain qualified personnel;
- the Gorenje Group’s ability to increase market share for its products and services and to control expenses;
- the Gorenje Group’s ability to fund it's operations and refinancing;
- the Gorenje Group’s success at managing the risks of the aforementioned factors;

This list of important factors is not exhaustive. When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Gorenje Group operates. The Gorenje Group does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

Summary of the prospectus for the admission to trading on the regulated market of the shares of Gorenje, d.d.

Section A – Introduction and notes

A.1 Note

Also prepared in addition to this prospectus summary was the prospectus which includes detailed information that allow insight into the legal status of the issuer, the issuer's financial position and business possibilities, and rights pertaining to the shares.

The prospectus summary should be understood as an introduction to the prospectus and it should be read in conjunction with the latter. Prospectus summary only includes the basic information and risks related to the issuer and the shares that are subject to listing for trading on the regulated market; it does not include all information that may be of relevance for potential investors. A decision on the part of any investor to acquire the shares should be based on an examination of the entire prospectus.

If a claim is made in a court of law with regard to the information from the prospectus, the prosecuting party shall, pursuant to the national legislation of the member states, bear the costs of a translation of the prospectus prior to the start of the court proceedings.

Any responsibility under civil law shall be restricted exclusively to the persons who submitted the summary including a translation thereof, but only if the summary is misleading, inaccurate, or non-compliant or contradictory when read or examined in conjunction with other parts of the prospectus, or if it fails to provide the key information that could aid the investors in making a decision about an investment into such securities, when read or examined in conjunction with other parts of the prospectus.

Section B – Issuer of the shares

B.1 Legal and business name of the issuer

Name: Gorenje, gospodinjski aparati, d.d.
Abbreviated name: Gorenje, d.d.

B.2 Head office and legal form of the issuer, legislation regulating the issuer's business, and country of founding

Issuer's registered head office: Velenje

Address: Partizanska 12, 3320 Velenje

Legal form: public limited (joint stock) company

Relevant legislation: the issuer is operating pursuant to Slovenian legislation.
The issuer is duly entered into the Court Register of the District Court in Celje, Reg. No. Application: 1/00461/00.

B.3 Issuer's operations, main activities, and main markets of operation

In 2013, Gorenje Group was active in the following fields:

Home
Products and services for the home: major and small domestic appliances, heating, ventilation, and air conditioning appliances, sale of kitchen furniture, design services, and services related to the home.

Portfolio investments
Ecology and ecology related services, production of industrial equipment (toolmaking), products and services related to energy and fuels, renewable energy resources, and efficient use of energy, contract engineering, sale and representation for industrial, medical, and IT equipment, catering and hotels.

In the last three years, Gorenje Group took part[1]

EUR thousand	West			East			Rest of world			Group		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Revenue from sales to third parties	506,040	480,919	466,686	785,630	681,945	684,512	94,959	100,218	89,284	1,386,629	1,263,082	1,240,482
Total assets	400,111	397,860	360,089	780,841	709,921	691,138	70,706	89,543	98,475	1,251,658	1,197,324	1,149,702

[1] The West includes the countries of Western Europe; the East includes Eastern Europe; 'Rest of World' involves the markets of other countries.

B.4a Key most recent trends

Gorenje Group's core strategic policy and orientation is quality and balanced growth of the volume of business operations and significant improvement in the level of the competitive edge in the core activity of manufacturing and sales of home appliances, as well as in other activities, which would allow the Group's successful development in the future.

For Gorenje Group, indicators of consumer confidence will remain the most important as the majority of the Group's revenue comes from home appliances, i.e. a durable good. Revival of economic growth in Gorenje Group's key markets is expected to increase the demand for the Group's products and services.

B.5 Description of the Gorenje Group and the issuer's position within the Group

The issuer Gorenje, d.d., is the parent and founding company, or direct or indirect owner of the subsidiaries within the Gorenje Group. As at December 31, 2013 Gorenje Group included 84 subsidiaries with a total of 10,639 employees.

The Group operates in the following two business segments:
Business Segment Home: the manufacture and sale of household appliances of own manufacture, the sale of household appliances of other producers (supplementary programme), the sale of products from the complementary programme outside of the three main programmes of large household appliances, the manufacture and sale of heating appliances of own manufacture, the manufacture of mechanical components, the manufacture and sale of sanitary fixtures and ceramic tiles, and the sale of kitchen and bathroom furniture. Business field Home comprises both manufacturing and trade companies. Home appliances are manufactured at the companies Gorenje, d.d., Mora Moravia S.r.o., Czech Republic, Gorenje aparati za domačinstvo, d.o.o., Serbia, Gorenje Home, d.o.o., Zaječar, Gorenje Tiki, d.o.o., Serbia. In addition, business field Home includes the support manufacturing company Gorenje I.P.C., d.o.o. Also among the more important companies in the business field Home are the Dutch Atag Group, an important provider of home appliances, and the Swedish company Asko AB, dealing with home appliance development. Other companies in the field are trade companies.

Business Segment Portfolio Investments: the overall waste management, tool manufacture, trade, engineering, representation, catering and tourism.

B.6 Holders of the issuer's shares with ownership share or voting rights requiring announcement

Following are the major shareholders of Gorenje, d.d., as at May 31, 2014:

Title	Number of shares	%
KAPITALSKA DRUŽBA, D.D.	3,998,653	18.0898%
PANASONIC CORPORATION	2,320,186	10.4965%
KDPW – FIDUCIARY ACCOUNT	1,934,608	8.7521%
IFC	1,876,876	8.4910%
NFD 1, mixed flexible sub-funf- South	1,125,802	5.0931%
HOME PRODUCTS EUROPE B.V.	1,070,000	4.8407%
SOP LJUBLJANA	466,845	2.1120%
CONSEQ INVEST PUBLIC LIMITED COMPANY	464,732	2.1024%
EECF AG	411,727	1.8626%
ERSTE GROUP BANK AG - CLIENT ACCOUNT	360,665	1.6316%
Total major shareholders	**14,030,094**	**63.4719%**
Other shareholders	8,074,333	35.5281%
TOTAL:	**22,104,427**	**100%**

Treasury shares

	2011	2012	2013
Število lastnih delnic GRVG (31.12.)	**121,311**	**121,311**	**121,311**

The number of treasury shares remained unchanged throughout 2013. The company holds 121,311 treasury shares, representing a 0.5488-percent ownership share.

The shares to which this prospectus pertains shall be equal in terms of the rights they bear to the existing ordinary freely transferable registered no-par value shares with the symbol GRVG, which entitle their respective holders to the following:

- one vote per share at the Shareholders Assembly,
- proportional share of the distributable profit allocated for dividend payment to the shareholders,
- proportional share of the residual property from the bankruptcy or liquidation estate in case of bankruptcy or liquidation proceedings instituted against the company.

The issuer is not aware of any natural or legal persons involve in the listing of the shares for trading in the regulated market, whose interests, including opposing interests, would be essential for the listing of the shares for regulated trading.

B.7 Financial highlights from previous years

Gorenje Group performance in the years 2011,2012 and 2013.

EUR thousand	2011	2012	2013
Consolidated sales revenue	**1,386,629**	**1,263,082**	**1,240,482**
EBITDA	**92,017**	**90,586**	**78,205**
EBITDA margin (v %)	**6.6 %**	**7.2%**	**6.3%**
EBIT	**43,670**	**44,921**	**36,330**
EBIT margin (v %)	**3.2 %**	**3.6%**	**2.9%**
Profit before taxes	**18,315**	**14,806**	**-18,644**
Profit after taxes (net income	**9,106**	**9,173**	**-24,999**
ROS (net return on sales)	**0.7%**	**0.02%**	**-2.0 %**
ROA (net return on assets)	**0.7%**	**0.02 %**	**-2.1 %**

Gorenje Group performance in the years 2011, 2012 and 2013

2013

The Group's sales revenue in 2013 amounted to EUR 1,240.5 million, which is 1.8% less than in 2012. Lower sales are a result of lower operating volume of the segment Portfolio Investments (-11.0%). Despite the unpredictable conditions in the European markets, revenue in the core segment Home was on a part with the figure from the year before (the same sales by volume in Europe; the Group's market share rose from 4.00 to 4.26% in 2013). Adjusting for the effect of the changes in exchange rates, organic growth in the segmentHome would have amounted to +1.3%.

Operating volume was increased in most downstream markets, particularly in Russia, Germany, UK, Slovenia, Croatia, Ukraine, Bulgaria, Romania, and Poland. There were fewer markets where sales were lower: France, the Netherlands, Scandinavia, Serbia, and the Czech Republic.

2012

In 2012, Gorenje Group consolidated sales revenue amounted to EUR 1,263.1 million, which is EUR 18.7 million, or 1.5%, less than in the year before. In the last quarter of 2012, the Group consolidated sales revenue reached EUR 333.6 million, which is 2.2% more than in the equivalent period of the year before. Operating volume was increased in most downstream markets, especially in Russia, USA, Slovenia, Poland, Slovakia, Croatia, China, and Germany. Markets where business activities actually shrunk in the last quarter of 2012 are considerably fewer: Serbia, Czech Republic, and the Netherlands. It is important that the Group's decrease in revenue in these markets is lower than the overall drop in these markets.

2011

Due to the very harsh economic conditions, Gorenje Group saw throughout the entire year 2011, and especially in the last quarter, a drop in sales volume and changes in terms of its geographical and product structure, which resulted in a negative effect on all levels of profitability. In addition to the volume and composition/structure of sales, Gorenje Group profitability was strongly affected by the rising prices of raw and processed materials. Growth from the second half of 2010 persisted and accelerated until August 2011, and steadied at the high levels from early September 2011.

Gorenje Group performance in first quarter 2013 and 2014

v TEUR	Jan-Mar 2013	Jan-Mar 2014
Consolidated sales revenue	**289,366**	**290,709**
EBITDA	**16,128**	**20,804**
EBITDA margin (v %)	**5.6%**	**7.2%**
EBIT	**5,736**	**10,210**
EBIT margin (v %)	**2.0%**	**3.5%**
Profit before taxes	**-991**	**2.518**
Profit after taxes (net income	**-4,234**	**1,011**
ROS (net return on sales)	**-1.5%**	**0.3%**
ROA (net return on assets)	**-1.4%**	**0.4%**

Interim financial informations are unaudited.

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

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

B.8 Interim financial information

Not relevant, there aro no interim financial informations.

B.9 Profit forecast/estimate

The issuer did not include a forecast or estimate of profit in the prospectus because no financial data, comments, or estimates or forecasts pertaining to future periods (forward-looking statements) had been publicly announced.

B.10 Description of any reservations in the Audit Report regarding the past financial information

The auditor's opinions on reported financial information and statements were unqualified.

B.11 Statement regarding working capital

As at December 31, 2013 Gorenje Group held EUR 554,190 thousand of current assets and EUR 488,437 thousand of current liabilities. As at March 31,2014 Gorenje Group held EUR 544,828 thousand of current assets and EUR 480,075 thousand of current liabilities. As at December 31, 2013 the issuer Gorenje, d.d., held EUR 412,653 thousand of current assets and EUR 344,080 thousand of current liabilities, as at March 31,2014 the issuer held EUR 414,718 thousand of current assets and EUR 345,119 thousand of current liabilities. Therefore, the issuer believes that such working capital is sufficient for the current requirements and that it allows a well-balanced balance sheet, and ensuring liquidity in a quality and reliable way.

Section C – Information on the shares

C.1 Type and class of the shares admitted for trading

The subject of admission to trading is up to 1,315,166 ordinary freely transferable registered no-par value shares with the symbol GRVG, ISIN code SI0031104076, paid up for non-cash (in-kind). The emission value per share is EUR 4.31; sales value of the total of 1,315,166 shares amounts to EUR 5,668,365.46.

The new GRVG shares shall be of the same class as the outstanding shares. The shares shall be issued in dematerialized form by entry into the central register of dematerialized securities kept by the Central Securities Clearing Corporation (KDD).

Following the confirmation of the prospectus for listing of the new shares (admission to trading) on the regulated market and completion of the capital increase procedure, up to 1,315,166 new ordinary shares of the issuer will be listed for trading in addition to the existing 22,104,427 ordinary GRVG shares, which adds up to a total of up to 23,419,593 GRVG shares.

C.2 Currency in which the shares are denominated

The shares are issued as no-par value shares and therefore are not denominated in any currency.

C.3 Number of shares issued and their nominal value

As at June 24, 2014 share capital entered in the court register amounts to EUR 92,240,139.36 and is divided into 22,104,427 ordinary freely transferable registered no-par value shares with the symbol GRVG and ISIN code SI0031104076.

The shares are issued as no-par value shares and therefore, no nominal value is specified.

This prospectus relates to up to 1,315,166 newly issued ordinary registered shares with no par value with symbol GRVG. The new shares shall be of the same class as the outstanding shares. Following the issue of new shares, total issued shares will account for up to 23,419,593.

C.4 Description of rights related to the shares

The shares to which this prospectus pertains shall be equal in terms of the rights they bear to the existing ordinary freely transferable registered no-par value shares with the symbol GRVG, which entitle their respective holders to the following:

- one vote per share at the Shareholders Assembly,
- proportional share of the distributable profit allocated for dividend payment to the shareholders,
- proportional share of the residual property from the bankruptcy or liquidation estate in case of bankruptcy or liquidation proceedings instituted against the company.

C.5 Transferability of shares

The GRVG shares are freely transferable pursuant to the effective regulations, issuer's Articles of Association, and Rules and Regulations of the Central Securities Clearing Corporation (KDD).

C.6 Trading in the regulated market

The shares to which this prospectus pertains shall be listed for trading in the regulated market, i.e. Ljubljana Stock Exchange, d.d., Ljubljana, in the prime listing, where the existing shares of the issuer with the code GRVG are already listed. The shares to which this prospectus pertains shall be also listed for trading in double quotation on the Warsaw Stock Exchange.
Following the announcement of the prospectus and the payment for the newly issued shares, which is expected in July 2014, the issuer shall submit a request for an increase of the number of GRVG shares traded on the regulated market of the Ljubljana Stock Exchange, d.d., Ljubljana, in the equity market, segment Prime Listing, as well as on the regulated market of the Warsaw Stock Exchange. The issuer anticipates the start of trading with the increased number of GRVG shares until the endo of July 2014. Newly issued shares wil be traded on Ljubljana Stock Exchange, d.d., Ljubljana and Warsaw Stock Exchange.

C.7 Dividend policy

Dividend shall be paid out as provided in the company Articles of Association and the Shareholders Assembly resolution on the allocation of distributable profit.

According to the adopted Gorenje Group dividend policy for the period 2014-2018, up to one third of the Group's profit after taxes shall be allocated for dividend payment each year.

Dividend policy of other companies of the Gorenje Group shall be specified each year in the course of development of annual (operational) plans for the Gorenje Group companies and for the Gorenje Group as a whole.

As a result of the financial crisis and harsh operating conditions in the international markets, the company did not pay out any dividend in the years 2011 and 2013, in year 2012 the company paid out dividend in amount of 2,386,031.40 EUR (0.15 EUR gross per share).

Section D – Risks

D.1 Risks related to the issuer and the industry

Types of risks related to the issuer can be classified into the following three groups:
- business risks
- financial risks
- operational risks

Business risks	External risks
	Sales risks
	Procurement risks
	Product risks
	Development risks
	Human resource risks
	Risk of loss of property
Financial risks	Credit risks
	Currency risks
	Interest rate risks
	Liquidity risks
Operational risks	Production risks
	IT risks
	Organizational risks
	Logistics risks
	Tax risks
	Environmental risks
	Political risk

D.2 Risks related to the shares

- The market price of the Company''s shares may fluctuate disproportionately in response to adverse developments that are unrelated to the Comapny's's operating performance;
- Future sales of substantial amounts of Company's ordinary shares, or perception that such sales could occur, could adversely affect the market value of shares;
- Tax treatment of non-Slovene investors in Slovene company may be subject to changes;
- Securities and industry analysts may cease publishing research or reports about the Company's business or may change their recommendations regarding the Company's shares;
- There can be no assurance regarding the future development of the market for the Company's shares and its liquidity;
- The trading in the Company's shares on the LJSE and the WSE can be temporarily suspended.

Section E – Offering

This prospectus pertains to the admission of shares to trading on the regulated market.

Prospectus for the admission to trading on a regulated market of shares of Gorenje gospodinjski aparati d.d., Partizanska 12, 3320 Velenje, Slovenia

Velenje, June 2014

Contents

Table of contents - abbreviations

Abbreviation	Whole name
ATVP	Securities market agency
Company, issuer	Gorenje gospodinjski aparati, d.d.
EU	European union
EUR, TEUR	Euro, thousands Euro
KDD	Central Securities Clearing Corporation Ljubljana
Ljubljanska borza, LJSE	Ljubljana stock exchange
WSE	Warsaw Stock Exchange
ZDDV-1-UPB2	Value Added Tax Act (ZDDV-1-UPB2, Official Gazette of the RS. Nr 13/11-UPB3, 18/11, 78/11, 38/12, 83/12, 14/13, 46/13-ZIPRS1314-A, 101/13-ZIPRS1415,)
ZDDPO-2	Income Tax Act (ZDDPO-2, Official Gazette of the RS, Nr. 117/06, 56/08, 76/08, 5/09, 96/09, 43/10, 59/11, 24/12, 30/12,94/12 81/13)
ZDoh-2	Personal Income Tax Act (ZDoh-2, Official Gazette of the RS, Nr. 13/11-UPB7, 24/12, 30/12, 40/12-ZUJF, 75/12, 94/12 and 96/13)

Table of reference

Some of documents listed down are accessible on-line:

Annual Reports: http://www.gorenjegroup.com/en/investor_relations/annual_reports

Prospectus for the admission to trading on a regulated market of shares of Gorenje gospodinjski aparati d.d.

Interim reports: http://www.gorenjegroup.com/en/investor_relations/interim_reports

1. Persons responsible

Gorenje gospodinjski aparati, d.d., assumes responsibility for the information given in the prospectus. The issuer has taken all reasonable care to ensure that the information given in the prospectus is, to the best of its knowledge, in accordance with the facts, and that there exists no other significant information on its operations, activities and financial position.

The prospectus may only be used for the purpose for which it has been issued. Reproduction of the prospectus for other purposes, in whole or in part, and use and publication of the information and passages are prohibited.

Velenje, June 2014

Management Board

- Franc Bobinac, CEO
- Peter Groznik, Member of the Board
- Marko Mrzel, Member of the Board
- Branko Apat, Member of the Board
- Drago Bahun, Member of the Board, labour director
- Peter Kukovica, Member of the Board

2. Risk factors

2.1. Issuer-related risks

As all business entities, Gorenje Group is faced on a daily basis with risks and opportunities that can negatively or positively affect the Group's financial position and results, continuity of its operations, employees, reputation of the Group or its brands, and the pursuit of the Group's goals and strategy. Risks faced by the Group are affected by both internal and external factors which can bear a negative impact on the Group's performance and the attainment of its financial targets.

A Risk Management Council is active within the Group, which regularly examines and analyzes the risks to which the Group is exposed, and introduces measures to hedge those risks and alleviate the exposure to an acceptable level. Considering the macroeconomic situation, particular attention is paid to effective management of risks stemming from the changes in the macroeconomic environment. Thus, we were focused even more in 2013 on the management of financial risks, especially credit, currency, and liquidity risk. Extra attention was also paid to other risks that are significantly affected by the changes in the macroeconomic environment, especially procurement risks and risks related to the competitiveness of our products.

In 2014, our risk management process is undergoing revision as we look to fully integrate risk management into the Group's business processes at all levels of operations in order to attain the functional goals of respective business segments, and key strategic goals laid down by the Group in its updated strategic plan. To this end, we have founded the risk management department which will coordinate the risk management process between particular process and risk owners (members of the operational Risk Management Council), and specify the framework for the revised management methodology and reporting. The key foundations of risk management are specified in the following key Gorenje Group documents: (i) Gorenje Group Rules of Procedure; (ii) updated Gorenje Group Strategic Plan; (iii) the Group's business plans for respective years; and (iv) the Group's balanced scorecard system and key functional targets of each of the areas:

In 2013, the Group defined the key risks to which the Group is exposed, and classified them into three basic risk categories: (i) business risks, (ii) financial risks, and (iii) operational risks. The impact of the identified risks on the Group's income was evaluated, and the frequency or rather the probability of particular risk events was assessed. Evaluation of particular risks is the basis for individual measures or activities intended to manage the risks and alleviate exposure to an acceptable level.

Overview of risks faced by the Gorenje Group

	Probability				Extent of loss/damage			
RISK CATEGORY (group of risks)	very low	low	medium	high	low	moderate	large	very high
1. BUSINESS RISK								
1.1. External risks								
1.2. Sales risks								
1.3. Procurement risks								
1.4. Product risks								
1.5. Development risks								
1.6. Human resource risks								
1.7. Risk of loss of property								
2. FINANCIAL RISK								
2.1. Credit risks								
2.2. Currency risks								
2.3. Interest rate risks								
2.4. Liquidity risks								
3. OPERATIONAL RISKS								
3.1. Production risks								
3.2. IT risks								
3.3. Organizational risks								
3.4. Logistics risks								
3.5. Tax risks								
3.6. Environmental risks								

BUSINESS RISKS

Business risks involve the risks related to the short-term and long-term capacity to generate revenue, to the management of the business processes, and to the ability to maintain the value of assets. The following material types of business risks have been identified for the Group: external risks, sales risks, procurement risks, product risks, development risks, human resource risks, and the risk of loss of property.

<u>External risks</u>

Group results depend to a considerable extent on the macroeconomic situation in the key markets of the Group's operations, as well as on the macroeconomic position of the EU and the global economy. Group performance is especially affected by factors like the GDP in individual markets and fluctuations thereof, inflation rate, exchange rates, interest rates, transport costs, fuel prices, unemployment rate, changes in financial situation or purchasing power of consumers, and the fiscal and monetary policy in the country. Unfavourable changes of the general macroeconomic situation in the EU or globally can result in a drop of demand for the Group's products and services, which in turn can cause a decrease in the Group's revenue and have a negative impact on its financial position. Moreover, instability or disturbances in the financial markets, which may in particular stem from the euro area crisis, can restrict the Group's access to external (debt) financing. Restrictions of access to external financing or increase of the costs thereof may affect the Group's ability to efficiently carry out its investment projects and strategies. Macroeconomic situation can also increase the risk of insolvency of the Group's customers, which may lead to problems in collection of receivables or debt, and loss of the Group's key customers. Such negative circumstances can have materially negative effects on the Group’s business, results of operations, financial condition or development prospects. **Gorenje Group management finds the exposure to this type of risks very high in particular markets.**

Sales risks

Sales risks are related to competitiveness in sale of products and services in particular markets. Efficiency of the Group's sales strategies depends on numerous factors, most importantly the implementation of appropriate and effective marketing strategies. These include in particular the right choice of brands for the Group's products and services, pricing mechanisms, and competitiveness with regard to product functionality and design. The Group's competitiveness is affected by the negotiation leverage of OEM customers and retail chains the Group is working with, and the quality of the Group's after-sales services. Moreover, Group operations are particularly sensitive to the moves of its competitors who may seek to increase their market shares by cutting their prices and/or offering additional incentives for the customers to buy their products. As a result, the Group – in order to remain competitive and to retain its market share – could be compelled to increase its expenses and expand its marketing activities and/or change the pricing of its products. Although the Group believes it is currently competitive, it cannot guarantee that the sale of its products and services will remain competitive in the future. **Gorenje Group management estimates that the exposure to this type of risks is very high.**

Procurement risks

The industry in which the Group is active is exposed to instability of raw material prices and changes in the US dollar exchange rate, which is the chief factor in the Group's procurement/sourcing risks. In addition to extraordinary events, increased risks in raw material markets were a result of the escalation of the sovereign debt crisis in the EU, instability of the financial markets, and fear from recurrence of recession. As much as possible, the Group is employing appropriate instruments to reduce the risks and to decrease its exposure to the volatility of markets for tradable commodities/raw materials. This is done either by signing futures or forward contracts or by developing contractual supply relationships based on a price index model (e.g. for sheet metal). In addition, the Group is constantly monitoring the relevant trends and conducting market analyses in order to attain the best possible position for sourcing the strategic processed and raw materials. The Group employs such activities in conditions of increased volatility and risk in order to mitigate its exposure to the raw material/commodity markets. Long-term partnerships remain the procurement/sourcing department's strategic policy, but only at competitive terms. The Group continues to develop supply sources in LCC markets, which are mostly dollar-denominated areas. This simultaneously provides natural hedging for sales in dollars.

In procurement, the Group is pursuing the policy of two or more alternative suppliers for each component or material, thus reducing the risk of a halt or delay resulting from restricted access to raw or processed materials, which is particularly important in light of the current macroeconomic conditions that have a negative impact on the Group's suppliers as well. In the conditions of unstable financial markets, uncertain economic recovery, and volatile prices of raw materials, **Gorenje Group management believes the exposure to procurement risks is high.**

Product risks

Although the Group is continuously improving its production practices and although the Group employs appropriate product testing protocols, the possibility of faults or operation failures of the Group's products cannot be entirely eliminated. Product risks stemming from faults and operation failures in the market pertain to the claims by end-users regarding the manufacturer's liability, which may in the extreme case lead to mass failure or a recall of the products from the market. The risks are mitigated with appropriate development and quality assurance systems as a part of the production, sales, and after-sales processes. A quality management system according to the requirements of SIST EN ISO 9001/2000 has been implemented, as well as a system of accredited methods pursuant to ISO 17025, and the Six Sigma system. The use of Business Intelligence IT tools allows the Group to minimize the time required to perceive and identify and extensive failures and thus to limit the costs that would be incurred in case of an epidemic defect. The Group has also expanded the set of tests in the development and production process with the HALT/HASS tests and new capacities in test laboratories. In addition to the internal product risk hedging measures, the Group has also obtained insurance coverage from an international insurance company, which also includes coverage for manufacturer's liability for damage resulting from any faults or operation failures, in the amount which the Group deems sufficient to provide adequate coverage of any loss events.

Some systems are certified and accredited (SIST EN ISO 9001/2000, ISO 17025) while others have been implemented in accordance with sound practice (6 sigma, LEAN). The components are tested in state-of-the-art HALT/HASS chambers, which leads to early identification of unstable or permanently problematic components. The use of special-purpose IT tools based on the SAP system allows the Group to cut the time required to identify any extensive failures and thus to limit the costs that would be incurred in case of an epidemic defect. Acquisition of ASKO Sweden also involved taking on greater risk stemming from potential faults in the past, which has resulted in higher exposure in this segment of the risk. In 2013, the Group completed its manufacturing operations relocation project, which can temporarily increase the product risks. **The Group management estimates that the exposure to product risks is high**.

Development risks

Among the investment and development risks, the risks related to the attainment of the planned investment performance, successful activation of investments into development of new generation of products, and successful implementation of new technologies are of key importance. Due to the macroeconomic factors that are beyond the Group's reasonable influence, it is not certain that the investments will perform as planned, despite appropriate planning and supervision of the implementation of individual investments. The risks are mitigated by accurate development of business plans. With regard to execution, the risks are alleviated by systematic and proactive project-based approach that involves regular monitoring of the goals laid down and by defining the corrective activities in cases of deviations or any rapid changes in the market. Despite all activities that alleviate the exposure to the risk, **Gorenje Group management believes that due to numerous new projects in progress and unpredictable changes in the business environment, which can affect the reliability of planning, exposure to investment and development risks is increased**.

Human resource risks

The Group's success depends to a considerable extent on its ability to continue to retain, motivate and attract qualified and experienced personnel or staff for both production and management, as well as for the senior management team. The Group's ability to remain competitive and to efficiently pursue its business strategy and expansion plan largely depends on the level of services of its management and other key personnel.

The Group continues to optimize labour costs, while stressing the importance of social dialogue. In order to mitigate the human resource risks, particular care is paid to suitable and timely provision of information, response to any questions or ambiguities raised or occurring among the employees, with regard to wages, healthy working environment, and other conditions and rights of the employees. In order to provide suitable human resources for key positions, the policy of scholarships, part-time studies and on-the-job training, and motivation of employees by adopting new challenges and the possibility of variable compensation has to be pursued further. **Gorenje Group management believes that considering all activities listed above, the exposure to human resource risks is moderate**.

Risk of loss of property

The Group is exposed to the risk of loss of property which pertains to unpredictable events like fire, earthquake, and other natural disasters and events that may lead to, in addition to loss of property, to a temporary production halt at the Group. The Group is mitigating such risks internally with appropriate processes and safety mechanisms, and technical protection equipment. At the same time, the Group seeks to systematically shift such risks to insurance companies or business partners in order to alleviate the exposure to such risks.

Fire risks are hedged by regular estimation or evaluation of the fire hazard, based on which the facilities are equipped with active fire control systems. Control over the implementation of fire safety measures has been tightened, and additional employee training on fire safety has been provided. Mitigating the fire risk is a continuous task for the Group. In order to improve employee safety and to reduce the fire risks. Evacuation drills are regularly carried out. **The Group management estimates that the exposure to this type of property loss risk is low.**

FINANCIAL RISKS

With respect to financial risk management, the internal financial policies comprising the bases for efficient and systematic risk management were observed in 2013. The objectives of risk management are:
- to achieve stability of operations and to reduce risk exposure to an acceptable level,
- to increase the value of the company and improve its financial standing and rating,
- to increase finance income and/or to decrease finance expenses, and
- to nullify and/or decrease the effects of exceptionally damaging events.

In the Gorenje Group, the following key financial risks have been defined:

Financial risks	• Credit risks
	• Currency risks
	• Interest rate risks
	• Liquidity risks

Measures to alleviate the exposure to each of the above financial risks and to effectively hedge them are being implemented and evaluated based on their effects on the cash flows. To hedge against financial risks in the course of ordinary business activities, relevant hedging activities have been conducted in the area of operating, investing and financing activities.

Credit risk

In the light of the strained macroeconomic situation, more attention was paid in 2013 to the credit risk which includes all risks where the failure of a party (a buyer) to discharge contractual obligations results in a decrease in economic benefits of the Group. Therefore, the Group monitored even more closely and regularly its trade receivables and tightened the terms and conditions for approving sale on credit. In order to systematically manage its credit risks, the Group intensified the implementation of the credit risk management software solution within the SAP IT system at Gorenje Group sales companies. The Group is managing its credit risks by means of the following measures:

- insurance of a major portion of trade receivables against credit risk with Slovenska izvozna družba – Prva kreditna zavarovalnica, d.d., and other insurance companies;
- additional insurance (collateralization) of trade receivables with a higher risk level by bank guarantees and other security instruments:;
- regular monitoring of operation and financial standing of new and existing business partners, and limitation of exposure to individual business partners;
- implementation of bilateral and multilateral netting (netting by novation, or compensation) with buyers;
- establishing the forfeiting system for the sale of receivables (factoring) in some countries;
- systematic and active control of credit limits and collection of receivables (upgrade of credit management).

Due to the aggravation of the global macroeconomic situation, the bank crisis and the resulting tight liquidity situation, the **Group's management estimates that the exposure to credit risk** has significantly increased; however, it is being kept in check with the said risk management/hedging measures. Taking into account the implemented measures , exposure to credit risk is deemed **high**.

Currency risk

Due to the geographic diversification of its operations, the Gorenje Group is strongly exposed to currency risk, which is the risk that the economic benefits of an entity may be decreased due to changes in foreign exchange rates. When assessing currency risk, the balance sheet exposure was taken into consideration. The currency risk results mainly from the performance of business activities in the markets of Russia, Serbia, Australia, Scandinavia, Great Britain, Czech Republic, Poland, Hungary, Croatia, Turkey and all US dollar markets. Therefore, more attention was paid to natural hedging of currency risks and harmonisation of business operations to ensure long-term decrease in currency fluctuation exposure by matching or netting sales and purchases. Additional short-term hedging is carried out by forward exchange contracts and short-term borrowings in local currencies. The Group is keeping track of the macroeconomic trends, factors, and the environment, which affect or could affect particular exchange rates. In 2013, the Group centralized to an even greater extent than before its currency risk management. The parent company offers its subsidiaries adequate support, provides credit limits for taking out currency risk hedging instruments, or takes out such instruments on behalf of other Group companies; in this latter case, such instruments are contractually transferred to the companies that are locally exposed to the relevant risk. By employing the centralized approach to currency risk management the Group can come closer to optimum effects of currency risk hedging.

Irrespective of measures taken to hedge against currency risk, the **Gorenje Group's management estimates that**, due to significant macroeconomic changes and oscillations particularly in the Eastern European countries, **the exposure to currency risk is high**.

Interest rate risk

Financing of the Group's current operations and its investment activities involves interest rate risk as most loans are taken out on a variable interest rate depending on EURIBOR or other local variable reference interest rates. With regard to the harsh global macroeconomic situation and consequently lower variable interest rates on financial markets, no new loans with fixed interest rates were raised in 2013 and no new derivative financial instruments created with the purpose to hedge against the risk of higher variable interest rates. The share of loans for which fixed interest rates were agreed or hedging instruments created, declined to 35.6% in 2013. The Group did not take out interest rate risk hedging instruments in 2013. Financial markets are continuously monitored to allow timely measures in case of macroeconomic changes.
The Group's management estimates that the considering the above, exposure to interest rate risk

is moderate.

Liquidity risk

Liquidity risk is the risk that the Group will fail to meet commitments in stipulated period of time due to the lack of available funds.
The Group is managing its liquidity risk by the following key risk management methods:
- operating a centralized cash management system,
- systematic approach to cash flow planning;
- single, centralized approach to key banking partners at home and abroad;
- adequate scope of available short-term unused credit lines for current liquidity management;
- suitable maturity profile of the credit portfolio;
- alternative financing sources.

Thus, the parent company successfully issued in 2013 short-term commercial paper with a nominal value of EUR 24.2 million. Successful issue of commercial paper was a clear sign that other financial investors, apart from the Group's banking partners, have confidence in the Group. Therefore, the parent company is planning further issues of this instrument in 2014.

In 2013, the parent company issued new stock with a total nominal value of EUR 26.7 million in the seasoned equity offering process, thus improving the Group's financial standing and stability.

Despite the harsh macroeconomic conditions, the Group reduced in 2013 its nominal debt and successfully substituted a major part of repaid long-term financial liabilities with new long-term debt. Nevertheless, the maturity profile has deteriorated somewhat as a result of maturity of a portion of long-term borrowings in 2014, and accounting treatment of such pending maturity. In 2014, EUR 194,315 thousand of the Group's borrowings will be due for repayment, of which EUR 146,764 thousand pertains to current portion of long-term debt. The Group is negotiating with banks and other creditors, pursuant to the long-term debt service plan, with regard to refinancing of its outstanding financial liabilities, thus considerably alleviating the refinancing risk. The Group's reserve of short-term sources, which amounts to EUR 118,997 thousand as at December 31, 2013 and consists of unused revolving lines and current account withdrawal/credit limits, short-term bank deposits, and cash in current accounts, is adequate for short-term management of cash flows and allows the Group to hedge its short-term liquidity risk. The Group has implemented the forfeiting model for the sale of first-class receivables to provide an additional liquidity reserve and to simultaneously relieve the dependency from banking institutions.

With efficient cash management, adequate available credit lines for short-term cash flow management, a high degree of financial flexibility, and good access to financial markets and funds, the **Gorenje Group's short-term liquidity risk is seen as moderate.**

Long-term liquidity risk is estimated as moderate due to effective performance of the Group, effective cash management, sustainable ability to generate cash flows from operating activities, improved maturity structure of financial liabilities, and an adequate capital structure. Gorenje Group has a long-term debt service plan in place, which is based on its strategic plan that involves deleveraging and improving the Group's maturity profile.

The Gorenje Group management believes that in light of the harsh macroeconomic situation and required scope of financing, the effect of this type of risks on Gorenje Group operations is very high; as a result of the activities implemented by the Group in order to hedge this risk, the probability of occurrence is very low. **The Gorenje Group's management estimates the Group's exposure to liquidity risk as increased.**

OPERATIONAL RISKS

Operational risks pertain to the decrease of the Group's economic benefits, as a result of the possibility of unsuitable planning, execution, and supervision of business processes and activities: production risks, IT system risks, organizational risks, logistics risks, tax risks, and fire risks, and environmental risks.

Production risks

The Group's production processes depend on certain critical machinery and equipment. Although the Group's production assets are generally modern and well maintained, there can be no assurance that there will not be failures or breakdowns in machinery and equipment used in the Group's production processes.

Production risk management includes the following:

- operation of key equipment: key machinery, tools, production lines, and material processing units;
- operation of infrastructure that includes continuous supply of energy, provision of infrastructural suitability regarding the handling of substances hazardous for the environment, operation of the central waste water treatment plant;
- availability of production capacity; and
- unsuitable direct handling of hazardous substances.

In 2013, the Group completed its manufacturing operations relocation project, which can temporarily increase the risks pertaining to the operation of critical machinery and equipment. **The Group management estimates that the exposure to production risks is increased.**

IT risks

Key IT risks pertain to the provision of availability and responsiveness of the IT system services which depend on the computer hardware and software. The Group is mitigating the exposure to the risks with the following measures:

- comprehensive revision of the SAP system environment which is based on an open-source operating system, and highly available layout of computer hardware and software;
- operation of a disaster recovery center (DRC);
- changes in the server system architecture (server virtualization);
- management of the business continuity management process and the measures related thereto;
- previously planned measures for particular types of disturbances in the operation of the local computer network, support servers, global communication, and network connections in the system;
- regular maintenance of software, hardware, and communication and network connections;
- management of IT system development changes;
- appropriate employee training; and other measures.

The Group management estimates that the exposure to IT risks is moderate.

Organizational risks

Organizational risks are related above all to the failure to comply with the rules and regulations. The key role in this regard is played by directors or leaders who have to encourage suitable management and execution of procedures, and to provide compliance of powers and responsibilities of individual employees. In implementing its rules, the Group also takes into account the need for creativity and innovativeness of particular jobs or positions. Breach of or non-compliance with the relevant rules and regulations may in some cases result in major damage; however, such cases are already covered in the consideration of other distinct risks. Another risk is uncoordinated operation of functional organizational units, which may result in failure to carry out some necessary activities. Such risks are managed by the Group by placing emphasis on a comprehensive process approach. **The Group management estimates that the exposure to organizational risks is low.**

Logistics risks

Logistics risks are related to the changes in the costs of transport services and provision of efficient logistics support to the Group's sales and sourcing process. With regard to sea transport, supply and demand are the most important factors affecting the prices. The market for sea transport services has stabilized after last year's price hike. However, major fluctuations of prices in the future are still possible. The crucial factor regarding road transport are oil prices and, as seen recently, increase of road tolls across Europe. Also contributing to the instability of the market and higher risks is the lack of trucks in the market, which is characteristic of the entire European area. The Group is mitigating the logistics risks by managing the logistics processes and by employing a wider base of logistics service providers. In 2013, the Group completed its manufacturing operations relocation project, which has also resulted in changes to logistics routes and at least temporarily increases the risks related to logistics processes. **The Group management estimates that the exposure to logistics risks is moderate.**

Tax risks

Tax risks are related to correct interpretation of the tax legislation and the related correct and timely accounting and payment of charges; to potential changes in the tax legislation; implementation of tax legislation in day-to-day business processes; provision of relevant documentation etc. The fundamental measure for management of tax risks is consistent compliance with the provisions of the tax legislation. This measure is being implemented by monitoring the tax legislation and legal practice related to taxation; establishing adequate internal control mechanisms; regular cooperation between distinct departments and companies; cooperation in all stages of business activities; development of relevant documentation to support the adopted solutions etc. Reorganization of sales between the Gorenje Group companies (inter-company operations) has increased the complexity of risk management with regard to value-added tax. This is managed by the Group by increased standardization of tax treatment of its transactions. In transactions with our subsidiaries, risks are managed by implementing a coordinated transfer pricing policy and development of relevant documentation. **Gorenje Group management believes that due to complexity of operations, large volume of international transactions, complexity of tax legislation, and potential changes thereto, the exposure to tax risks is high; however, the probability of occurrence of risk events is low.**

Environmental risks

The Group's business activity has an impact on the environment, both in the course of its production processes and through the impact of its final products. All of the Group's facilities hold the necessary environmental permits, depending on the type and scale of their operations, pollution and/or other environmental considerations. The Group performs all periodic environmental, health, and safety measurements, including monitoring of effluence, air emissions and noise levels, checking of waste production and hazardous substance storage, as well as legal regulation of working conditions etc. In addition, lowering of environmental, health and safety risks is a component of the Company's environmental, health and safety risk management systems, which are in compliance with the ISO 14001 standard, the European regulation EMAS, as well as the OHSAS 18001 standard.

The Group's operations are also subject to numerous environmental, health and safety laws and regulations, including those that pertain to the storage, handling, treatment, transportation and disposal of hazardous materials, the construction and operation of the Group's plants, as well as the discharge of contaminants into the air, soil and water. The Group's operations are in compliance with the currently effective environmental, health and safety laws and regulations (including fire safety). However, in the years ahead the Group should expect a continued move towards more stringent environmental requirements, as determined by local and/or international regulations with which respective Group companies have to comply with. **The Group management believes the exposure to environmental risks is moderate.**

3.7 Political risks

Due to geographical diversification of sales and the current macroeconomic and political events in some countries beyond EU, the Group is exposed to political risks that could have a negative impact on the Group's sales and profitability, and the value of its assets. In the markets with increased political risk, the Group is monitoring even more closely the operations of its companies and adjusting its business activities to the given level of risk. **Despite these efforts, the Group management finds the political risks increased, in part due to the current political turmoil in Ukraine in some other countries.**

2.2. Share related risks

The marketability of the Company’s shares may decline and the market price of the Company’s shares may fluctuate disproportionately in response to adverse developments that are unrelated to the Company’s operating performance

The Company cannot give any assurance that the marketability of the Shares will improve or remain consistent. Shares listed on regulated markets, such as the LJSE and the WSE, have from time to time experienced, and may experience in the future, significant price fluctuations in response to developments that are unrelated to the operating performance of particular companies. The market price of the Shares may fluctuate widely, depending on many factors beyond the Company’s control. These factors include, amongst other things, actual or anticipated variations in operating results and earnings by the Company and its subsidiaries and/or its competitors, changes in financial estimates by securities analysts, marketconditions in the industry and in general the status of the securities market, governmental legislation andregulations, as well as general economic and market conditions, such as recession. These and other factors may cause the market price and demand for the Shares to fluctuate substantially and any such development, if adverse, may have an adverse effect on the market price of the Shares which may decline disproportionately to the operating performance of the Company and its subsidiaries.

Future sales of substantial amounts of Nova KBM’s ordinary shares, or the perception that such sales could occur, could adversely affect the market value of shares

There can be no assurance as to whether or not issues or sales of substantial amounts of the Shares will take place on the market in the foreseeable future. Additional issue of substantial amounts of Nova KBM’s ordinary shares, or the perception that such sales could occur, could adversely affect the market price of the Offer Shares and could adversely affect Nova KBM’s ability to raise capital through future capital increases. In addition, any subsequent equity offering by Nova KBM may dilute the percentage of ownership of persons who become shareholders in the Offering.

Securities or industry analysts may cease to publish research or reports about the Company’s business or may change their recommendations regarding the Company’s Shares

The market price and/or trading volume of the Company’s shares may be influenced by the research and reports that industry or securities analysts publish about the Company’s business or the business of the Company’s subsidiaries. There can be no guarantee of continued and sufficient analyst research coverage for the Company, as the Company has no influence on analysts who prepare such research and reports. If analysts fail to publish research and reports on the Company regularly, or cease to publish such reports at all, the Company may lose visibility in the capital markets, which in turn could cause the Company's shares price and/or trading volume to decline. Furthermore, analysts may downgrade the Company's shares or give negative recommendations regarding the Company's shares, which could result in a decline of the share price.

There can be no assurance regarding the future development of the market for the Company'sshares and its liquidity
The Company's shares are listed on the LJSE and WSE. However, the past performance of the Company's shares cannot be treated as indicative of the likely future development of market and future demand for the Company's shares. The lack of liquid public market for the Company's shares may have a negative effect on the ability of shareholders to sell their shares, or adversely affect the price at which the holders are able to sell their shares. There can be no assurance as to the liquidity of any trading in the Company's shares, or that the Company's shares will be actively traded on the WSE or the LJSE in the future.

The trading on the LJSE and WSE can be temporarily suspended
The WSE management board has the right to temporarily suspend the trading for the period of three months (i) at the request of the Company, (ii) if the Company does not fulfil the requirements of WSE (disclosure requirements) or (iii) if it concludes, that temporary suspension is necessary to protect the safety and interests of the investors.
The WSE management board can temporarily suspend the trading for the period of 1 month upon request of the PFSA if the PFSA concludes that trading in the shares imposes a significant threat to the proper functioning of the WSE or the safety of trading on that exchange, or infringes investors' interest.
Moreover, the LJSE must temporarily suspend the trading if: (i) temporarily suspension has been ordered by the SMA as a supervisory measure under the Slovenian Market in Financial Instruments Act; (ii) the shares cease to meet the requirements for trading on the LJSE (including as a result of merger or Companyruptcy) provided that such delisting would not be materially adverse to the interests of investors or to the ordinary functioning of the market), (iii) the suspension is required due to changes performed at KDD (such as merger, distribution of shares, other events), or (iv) at the request of the Company.
LJSE can temporarily suspend trading if it determines the suspension is necessary to protect the interests of investors. Delisting of the Company's shares from the LJSE and/or the WSE could have an adverse effect on the liquidity of the shares and, consequently, on investors' ability to sell the shares at a satisfactory price or at all. The Company will make sure to fulfil all valid regulation. There can be no assurance as to the temporary suspension of shares. Any temporary suspension of trading can negatively affect the share price.

3. Material information

3.1. Statement regarding working capital

As at December 31, 2013 Gorenje Group held EUR 554,190 thousand of current assets and EUR 488,437 thousand of current liabilities. As at March 31,2014 Gorenje Group held EUR 544,828 thousand of current assets and EUR 480,075 thousand of current liabilities. As at December 31, 2013 the issuer Gorenje, d.d., held EUR 412,653 thousand of current assets and EUR 344,080 thousand of current liabilities, as at March 31,2014 the issuer held EUR 414,718 thousand of current assets and EUR 345,119 thousand of current liabilities. Therefore, the issuer believes that such working capital is sufficient for the current requirements and that it allows a well-balanced balance sheet, and ensuring liquidity in a quality and reliable way.

3.2. Capitalization and debt

Capitalization and debt as at March 31,2014

As at March 31,2014 Gorenje Group equity totalled at EUR 380,067 thousand, representing 33.5% of the total liabilities. Total financial and trade liabilities and payables amount to 66.5% of total liabilities, or EUR 755,981 thousand. In the composition of Gorenje Group's financial and trade liabilities and payables, financial borrowings amount to EUR 413,190 thousand. Borrowings were taken out from different commercial banks and other financial institutions.Within borrowings is recognized also nominal value of commercial papers, being issued in 2014.

Total equity of the issuer Gorenje, d.d., as at March 31,2014, amounted to EUR 352,333 thousand, which is equivalent to 39.6% of the total liabilities. Total financial and trade liabilities and payables represent 60.4% of the total liabilities, or EUR 537.468 thousand. In the composition of Gorenje, d.d., financial and trade liabilities and payables, financial borrowings amount to EUR 346,934 thousand. Borrowings were taken out from different commercial banks, other financial institutions and affiliated companies. Within borrowings is recognized also nominal value of commercial papers, being issued in 2014.

3.3. Interest of natural and legal persons taking part in admission to trading

The issuer is not aware of any natural or legal persons involve in the listing of the shares for trading in the regulated market, whose interests, including opposing interests, would be essential for the listing of the shares for regulated trading.

3.4. Reasons for listing / admission to tradingThe reason for listing the newly issued share for trading is to ensure organized/regulated and transparent trading with all shares of the company, thereby ensuring equal treatment and position of all shareholders.

The issue of new shares and the inflow of cash would allow the company to invest in the development of new products and services, step up the investment activity in the business field Home, and especially by repaying a part of its debt to improve capital stability and performance, and therefore meet the financial covenants specified in the loan agreements signed with creditor banks. Updated Gorenje Group's strategic plan for the period until 2018 includes a decrease of the Net debt/EBITDA ratio to no more than 3 from the year 2015 and beyond. Increase of capital would contribute to the pursuit of this goal.

4. Information on the shares to be offered for trading

4.1. Description of the security

This prospectus only applies to up to 1,315,166 new ordinary freely transferable registered no-par value shares issued in dematerialized form with the symbol GRVG and ISIN code SI0031104076, which are of the same class as the existing/already issued shares. The shares were not issued yet. They will be issued upon payment from beneficiaries, defined within Shareholders Assembly resolution dated August 23, 2013.

The issuer's share capital before the issue of the new shares amounts to EUR 92,240,139.36 and is divided into 22,104,427 ordinary freely transferable registered no-par value shares. Following the issue of new shares and entry of the resolution on the increase of the Company share capital, the share capital will amount to up to EUR 97,728,229.83 and will be divided into up to 23,419,593 ordinary freely transferable registered no-par value shares.

On the Shareholders Assembly, dated August 23, 2014 shareholders adopted the resolution , authorising a Management Board to, subject to Supervisory Board consent, carry out a capital increase within no later than one year after the changes to the Articles of Association as adopted at the 20th company Shareholders Assembly are duly registered; at the time of such capital increase, the company share capital shall amount to no more than EUR 119,629,015.46 and it shall be divided into no more than 28,667,897 ordinary freely transferable registered nopar value shares; with the capital increase, this share capital shall be increased by an amount of no more than EUR 9,681,964.61 (approved capital) to a total of no more than EUR 129,310,980.07, by issue of new shares in exchange for non-cash (in-kind) contributions. The new shares shall be of the same class as the outstanding shares. Increase of the share capital by the said amount of up to EUR 9,681,964.61 shall be effected by issue of no more than 2,320,186 new ordinary freely transferable registered no par value shares.

New shares shall be issued in exchange for non-cash contributions at a price of EUR 4.31 per share. The Management Board shall be authorized to issue, subject to consent by the Supervisory Board, new shares in exchange for one or more non-cash (in-kind) contributions, subject to the following conditions:

- the non-cash contribution shall be the receivables pertaining to loans granted to the Company;
- the value of such non-cash contribution shall be equal to the nominal value of the receivables;
- person from whom the Company shall obtain the non-cash contribution may be any financial institution that is a creditor of the Company as at the day of the convocation of the 20th Shareholders Assembly;
- the according amount of shares to be exchanged for the non-cash contribution shall be calculated by dividing the value of the non-cash contribution with the emission price per share; the result shall be rounded down to the first integer; then, the resulting integer shall be multiplied by the emission price per share.

Pre-emptive right of the existing shareholders shall be omitted (suspended). The acquiring party shall subscribe upon acquisition each share acquired by the debt-to-equity swap
The entire issue of new shares is intended for conversion of creditors' claims in the share capital of the company.

The Issuer has offered a subscription of newly issued shares which are the subject of this Prospectus, to all beneficiaries, in accordance with the decision of the 20th Shareholders Assembly, dated August 23, 2013. Interest for subscription of new shares are expressed by Gorenjska banka d.d., Kranj, which will, in accordance with the decision of the Management Board and a Supervisory Board resolution subscribe and pay for the new shares, in a form of debt to equity swap.

Company is aware with the intention of Gorenjska banka to offer shares, acquired in the conversion of receivables into share capital of the Company, to other investors.

4.2. Legislation under which the shares have been created

The shares are going to be issued under Slovenian legislation.

4.3. Form of the shares

The GRVG shares were issued in a registered, book-entry form and entered in the central register of book-entry securities kept by the Central Securities Clearing Corporation (KDD).

4.4. Currency of the securities issue

The GRVG shares were issued as no par shares and are not denominated in any currency.

4.5. Description of the rights attached to the shares

As regards the attached rights, the shares to which this Prospectus relates are substantially the same as the issuer's existing shares with the symbol GRVG, which carry the following rights:

- one vote at the general meeting of shareholders,
- a proportionate share of the accumulated profit available for distribution,
- a proportionate share of the remaining assets on the issuer's liquidation or bankruptcy.

Dividends shall be payable in the manner specified with the issuer's articles of association and in the resolution adopted by the general meeting of shareholders on the distribution of the accumulated profit.

4.6. Transferability of the shares

The shares are freely transferable in accordance with the applicable legislation, the issuer's articles of association, and the rules of operation of KDD.

4.7. Mandatory takeover bids and squeeze-out and sell-out rules

Slovenian Law

The main regulations governing the Slovenian capital markets are as follows:

- the Slovenian Financial Instruments Market Act, published in the Official Journal of Slovenia No. 67/2007, as amended, and the implementing regulations issued on the basis of this act, which amongst other things governs the conditions for the offering of securities to the public and the admission of securities to trading on a regulated market, the obligations concerning the disclosure of information related to the securities and its issuers, the rules of trading on a regulated markets, prohibited acts of market abuse and the rules for settling transactions concluded on a regulated market, as well as the supervisory powers and operation of the Slovenian ATVP;
- the Book Entry Securities Act, published in the Official Journal of Slovenia No. 23/1999, as amended, and the implementing regulations issued on the basis of this act, which regulate the method of issuing and transferring book-entry securities and the rules for keeping a central register of book-entry securities;
- the Takeovers Act ("Slovenian Takeover Act") , published in the Official Journal of Slovenia No. 79/2006, as amended, and the implementing regulations issued on the basis of this act, which regulate the terms, conditions and procedures for takeover bids;
- the Slovenian Companies Act, published in the Official Journal of Slovenia No. 42/2006, as amended;
- the Slovenian Code of Obligations, published in the Official Journal of Slovenia No. 83/2001, as amended,
- the Slovenian Banking Act, published in the Official Journal of Slovenia No. 131/2006, as amended,

- the Ljubljana stock exchange rules, which amongst other things govern the conditions for listing of securities on the stock exchange market and the rules on stock exchange trading; and
- the Operations rules of the KDD (the Slovenian Central Securities Deposit, Ljubljana), which regulate the maintenance of the central registry of dematerialised securities pursuant to the afore-mentioned Book Entry Securities Act, the Financial Instruments Market Act, the Takeovers Act and other acts.

The Slovenian capital market is additionally regulated by the secondary provisions to the above-mentioned acts, as well as by EU legislation.

Polish Law

The Company is incorporated under the laws of Slovenia and is therefore subject to the provisions of Slovenian law. As a consequence, all legal matters regarding the Company as a corporate entity, and in particular its valid existence as a legal entity, its legal capacity and authority to take action, the authority to issue shares and the validity of those shares, its internal organisation and operational rules, are all governed by the laws of Slovenia. Matters relating to the Company's status as a company and its relationship with shareholders are also generally governed by Slovenian securities laws.

As the shares will be listed on the WSE, certain Polish laws and regulations will also be applicable to some of these matters. Investors should be aware that, in connection with certain Polish regulations, in particular those on the trading of securities admitted to trading on the organised market in Poland and in the regulations of international private law, controversies may arise regarding the possible application of Polish legal regulations to the Company and its shareholders in respect of exercising their rights and performing their obligations under Polish law.

The Warsaw Stock Exchange

The WSE runs its business pursuant to applicable laws, including the Polish Act on Trading in Financial Instruments and internal regulations, as well as the WSE Rules and the WSE Best Practices for Listed Companies.

The exchange market operated by the WSE constitutes a regulated market for the purposes of the relevant regulations of EU laws and the Polish Act on Trading in Financial Instruments. Moreover, the WSE organises and operates an Alternative Trading System, which is a non-regulated market. The exchange market operated by the WSE includes the main floor (i.e. the official stock exchange market), and the parallel market.

Settlement

Under current regulations, all transactions on the regulated WSE market are made on a delivery versus payment basis, with the transfer of rights to securities occurring upon settlement, on a T+3 basis. In principle, each investor must hold a securities account and a cash account with an investment firm or a custodian in Poland, and each investment firm and custodian must hold relevant accounts with the NDS and a main cash account with a clearing bank.

In accordance with the rules and regulations of the WSE and the NDS, the NDS is required to arrange, based on a list of transactions provided by the WSE (compiled post-session), the settlement of transactions effected by WSE members. In turn, WSE members coordinate settlement with the investors on whose accounts the transactions were executed.

Stock exchange trading mechanisms

As at the date of this Prospectus, WSE sessions are held regularly from Monday to Friday, from 8:30 a.m. to 5:05 p.m. Warsaw time, unless the management board of the WSE decides otherwise.

Depending on the market on which the relevant securities are listed, quotations are made in a continuous trading system (the main floor) or in a single-price system with one or two auctions (the parallel market). In addition, for large blocks of securities, so-called block transactions are also possible, outside of the public order book in the continuous trading system or in a single-price system.

Information as to price, trading volume and any specific rights (i.e. priority right to subscribe for the new shares or dividend rights) attached to securities is available on the WSE's official website at www.gpw.pl.

Brokerage commissions in Poland are not fixed by the WSE or other regulatory bodies and are instead set by the brokerage house executing the transaction.

As regards takeovers, the issuer or its shares are subject to the provisions of the Takeovers Act. Squeeze-outs, sell-outs and trading are governed by the Code of Obligations, the Companies Act and the Financial Instruments Market Act, as well as the regulations adopted on their basis.

4.8. Public takeover bids in respect of the issuer's equity

In business years 2011, 2012 and 2013, no takeover bid was published in respect of the issuer's shares in accordance with the Takeovers Act. Squeeze-outs, sell-outs and trading are governed by the Code of Obligations, the Companies Act and the Financial Instruments Market Act, as well as the regulations adopted on their basis.

4.9. Information on taxes – Taxation in Slovenia

Summary information on taxes that follows is of a general nature and describes the important tax consequences in Slovenia of acquisition, ownership and disposal of the shares offered. It is not an exhaustive description of all tax consequences of acquisition, ownership and disposal of the shares offered, and its purpose is not to be interpreted as legal or tax advice to any individual holder of the shares offered, and it should not be interpreted as such. The issuer recalls the existence of the risk of amendments to tax regulations, also with a retroactive effect. The potential investors must therefore in view of their specific circumstances consult their tax advisors as regards tax consequences in Slovenia and elsewhere of acquisition, ownership and disposal of the shares offered.

4.9.1. Tax on trading

Pursuant to indent 4(e) of Article 44 of the Value Added Tax Act (ZDDV-1-UPB2, Official Gazette of the RS, nos. 13/11-UPB3, 18/11, 78/11, 38/12, 83/12, 14/13, 46/13-ZIPRS1314-A, 101/13-ZIPRS1415), financial transactions shall be exempt from VAT, among them transactions (excluding management, safekeeping, investment advice and services in connection with takeovers), including negotiation, in shares, interests in companies or associations, debentures and other securities, excluding documents establishing title to goods and the rights and interests. It follows that subscription and payment of the shares covered by this prospectus is not subject to VAT.

4.9.2. Taxes on income – legal persons

Received dividends and income similar to dividends

Article 24 of the Corporate Income Tax Act (ZDDPO-2, Official Gazette of the RS, Nr. 117/06, 56/08, 76/08, 5/09, 96/09, 43/10, 59/11, 24/12, 30/12, 94/12, 81/13) lays down that in determining the tax base of a taxpayer, received dividends or other shares of profit, including the income similar to dividends referred to in Article 74 of this Act, excluding covert distributions of profit referred to in Article 74(7) that were not subject to taxation on the part of the payer, shall be excluded from the tax base of the recipient, provided the payer is a taxpayer under this Act; or, according to the tax law of a Member State, considered to be resident in that State for tax purposes and, under the terms of a double taxation agreement concluded with a third State, is not considered to be resident for tax purposes outside EU and, in addition, shall be subject to one of the taxes to which the common system of taxation, applicable in the case of parent companies and subsidiaries of different Members States, applies, and which are defined by the minister responsible for finance, and without the possibility of an option or of being exempt; or a taxpayer subject to income tax and/or profit tax, comparable to the tax under this Act, and not a resident of the state, and in the case of a business unit this is not located in a state where the general and/or average nominal rate of taxation applicable to profits generated by companies is lower than 12.5% and the state is listed on a published list in accordance with Article 8 of this Act; however, this indent does not apply to a payer who is a resident of another EU Member State pursuant to the second point of this paragraph of this Article. Provisions of Article 24 of the Corporate Income Tax Act shall apply to a non-resident recipient whose participation in capital or management of the person distributing the profits is connected with the activities and/or business pursued by the non-resident, either in or through a business unit in Slovenia.

Income referred to in Article 24 of the Corporate Income Tax Act shall be excluded from the tax base of the recipient if on its basis revenue was included in the tax base in previous tax periods.

Profits from disposal of equity holdings

Article 25 of the Corporate Income Tax Act lays down that in establishing the tax base of a resident or non-resident performing activity and/or business in a business unit or through a business unit in Slovenia that earns profit from disposal of equity holdings in companies, cooperative societies or other types of organisations, 50% of that profit shall be exempt from the tax base of the taxpayer, if the taxpayer who earns profit has participated in capital and/or managing of another person in such a manner that he/she is the holder of a holding, shares or voting rights amounting to at least 8% and the time of this participation in capital and/or managing companies, cooperative societies and other types of organisations lasts at least 6 months and, continuously employed at least one person during that period on a full-time basis. Losses arising from disposal of equity holdings shall be recognised in the amount of 50%.

The above stipulations shall not apply to profits from investments in ownership shares of companies, cooperative societies or other types of organisations that have a seat or place of actual operation of their management established in states where the general and/or average nominal rate of taxation applicable to the profits generated by companies is lower than 12.5% and the state is listed on a published list in accordance with Article 8 of the Corporate Income tax Act and the these states are not EU Member States.

In the case of liquidation or dissolution of a taxpayer or non-resident’s business unit in Slovenia within a period of 10 years of establishment, at the time of dissolution the tax base of the tax account shall be increased by the exempt share of profit subject to the first paragraph of Article 24 for the period of the five previous tax periods. A transaction in accordance with Chapter VII of the Corporate Income Tax Act shall not be considered the liquidation of dissolution of a taxpayer or non-resident’s business unit in Slovenia.

Dividend payments

Article 70 of the Corporate Income Tax Act lays down that the tax shall be calculated, withheld and paid at the rate of 15% on payments of dividends whose source is in Slovenia, unless the recipient is the Republic of Slovenia or a local authority in Slovenia; the Bank of Slovenia; a resident taxpayer who has notified the payer of his/her tax number; a non-resident tax payer liable for the tax on income obtained by performing activities in or through a business unit in Slovenia and who has notified the payer of his/her tax number, provided the income was paid to that business unit; and persons assuming one of the forms to which the common system of taxation applicable in the case of parent companies and subsidiaries of different EU Member States applies, laid down by the minister responsible for finance, provided that:

1. the recipient holds at least 10% of the value or number of shares or holdings in the equity capital, share capital or voting rights of the person distributing the profits;

2. the duration of the minimum participation referred to in point 1 of this paragraph is at least 24 months; and
3. the recipient is one of the following:
a) a person assuming one of the forms to which the common system of taxation applicable in the case of parent companies and subsidiaries of different EU Member States applies and which are laid down by the minister responsible for finance;
b) according to the tax law of a Member State are considered to be residents in that State for tax purposes and, under the terms of a double taxation agreement concluded with a third State, are not considered to be residents for tax purposes outside EU; and
c) subject to one of the taxes to which the common system of taxation applicable in the case of parent companies and subsidiaries of different EU Members States applies and which are laid down by the minister responsible for finance, and without the possibility of an option or of being exempt. A dividend paid out to a person who has not yet met the condition of 24 months, but nevertheless meets the above conditions, may be paid out without withholding tax provided that the payer of the dividend provides to the competent tax authority an appropriate bank guarantee.

Tax shall therefore be calculated, withheld and paid at the rate of 15% by the payer on payments of dividends to non-residents not meeting the above conditions. Based on a decision of the Tax Administration of the Republic of Slovenia, the payer may use a lower rate from the double taxation agreement concluded between the Republic of Slovenia and the non-

4.9.3. Taxes on the income – natural persons

Dividend payments

Article 132 of the Personal Income Tax Act (ZDoh-2, Official Gazette of the RS, Nr. 13/11-UPB7, 24/12, 30/12, 40/12-ZUJF, 75/12, 94/12, 96/13) lays down that the payer of dividends to natural persons residents shall calculate, withhold and pay the tax at the rate of 25%. The paid and withheld tax shall be deemed as final. The payer of dividends to natural persons non-residents shall calculate, withhold and pay the tax at the rate of 20%. Based on a decision of the Tax Administration of the Republic of Slovenia, the payer may use a lower rate from the double taxation agreement concluded between the Republic of Slovenia and the non-resident’s state.

Capital gains

A taxable capital gain shall be the difference between the purchase price and the selling price of a security. In the case of securities acquired before 1 January 2003, the purchase price to be considered is the market price or, if this is not available, the book value as at 1 January 2006. If the actual purchase price of such securities and holdings, as documented by the taxpayer, exceeds the market price or book value as at 1 January 2006, the actual purchase price shall be considered instead. The tax rate for capital gains shall be 25% and reduced for each five-year holding period.
The tax rate for capital gains depends on the holding period:

- it is 25% for a holding period of up to 5 years;
- it is 15% for a holding period from 5 to 10 years;
- it is 10% for a holding period from 10 to 15 years;
- it is 5% for a holding period from 15 to 20 years; and
- it is 0% for a holding period over 20 years.

The capital gains tax shall be deemed as final, which means that it shall not be considered in the annual personal income tax assessment. The capital gains tax shall be assessed by the Tax Administration. The

Tax Administration shall calculate the tax on capital gains earned on disposal of securities and other holdings based on the return submitted by the taxpayer.

Taxpayers other than non-residents shall submit the return for the assessment of the tax on capital gains earned on disposal of securities by 28 February of the current year for the previous year. Non-residents are not subject to the capital gains tax, provided the source of capital gains is in Slovenia only under Articles 13 and 14 of the Personal Income Tax Act and the security or holding disposed of is not a portion of a predominant holding. A predominant holding is any holding based on which the taxpayer holds, or held at any time in the five-year period before the disposal of such holding, directly or indirectly through related persons, at least 10% of equity or a share class of a legal person. A non-resident may submit the return by 28 February of the current year for the previous year if reporting all disposals of securities and other holdings and investment coupons in the previous year, or else within 15 days of the disposal.

4.9.4. Taxes on the income withheld at source

Under the applicable legislation, the issuer is the payer of the tax withheld on the payment of dividends, and is responsible for the calculation and payment of such tax to the Tax Administration of the Republic of Slovenia. The issuer does not assume any other responsibility associated with withheld taxes.

4.10. Certain material Polish tax considerations

The following summary outlines certain principal Polish tax law consequences of investing in the Shares. It does not purport to be a comprehensive description of all potentially relevant Polish tax considerations. This summary is not tax advice; it is intended as general information only, and each prospective investor should consult a professional tax advisor on the tax consequences of an investment in the Shares.

Personal Income Tax and Corporate Income Tax

Capital gains of individuals who are Polish tax residents (i.e. subject to unlimited tax liability in Poland)

Pursuant to Article 3 section 1 of the Personal Income Tax Act (the ''PIT Act''), individuals who reside within the territory of the Republic of Poland are required to pay tax on all their worldwide income (revenue) regardless of the location of the source of that revenue (unlimited tax liability). A person is deemed to be 'residing within the territory of the Republic of Poland' if: (i) their centre of personal or economic interests (centre of vital interests) lies within the territory of the Republic of Poland; or (ii) they stay within the territory of the Republic of Poland more than 183 days in any tax year. The above rules are applicable subject to the relevant treaties on avoiding double taxation to which the Republic of Poland is a party (Article 4a of the PIT Act).

Pursuant to Article 30b section 1 of the PIT Act, income from the transfer of the ownership of securities (including shares and pre-emptive rights) in exchange for consideration is taxed at a flat rate of 19%. Taxable income from the disposal of securities in exchange for consideration is calculated as the difference between the proceeds earned in a given tax year from the disposal of securities (the value of the securities at the price set forth in the contract for sale), and the tax-deductible costs (in principle, the expenditure on the acquisition of these securities or their subscription), which are deductible at the time the revenue is generated from the sale of securities. The revenue from the sale of securities for consideration is therefore the revenue due, even if it is not actually received. If a taxpayer disposes of, against consideration, securities acquired at different prices and it is impossible to determine the acquisition price of the securities being transferred, the rule that applies when determining the income from such transfers is that each transfer will be made in respect of the securities acquired at the earliest date (this rule applies separately for each securities account). Where the price of securities expressed in a contract is, for no sound reason, significantly different from the market value thereof, then the revenue from the disposal of securities in exchange for consideration will be determined by a tax authority or tax inspection authority in an amount that reflects the market value. Such income is not aggregated with income from other sources and is taxed separately. During the tax year, individuals who earn income from the disposal of securities in exchange for consideration are not required to make any income tax prepayment. Tax (or tax prepayment) on the above-mentioned transaction is not withheld by the tax remitters. However, after the end of a given tax year, which in the case of individuals is the same as the calendar year, tax payers earning income from the disposal of securities in exchange for consideration are required to disclose such income in their annual tax return, calculate the amount of tax due and pay it to the account of the relevant tax office.

In the case of a tax loss incurred on the disposal of securities in a given tax year, the loss may decrease the income generated from its source (i.e. from the disposal of securities) in the next five consecutive tax years; however, the amount of the decrease in any particular year cannot exceed 50% of the loss. Tax loss incurred on the disposal of securities is not combined with tax losses incurred by the tax payer on other titles (sources of revenue).

Annual tax returns are prepared by tax payers by the end of April of the year immediately following the tax year in which gains are made, are based on personal information held on the amount of income earned, and are delivered by the end of the February of the following tax year by sole traders, legal persons and their organisational units as well as organisational units which are not legal persons. The above regulations do not apply if securities are sold as a result of the performance of any business activities, as in such cases revenue from the sale of securities should be qualified as originating from the performance of such activities and should be settled according to general terms.

Capital gains of individuals who are not Polish tax residents (i.e. subject to limited tax liability in Poland)

In accordance with Article 3, section 2a of the PIT Act, individuals who do not reside within the territory of the Republic of Poland are required to pay tax exclusively on income (revenue) obtained within the territory of the Republic of Poland (limited tax liability). According to Article 4a of the PIT Act, the abovementioned regulation is applied in consideration of double tax treaties to which the Republic of Poland is a party. Individuals subject to limited tax liability who earn income from the disposal of securities in Poland need to follow the same taxation rules governing the disposal of securities as specified above, except as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party. In light of Article 30b section 3 of the PIT Act, the application of a tax rate resulting from the appropriate double tax treaty or the non-payment of tax under such a treaty is also possible, provided that the tax payer proves his place of residence for tax purposes with a relevant certificate of tax residence.

Income (revenue) from dividends and other revenue from a Share in the profits of legal persons earned by individuals who are Polish tax residents (i.e. subject to unlimited tax liability in Poland)

Pursuant to Article 30a section 1 item 4 of the PIT Act, income (revenue) from dividends and other revenue from a share in the profits of legal persons (e.g. revenue generated on the redemption of shares and revenue generated on the receipt of the legal person's assets due to its liquidation) earned by individuals subject to unlimited tax liability are subject to taxation at a flat rate of 19% of the income (revenue) earned. Income (revenue) from dividends and other revenue from a share in the profits of legal persons is the income (revenue) actually earned on their share. Pursuant to Article 41 section 4 of the PIT Act, a flat rate of income tax on payments made or cash or pecuniary values placed at the tax payer's disposal (such as dividend payments and other income from a share in the profits of legal persons) is withheld by the entities performing such actions. Under Article 41 section 4d of the PIT Act, tax on dividends is withheld by entities keeping securities accounts for tax payers, in their capacity as tax remitters, if the income (revenue) is earned in the territory of Poland and is associated with the securities registered in these accounts, and, further, if relevant payments are made to the tax payers through those entities. However, it is not clear whether the tax due on dividend income earned by individuals from a Slovenian company shall be withheld by a Polish brokerage house for assistance in the payment, under the provision of Art. 41 sec. 4d of the PIT Act. There is a provision which stipulates that amounts of tax due on dividends earned outside Poland and the amounts of tax paid outside Poland on such dividends should be reported by the taxpayer in his annual tax return (Art. 30a sec. 11 of the PIT Act). Most tax advisers regard the latter provision as overruling the first, and are thus of the opinion that a Polish brokerage house should not withhold any tax. However, in case of doubt, taxpayers should consult their tax adviser.

The Double Tax Treaty concluded by the Republic of Poland and the Republic of Slovenia (''Double Tax Treaty'') provides that dividends paid by a company with its registered office in Slovenia to a Polish taxpayer may be taxed both in Poland and Slovenia, but that the Slovenian tax cannot exceed 15% of the gross amount of the dividend.

It should be noted that in relation to dividends which may be subject to taxation in Slovenia, pursuant to Art. 24 sec. 1(b) of the Double Tax Treaty, a tax credit applies in Poland.

Pursuant to the provisions of the Double Tax Treaty, if the Polish taxpayer conducts business in Slovenia through a permanent establishment situated in Slovenia (i.e. a fixed place of business through which the business of an enterprise is wholly or partly conducted), or performs independent personal services in Slovenia from a fixed base situated in Slovenia, and if the shares in respect of which the dividends are paid are effectively connected with such permanent establishment or fixed base, then the dividends will be taxed in Slovenia as business profits or income from independent personal services earned by that permanent establishment or fixed base.

Under Article 41 section 10 of the PIT Act, in the case of dividend payments from securities registered in omnibus accounts, flat-rate income tax is collected and remitted by the entities keeping the omnibus accounts, through which the payments are made. The tax is withheld on the date of a dividend payment's release to the omnibus account holder. Tax remitters must pay tax amounts by the twentieth day of the month following the month in which the tax was withheld, to the account of the relevant tax office. By the end of January of the year following the tax year, the tax remitters referred to in Article 41 of the PIT Act are required to send an annual tax return in a standard form to the tax office territorially competent for their registered office. Income (revenue) from dividends and other revenue from a share in the profits of legal persons where a flat rate tax was withheld is not aggregated with income from any other sources, and is not disclosed in the annual tax return. Nevertheless, pursuant to Article 45, section 3b of the PIT Act, if the remitter does not withhold the tax, the individual is required to settle the tax in its annual tax return filed by the end of April of the year following the given financial year.

Under Article 30a section 2a of the PIT Act, with respect to income (revenue) from dividends transferred to tax payers holding rights attached to securities registered in omnibus accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19% flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such tax payers through the omnibus account holder. Annual tax returns on this income are filed by the tax remitter (i.e. by the entities keeping the omnibus accounts) with the tax office relevant for the taxation of foreign persons. Under Article 45 section 3c of the PIT Act, tax payers are required to disclose the amount of dividend in their annual tax return if securities were registered in an omnibus account and the tax payer's identity was not revealed to the tax remitter. As far as such tax payers are concerned, the remitter is not required to prepare or to send any individual information regarding the value of the income.

Income (revenue) from dividends and other revenue from a Share in the profits of legal persons earned by individuals who are not Polish tax residents (i.e. subject to limited tax liability in Poland)

In accordance with Article 3, section 2a of the Personal Income Tax Act, natural persons, if they do not reside within the territory of Poland, are liable to pay tax exclusively on income obtained within the territory of Poland (limited tax liability). Therefore, income in the form of dividends and other income from the share in the profits of legal persons without registered offices in the Republic of Poland, that is earned by individuals subject to limited tax liability in Poland, should not be subject to taxation in Poland.

Capital gains realized by persons subject to Corporate Income Tax having their registered office or Management Board within the territory of the Republic of Poland (i.e. subject to unlimited tax liability in Poland)

The payers of corporate income tax are legal persons, companies in organisation and organisational units having no legal personality, except for partnerships. In accordance with Article 3 section 1 of the

Corporate Income Tax Act (the ''CIT Act''), tax payers which have their registered office or management board within the territory of the Republic of Poland are required to pay tax on all of their income, irrespective of the location of the source of their revenue (unlimited tax liability).
Gains on the disposal of securities by a legal person having its registered office or management board within Poland are subject to taxation under the general rules stipulated in the CIT Act. Taxable income is the difference, in a tax year, between the proceeds from the disposal of securities (the price for securities determined in the sale agreement) and the tax-deductible costs (in principle, the expenditure on acquisition of these securities), which are deductible at the time that the revenue on the sale of securities is generated. If the price of the securities expressed in the contract is, for no sound reason, significantly different from the market value thereof, then the revenue from the disposal of securities in exchange for consideration will be determined by a tax authority or tax inspection authority in an amount that reflects the market value. Income from the disposal of securities in exchange for compensation is aggregated with the income of the tax payer that is earned from other sources, to form the taxable base. Pursuant to Article 19 section 1 of the CIT Act, the income of a corporate income tax payer is taxed at a rate of 19% of the taxable base.

Capital gains realized by persons subject to Corporate Income Tax not having their registered office or Management Board within the territory of the Republic of Poland (i.e. Subject to Limited Tax Liability in Poland)
Pursuant to Article 3, section 2 of the CIT Act, tax payers which do not have their registered office or management board within the territory of the Republic of Poland are required to pay tax exclusively on income earned within the territory of the Republic of Poland (limited tax liability). The provisions of the CIT Act also apply to income earned within the territory of the Republic of Poland by partnerships having their registered offices or management board in other countries, if they are treated as legal persons under the tax law provisions of a given country and are liable to tax on the total amount of their income, irrespective of the location of the source of their income (Article 1 section 3 of the CIT Act).
Persons subject to corporate income tax and subject to limited tax liability who earn income in Poland from the disposal of securities in exchange for compensation need to follow the same taxation rules governing the disposal of securities as specified above, except as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party. Such tax payers may be required to present a tax residency certificate to document the legitimacy of the application of a tax rate based on a relevant double tax treaty or lack of tax in accordance with such treaty.

Income (revenue) from dividends and other revenue from a Share in the profits of legal persons earned by persons subject to Corporate Income Tax having their registered office or Management Board within the territory of the Republic of Poland (i.e. subject to unlimited tax liability in Poland)
Income (revenue) from Dividends and Other Revenue from a Share in the Profits of Legal Persons earned by persons subject to Corporate Income Tax and having their registered office or management board within the territory of the Republic of Poland is subject to taxation according to the general rules under the CIT Act. Such income is generally subject to taxation at the basic 19% rate.
Pursuant to Article 20 section 3 of the CIT Act, an income tax exemption applies to dividends and other revenue from a share in the profits of legal persons which have their registered office or management board outside Poland that is earned by persons subject to unlimited tax liability in Poland if all of the following conditions are satisfied jointly: (i) the entity paying the dividends and other revenues from participation in profits generated by legal persons is a company whose worldwide income is subject to income tax in a European Union Member State other than Poland, or in a other Member State of the European Economic Area; (ii) the Polish entity receiving income (revenue) from dividends and other revenues from participation in profits is a company directly holding not less than 10% of shares in the company, as referred to in section (i) above, for an uninterrupted period of at least 2 years; (iii) the company referred to in section (ii) above is not exempt from income tax on its entire income, regardless of the location of the source thereof.

The exemption also applies if the two-year period of uninterrupted holding of the required number of shares ends after the date of obtaining such income (revenue). In the case of failure to satisfy the condition of holding the required number of shares uninterruptedly for two years, the tax payer will be required to pay tax, including default interest, on the income (revenues) at 19% of such income (revenues) by the twentieth day of the month following the month in which it was deprived of the right to such exemption. Interest is calculated as of the day following the date on which the tax payer first exercised the right to the exemption.
The Double Tax Treaty stipulates that dividends paid by a company with its registered office in Slovenia to Polish taxpayers may be taxed both in Poland and Slovenia, although such Slovenian tax cannot exceed 5% of the gross amount of the dividend if the recipient of the dividend is a company (other than a partnership) holding at least 25% of the capital of the Slovenian company distributing the dividend, or 15% of the gross amount of the dividend in all other situations.
It should be noted that in relation to the dividends which may be subject to taxation in Slovenia, pursuant to Art. 24 sec. 1(b) of the Double Tax Treaty, a tax credit applies in Poland.
Pursuant to the provisions of the Double Tax Treaty, if a Polish taxpayer conducts business in Slovenia through a permanent establishment situated in Slovenia (i.e. a fixed place of business through which the business of an enterprise is wholly or partly conducted), and the shares in respect of which the dividends are paid are effectively connected with such permanent establishment, dividends will be taxed in Slovenia as business profits earned by that permanent establishment.

Income (revenue) from dividends and other revenue from a Share in the profits of legal persons earned by persons subject to Corporate Income Tax not having their registered office or Management Board within the territory of the Republic of Poland (i.e. subject to limited tax liability in Poland)
In accordance with Article 3, section 2 of the CIT Act, taxpayers which do not have their registered office or management board within the territory of the Republic of Poland are required to pay tax exclusively on income earned within the territory of the Republic of Poland (limited tax liability). Therefore, income in the form of dividends and other income from the share in the profits of legal persons without registered offices in the Republic of Poland and earned by taxpayers subject to limited tax liability in Poland, should not be subject to taxation in Poland.

Tax on civil law transactions
Pursuant to Article 1, section 1, item 1, letter a) in conjunction with Article 1, section 4 of the Transfer Tax Act, tax on civil law transactions applies to agreements for the sale or exchange of property and property rights. These transactions are taxable if their subjects are: (i) property located in Poland or property rights exercisable in Poland; (ii) property located abroad or property rights exercisable abroad if the purchaser's place of residence or registered office is in Poland and the civil law transaction was carried out in Poland.
As a rule, the sale of shares in companies with their registered offices in Poland is considered to be the sale of property rights executable in Poland and is subject to the tax on civil law transactions at a flat rate of 1%. Tax liability arises when a civil law transaction (a transfer) is concluded and such liability is the sole responsibility of the buyer, in the case of a sale agreement. The taxable base is the market value of the property or property right. The market value of the subject of a civil law transaction is assessed based on the average prices applied in the trade in property of the same kind and sort, allowing for its location, condition and wear and tear, and in the trade in property rights of the same kind, applicable on the day of the transaction, without deducting debts or charges. Taxpayers are required to, without being summoned by the tax office, file a tax return on tax on civil law transactions and calculate and pay the due amount of the tax within 14 days of the tax liability arising, unless the tax is collected by a tax remitter who is a notary public in the case of civil law transactions concluded in the form of a notarial deed.

Simultaneously, under Article 9 item 9 of the Act on Tax on Civil Law Transactions, the sale of property rights that are financial instruments: (i) to investment firms (including foreign investment firms); or (ii) through the intermediation of investment firms (including foreign investment firms); or (iii) through organised trading; or (iv) outside organised trading by investment firms (including foreign investment firms) if such financial instruments were acquired by such companies as part of organized trading, within the meaning of the Act on Trading in Financial Instruments, is exempt from tax on civil law transactions.

Taxation of gifts and inheritance

Pursuant to Article 1 section 1 of the Act on Tax on Inheritance and Donations, tax on inheritance and donations is paid by natural persons who receive title to property located in Poland or property rights exercised in Poland by right of succession, as legacy, further legacy, testamentary instruction, donation or on the benefactor's instruction. This tax also applies in the case of property rights exercisable outside the territory of Poland where, at the time of donation or inheritance, the acquirer was a Polish resident or had a permanent place of residence in Poland.

The tax is paid by the heir, successor or beneficiary. The taxable base is the value of the property or property rights received after deducting the debts and encumbrances (net value), assessed based on the condition of the property and property rights on the day of their receipt and based on the market prices applicable as of the day the tax liability arose. The tax base is computed according to the tax group to which the recipient was assigned. A relevant tax group is assigned according to the recipient's personal relationship to the person from whom the property or the property rights were received or inherited. Inheritances and donations are taxed at a progressive rate from 3% to 20% of the taxable base depending on the tax group to which the recipient was assigned. There are certain amounts exempt from tax in each group. Tax payers are required, except for cases in which the tax is charged by the tax remitter, to file with the competent head of the tax office a tax return specifying the receipt of the property or property rights in a standard form, within one month from the date the tax liability arose. The tax return should be accompanied by any documents that may influence the determination of the tax. The tax is paid within 14 days from the receipt of the decision issued by the head of the tax office assessing the amount of the tax liability.

Under Article 4a, section 1 of the Act on Tax on Inheritances and Donations, the acquisition of property or property rights (including securities) by a spouse, descendant, ascendant, stepson, siblings, stepfather or stepmother are tax exempt, provided that they notify the competent head of the tax office of acquisition of the property or property rights within six months from the date the tax liability arose, and in the case of receipt by right of succession, within six months from the date the court decision acknowledging the acquisition of the inheritance becomes final and binding. The above exemption applies if, at the time of the acquisition, the acquirer was a Polish citizen or a citizen of an EU Member State or a country belonging to the EEA, or had their place of residence within the territory of Poland or within any such states.

In the case of failure to meet the above conditions, the acquisition of the property or property rights is subject to taxation on the general terms specified for persons assigned to the first tax group. Additionally, acquisition of movable property located within the territory of the Republic of Poland or property rights subject to execution in the territory of the Republic of Poland (including securities) is not subject to tax, provided that on the date of their receipt neither the heir nor the testator nor benefactor were Polish citizens, and did not have a permanent place of residence or a registered office within the territory of the Republic of Poland.

Remitter's liability

Under Article 30 of the Tax Ordinance, a tax remitter failing to fulfil its duty to calculate, withhold or pay tax to a relevant tax authority is liable for the tax that has not been withheld or that has been withheld but not paid, up to the value of all its assets. The tax remitter is not liable if the relevant provisions provide otherwise or if the tax has not been withheld due to the tax payer's fault. In such cases, the relevant tax authority issues a decision concerning the tax payer's liability.

5. Admission to trading

5.1. Place of trading

The issuer's new shares will be traded under the symbol GRVG on a regulated market, that is, on the prime market of the Ljubljana Stock Exchange, the same as the issuer's existing shares.

5.2. Other markets

Except for the regulated market of the Ljubljana Stock Exchange and Warsaw Stock Exchange in Republic of Poland there is no other securities market where securities would be traded.

5.3. Brokerage firm involved in the admission to trading on a regulated market

The issuer has not invited any brokerage firm to get involved in the admission of its shares to trading on a regulated market. All the necessary activities for this will be carried out by the issuer itself.

5.4. Provision of liquidity

Information about the entities which committed to act as intermediaries in secondary trading or to provide liquidity through bid and offer rates is not known to the issuer.

5.5. Stabilisation

The issuer has not allowed price stabilising activities.

6. Selling securities holders

The prospectus relates to the admission to trading on a regulated market of the newly issued shares. No person or entity is offering to sell the existing shares with the symbol GRVG in the holder's publication.

7. Expense of the admission to trading

Pursuant to the Tariff on Fees and Compensations of the Securities Market Agency and the Services Fee Schedule of the Ljubljana Stock Exchange, the expense of the admission to trading incurred by the issuer will mainly comprise the following costs:

Cost type	Cost amount
Fee payable to the Securities Market Agency for the approval of the prospectus for the admission to trading on a regulated market	EUR 5,000.00
Fee payable to the Ljubljana Stock Exchange for the listing of the shares	EUR 1,473.63
Fee payable to the Ljubljana Stock Exchange for taking a decision to list the shares	EUR 400.88
Total	EUR 6,961.63

In addition to the above costs, which are associated with the admission to trading of the shares, the issuer will also incur costs associated with the translation and printing of this prospectus and cost, related to listing of the shares to double quotation on the Warsaw stock Exchange in Poland.

8. Statutory auditor

The auditing company appointed by the issuer for the fiscal years 2011 and 2012 was KPMG Slovenija, podjetje za revidiranje, d.o.o., Ljubljana, Železna cesta 8a; for the 2013 fiscal year, the issuer's appointed auditor is the company DELOITTE REVIZIJA d.o.o., Dunajska cesta 165, 1000 Ljubljana.

Audit of Group/consolidated financial statements, financial statements of the parent company, and financial statements of the majority of subsidiaries for 2011 and 2012, were carried out by the auditing company KPMG and for the year 2013 auditing company DELOITTE. External auditors report their findings to the Management Board, Supervisory Board, and the Audit Committee of the Supervisory Board.

9. Financial highlights

Gorenje Group performance in the years 2011,2012 and 2013 – for more information on financial information, please see Chapter 23

The following selected historical financial and other data, as of and for the three years ended 31 December 2011, 2012 and 2013, have been prepared in accordance with the provisions of the Slovenian Companies Act, the IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU.
In 2012 and 2013 the Gorenje Group has been in the process of discontinuing, disposing of and restructuring the activities (including its furniture program and sales organisations) which, in the past, have had a negative impact on the Group's profitability and cash flow. The classification of activities among its discontinued operations is stipulated and defined by IFRS 5 (Non-current assets held for sale and discontinued operations). The income statement and balance sheet for the year ended 31 December 2012 and 2013, and the income statement for year ended 31 December 2011 have been adjusted in accordance to the standard, while the financial statements for the remaining years are included as audited and published.
Below are presented comparative figures from income statement for the year ended 31 December 2011 are different than originally published as they were adjusted in accordance to the afore-mentioned standard, while the financial statements for the remaining years are included as originally published.

In line with the updated strategic plan for the period 2014-2018 Gorenje Group have merged business segments ecology and portfolio investments in one business segment, business segment portfolio investments. Data for business segment Portfolio investments presented in this prospectus for year 2011 and 2012 combines data in respect of performance of business segment ecology and portfolio investment and are therefor different than originally published.

EUR thousand	2011	2012	2013
Consolidated sales revenue	**1,386,629**	**1,263,082**	**1,240,482**
EBITDA	**92,017**	**90,586**	**78,205**
EBITDA margin (v %)	**6.6 %**	**7.2%**	**6.3%**
EBIT	**43,670**	**44,921**	**36,330**
EBIT margin (v %)	**3.2 %**	**3.6%**	**2.9%**
Profit before taxes	**18,315**	**14,806**	**-18,644**
Profit after taxes (net income	**9,106**	**9,173**	**-24,999**
ROS (net return on sales)	**0.7%**	**0.02%**	**-2.0 %**
ROA (net return on assets)	**0.7%**	**0.02 %**	**-2.1 %**

Gorenje Group performance in first quarter 2013 and 2014

v TEUR	Jan-Mar 2013	Jan-Mar 2014
Consolidated sales revenue	**289,366**	**290,709**
EBITDA	**16,128**	**20,804**
EBITDA margin (v %)	**5.6%**	**7.2%**
EBIT	**5,736**	**10,210**
EBIT margin (v %)	**2.0%**	**3.5%**
Profit before taxes	**-991**	**2.518**
Profit after taxes (net income	**-4,234**	**1,011**
ROS (net return on sales)	**-1.5%**	**0.3%**
ROA (net return on assets)	**-1.4%**	**0.4%**

10. Data about the Issuer

10.1. History and Development of the Issuer

10.1.1. Legal and business name of the Issuer

Company name: Gorenje gospodinjski aparati, d.d.

Shortened corporate name: Gorenje, d.d.

Registration Number: 5163676

VAT Number.: SI72615320

10.1.2. Place of Registration and Registration Number

The Issuer has been entered into the court register of the District Court in Celje under registry application number: 1/00461/00.

10.1.3. Date of Entry into the Register

The Issuer was entered in the court register of the District Court in Celje on 31 December 1997.

10.1.4. Registered Office and Legal Form of the Issuer

Registered office: Velenje

Address: Partizanska 12, Velenje

Legal form: public limited company

Applicable legislation: The Issuer operates pursuant to the Slovenian Legislation.

10.1.5. Important Events in the Development of the Issuer's Activity

Gorenje's challenges yesterday, today, tomorrow

Gorenje has been present in the market for **60 years**. It has developed into a highly modern manufacturing group that is focused on customers, suppliers, associates, owners, local environments in which it operates.

We are aware that only through our joint efforts we can become **the most original, design-oriented creator of products for the home in the world.**

Our existence and development in the past were marked by some relevant milestones.

The beginnings of the Group date back to the early 1950's, when a local metal-working company engaged in the production of agricultural machinery was established in the small village Gorenje. In the year 1958 the company started the production of solid fuel cookers. Soon afterwards, the idea of moving to Velenje and constructing the company's own production facilities was implemented. This was followed by the expansion of production to washing machines and fridges – freezers. The year 1961 was an important milestone since the first 200 cookers were exported to the German market.

Intensive takeovers in the 1970's of the previous century enabled further expansion of the system. The company's development was widened by the offer of a complete range of products for the home: kitchen furnishings, ceramics, medical equipment, telecommunications, home electronics, television sets. The expansion of the product range was followed by the expansion of the sales and service network, first to the territory of the entire Yugoslavia, then to the countries of West Europe (Germany, Austria, France, Denmark, Italy) and beyond (Australia). The group employed over 20,000 staff.

In the 1980's of the previous century the development of the group was focused on its main activity, the production and sale of household appliances.

At the beginning of the 1990's the company was confronted by the loss of the previous domestic markets of the former Yugoslavia. This situation demanded intensive reorientation of exports to the markets outside the former common state. The change in the sales orientation led to restructuring of the complete group, and a change in the political and economic systems triggered the ownership transformation process. The loss of markets in the former Yugoslavia called for the re-establishment of contacts, development of partner relations and gradual building of business co-operation through the establishment of new companies in all European markets, including the markets of the former Yugoslavia. The process of ownership transformation was successfully concluded in 1997.

Today, state-of-the-art technological and environmental standards are implemented in the business processes of the system. We are developing and consolidating our presence in the markets of former Yugoslavia, Eastern, Southeastern, and Western Europe, Northern and Central Europe, and beyond (Northern America, Australia, Middle and Far East). This is done by intensive investment into increase of production capacity, environmentally friendly modern technologies, new products, and new markets.

Until 2004, Gorenje manufactured home appliances exclusively in Velenje, Slovenia. By international acquisitions of two manufacturing companies – Mora Moravia in the Czech Republic in 2004 and Asko in Scandinavia in 2010 – we also acquired manufacturing facilities in the Czech Republic, Sweden, and Finland. Moreover, we have been developing manufacturing operations in Serbia since 2006. In order to optimize the production of home appliances, we started to restructure our manufacturing operations in year 2012 and fininshed with production relocation process in year 2013. This restructuring involves the most extensive transfers of production equipment and operations in the history of Gorenje, spanning over 60 years, since autumn 2013 Gorenje Group production is held in three countries: Slovenia, Serbia and Czech Republic.

By acquiring the Dutch home appliance provider Atag Europe, we strengthened our position in the Benelux countries and also acquired three new brands: Atag, Etna, and Pelgrim. Atag is a premium brand in terms of quality and pricing. Moreover, acquisitions in the ecology field strengthened our position in this segment. With the acquisition of the Swedish white goods manufacturer Asko in 2010, we also acquired the namesake premium brand.

ATAG Pelgrim ETNA ASKO BUILT TO LAST LONGER

New challenges in operations, lying ahead, include further successful growth of the volume of business activities, and improving our competitive advantages. We are aware that a break to the top five European home appliance manufacturers will require further expansion of manufacturing capacity either by acquisitions or by other forms of strategic partnerships.

At Gorenje, we are ready and happy to take on new challenges. We believe in further success of our operations consistently with our strategic goals and activities – of course, as **the world's best in design-driven innovations of home appliances.**

10.2. Investment

10.2.1. Description of major investments

In the period from 2011 to 2013 our total investments amounted to EUR 184,818 thousand.

The composition of investments into intangible and tangible property, plant, and equipment of the Gorenje Group, broken down by business segments, was as follows:

EUR thousand	2011	2012	2013
Home	42,433	54,573	68,654
Portfolio investment	5,035	6,171	7,952
Group	**47,468**	**60,744**	**76,606**

By December 31, 2013 a total of EUR 76.6 million was allocated for investments. The largest share of this amount pertains to business segmentHome: EUR 68.7 million. Most investment expenses are related to the new manufacturing plant in Valjevo and the related equipment for the transferred manufacturing of free standing 60-cm-wide fridge freezers; acquisition of the required equipment and machinery for the manufacturing of refrigeration products; and relocation of manufacturing of Asko dryers, washing machines, and dishwashers from Sweden to Slovenia. We also invested into new assembly lines for production of built-in ovens at the cooking appliance program. Other investment pertains to new product development, acquisition of technological equipment, logistics equipment, and acquisition of hardware and software for the segmentof IT.

Investment in the business segmentPortfolio Investments amounted to EUR 7.9 million. The largest share pertains to the segmentof Ecology (EUR 5.6 million) and within this segmentespecially the waste collection center in Jesenice; equipment and machinery for waste raw material processing; and boosting our presence in the waste raw material market in Serbia. The remaining sum of investment in the amount of EUR 2.3 million pertains to the investment into technological equipment of Gorenje, d.d., subsidiaries in Slovenia, dealing with toolmaking and development and assembly of industrial equipment.

In 2012, our investments amounted to EUR 60.7 million. Majority of the investments were carried out in the core business field Home. Increase of investment by EUR 13.2 million relative to 2011 is mostly a result of intensified restructuring of manufacturing operations. Out of the total value of EUR 60.7 million, investments beyond the core business field only amounted to EUR 6.2 million. Major and most important investments funded in 2012 included the construction of a new cooling appliance manufacturing hall in Valjevo (mass production at the new hall launched in 2013), transfer of cooking appliance manufacturing operations from Finland to the Czech Republic, start of relocation of washing machines, dryers and dishwashers from Sweden to Velenje and a major part of the cooling appliance production from Velenje to Valjevo, as well as investments into development and production of new products, purchase of technological equipment, purchase of hardware and software for the IT etc. In the last quarter, majority of the contracts were signed for the two largest projects in appliance development and design: cooking appliances and cooling appliances. Investments in the business field Portfolio investments in 2012 amounted to EUR 6.2 million. They mostly included investments into technological equipment at the companies Gorenje Surovina, Ekogor, and Publicus and investments carried out at the companies Gorenje Orodjarna, Gorenje GTI Belgrade, Gorenje GTI Velenje, and Gorenje Gostinstvo, for the purpose of company activities.

Breakdown of Gorenje Group investments in the years 2012, 2011, and 2010 by geographical segments2

EUR thousand	West			East			Rest of world			Group		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Investment	8,372	9,628	11,298	36,857	47,904	57,337	2,239	3,212	7,971	47,468	60,744	76,606

[2] The West includes the countries of Western Europe; the East includes Eastern Europe; 'Rest of World' involves the markets of other countries.

11. Overview of operation

11.1. Gorenje Group core activities

Major Business Area in year 2013

Home
Products and services for home: major and small household appliances, heating appliances, air filtering systems and airconditioning appliances, sale of kitchen furniture, designing, and homerelated services.

Portfolio investments
Ecology and ecology related services, manufacture of industrial equipment (tools), products and services in the field of energy, renewable sources of energy and energy efficient use, engineering, sales and agent services relating to industrial, medical and IT equipment, catering and hotel services

11.2. Major new products/services development of which has been publicly announced or disclosed

The most significant development achievements introduced in 2013 included the new generation of free standing fridge freezers Gorenje Ion Generation. In addition, we offered our customers the Gorenje Classico kitchen appliances, a revised designer line Gorenje Simplicity, a new generation of gas hobs, and – as the first manufacturer in the world – a laundry dryer in the high A+++ energy class with a capacity of 9 kilograms. Assortment of the Asko brand was extended with a large-capacity washing machine (11 kg for the EU and 10 kg for Australia), and dryers with improved energy efficiency in the A++ energy class and a capacity of 7 kg.

In 2014, we continue to introduce development novelties that improve our competitiveness. The key novelty in this year was the new generation of innovative built-in ovens developed for several of our own brands. In early April, we premièred our line of Asko ProSeries™ kitchen appliances at the Eurocucina tradeshow in Milan. In addition, we are planning to expand the product line-up of free standing fridge freezers with new models, and to introduce a new generation of cookers.

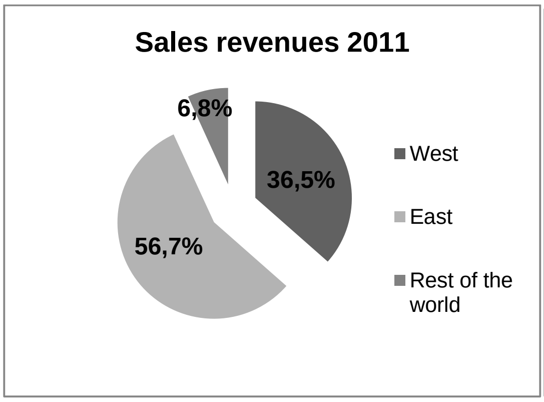
11.3. Main markets

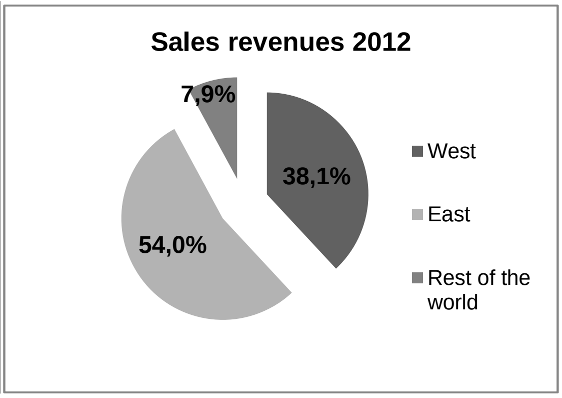
Revenue from sales to third parties and Gorenje Group Assets by segments – key markets3

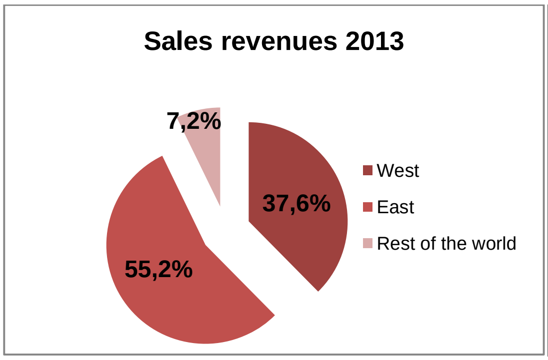
EUR thousand	West			East			Rest of world			Group		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Revenue from sales to third parties	506,040	480,919	466,686	785,630	681,945	684,512	94,959	100,218	89,284	1,386,629	1,263,082	1,240,482
Total assets	400,111	397,860	360,089	780,841	709,921	691,138	70,706	89,543	98,475	,1,251,658	1,197,324	1,149,702

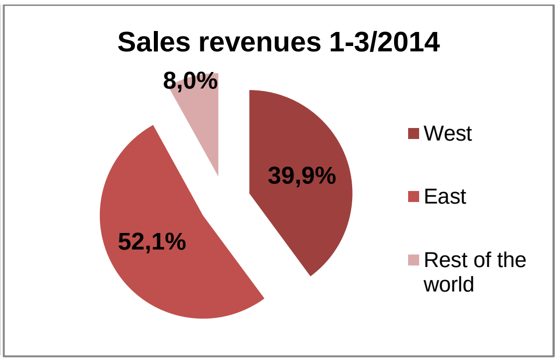
[3] The West includes the countries of Western Europe; the East includes Eastern Europe; 'Rest of World' involves the markets of other countries.

Composition of Gorenje Group revenue from sales to third parties, broken down by key markets









11.3.1. Key markets in 2013

Western Europe and Scandinavia

Gorenje has a strong position in the Western European markets, particularly in Scandinavia, Austria, and Germany. This is a mature market that saw further decline in demand for major appliances in 2013. The main reasons behind such development are the negative expectations of the consumers regarding their personal income and the resulting reluctance to purchase durables. As European households are already fitted with home appliances, replacement purchases are the most robust component of the market. The need for replacement appliances is, in addition to energy savings, an important impetus of purchase decisions.

Online sales are becoming an increasingly important channel which has grown gain in 2013. This has resulted in restructuring in traditional sales channels. Numerous retail companies have developed multi-channel sales strategies or restructured their geographical presence and local strategies.

We introduced a new generation of fridge freezers Ion Generation, the Gorenje Classico collection, and the new Gorenje Simplicity line. We intensified the story of our colour appliances and the retro refrigerator line and thus consolidated our leading position in this segment of the market.

The decline in demand for home appliances in the region was also reflected in Gorenje Group revenue which was 1.4% lower than in 2012. On the other hand, our sales volume rose in Germany, Austria, Great Britain, and Greece. A good share of positive development was propelled by growth in online sales. As we expect further growth of this sales channel, we have adjusted our sales and marketing strategies accordingly.

In France, we restructured our operations, downsized and cut fixed costs, and introduced an optimized business model. In 2014, we are introducing the Asko brand to this market. The reputable French company Eberhardt Frères, specializing in distribution of premium home appliances, was entrusted with the distribution of this brand which rounds out their offer. We have also started the restructuring in Scandinavia. Our sales activities are focused predominantly on our two global brands – Asko and Gorenje.

Benelux

In 2013, operations in Netherlands and Belgium were under strong pressure of weakened demand for durables. Consumer confidence and their willingness for purchases were pronouncedly negative, although improvement could be observed in the last quarter of the year. Real estate market continues to stagnate in all aspects: sales, rental of existing property, and new residential property development. According to the forecasts, further decline in residential construction can be expected by the end of 2014. New residential development has dropped by more than 50% since 2009. This is particularly relevant as construction of new homes and the need for replacement or first purchase of home appliances are the key motors of demand for appliances and kitchens. As new residential property development is in decline, sales in 2013 depended mostly on refurbishments of existing homes for the purpose of lease. Competition in the industry has grown even harsher as players in brick-and-mortar stores embraced a highly aggressive pricing policy while online sales allow comparing the prices. All this has resulted in a drop of our sales.

Operations in the kitchen retail channel which represents a considerable share of our revenue in the Netherlands were also difficult. This market is expected to recover somewhat in 2014; better results are expected also from the introduction of the new generation of built-in ovens in this year.

We have increased our sales in the sales channel of consumer electronics and technical consumer goods stores where we reaped the benefits of our sound management of business processes such as effective after-sales services and reliable and fast delivery of products.

Responding to the changes in the customer journey, we will place more emphasis in 2014 on marketing and presentation of our brands to end users in retail.

Eastern Europe

The region includes the following countries: Czech Republic, Slovakia, Poland, Hungary, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Albania, Macedonia, Romania, Bulgaria, and Kosovo. Relative to 2012, our sales rose by 5 percent in 2013. Our revenue is the highest in Serbia, Czech Republic, and Croatia.

The trend of decreasing prices has persisted in all countries of the region. Thus, appliances with more and better features now appear in lower price segments. In 2013, we succeeded in maintaining our market shares in the region; they rose by 0.5% in the Czech Republic and by 0.3% in Poland. The customers were offered the new generation of Ion Generation fridge freezers and the designer lines Gorenje Classico and Gorenje Simplicity.

Online sales in the region rose by 14% in 2013 in terms of value, reaching 15.2% of total major appliance sales. Customers shop online especially for washing machines and refrigeration appliances. The popularity of online commerce is the highest in the Czech Republic where it already represents 31% of total home appliance sales. In Slovakia, the web accounts for 17.5% of total appliance sales and in Poland this figure is at 16%. Gorenje Group's market share online is higher than in conventional sales channels.

In 2013, we rationalized our operations in the Czech Republic and Slovakia where we merged two business units into a single one to create a leaner sales organization, cut logistics cots, and stop the decline of sales in Slovakia. Full effects of this integration will be manifest in 2014. We have also started in integrate our business units in Slovenia and Croatia.

Commonwealth of Independent States (*CIS*)

The Commonwealth of Independent States includes Russia, Belarus, Kazakhstan, Kyrgyzstan, and the countries of the Caucasus region: Armenia, Georgia, Azerbaijan, Turkmenistan, Tajikistan, and Uzbekistan. In 2013, our sales by value rose 8 per in the region.
Characteristic challenges of the region include political instability, currency fluctuations, import customs duties and other charges, requirement for special appliance certificates, and particularly strong competition as some major Western players manufacture their products locally in this region.

Russia

The majority of our revenue in this region, as much as 90%, is generated Russia which is Gorenje Group's largest and most important market, next to Germany. In 2013, fluctuation of the rouble exchange rate was a major risk for our performance. Despite the 2.1% decline in GDP relative to 2012 and a drop in the market for free standing cookers, our revenue in Russia rose by 7.5% (translated to EUR), leading to an increase in our market share in all key product categories (cold and hot appliances and washing machines).

We are mostly present with our Gorenje brand which is perceived by the customers as an upper mid segment brand. In 2013, we successfully introduced the designer lines Gorenje Classico and Gorenje Simplicity, and the new generation of fridge freezers Ion Generation. Our product novelties have intensified our presence in traditional retail and increased our market shares within this channel. We have also consolidated our presence in the online channel which already accounts for 14% of total appliance sales in Russia. In the composition of Gorenje Group's Russian sales, this rapidly developing distribution channel currently represents 10% to 12%. In the kitchen studio channel, our sales rose by 18.2% in terms of value relative to 2012.
In Russia, we are also marketing our appliances under the premium brand Asko, and the brands Mora and Körting.

In 2014, customers will again be offered several product novelties. Our offer will be expanded with new 2-metre cold appliances and a new generation of built-in ovens, cookers, and kitchen hoods; moreover, the Gorenje Classico and Gorenje Simplicity lines will be upgraded with microwave ovens. Upgrade of offer is also planned for the Asko brand with a new line of exclusive kitchen appliances and small domestic appliances. Thus, Asko will become a comprehensive provider of home appliances in Russia.

Kazakhstan and Kyrgyzstan

Both countries combined account for 4% of our revenue in this region.

In 2013, we faced a fluctuating local currency (the Kazakhstani tenge); other negative factors affecting our performance included a decline in the market for free standing cookers in Kazakhstan. Decline in sales in this segment was compensated for with sales of built-in cooking appliances which are in increasing demand, and thus our market share in built-in ovens segment reached 10 percent. In 2014, we are planning to boost our market shares in the segments of fridge freezers and washing machines, and we continue to introduce designer lines Gorenje Simplicity and Gorenje Classico.

In both markets, we are present with the Gorenje brand which is positioned in the mid and premium price segment, and the Mora brand under which we are marketing free standing cookers in the budget price segment. Last year, our revenue in both markets increased by 20% relative to 2012.

In Kazakhstan, home appliances are mostly sold in local retail stores. In 2014, we will continue to strengthen our cooperation with all existing buyers. We shall particularly focus on smaller local customers, online sales, and local wholesalers.

Caucasus countries
This region includes Azerbaijan, Armenia, Georgia, Tajikistan, Turkmenistan, and Uzbekistan. These countries combined account for 5% of our revenue in this region.
In Georgia, our performance was solid despite the economic stagnation and we boosted our revenue by 26.5% relative to 2012. Our activities were focused predominantly on the increase of recognition and reputation of the Gorenje brand and promotion of sales under this brand. Our brand Körting is also marketed in this country based on an exclusive agreement.

Azerbaijan is one of the more promising markets for home appliance sales. Most of the business is conducted in the capital city. In 2013, we were focused on establishing marketing processes, selecting and introducing the right assortment, pricing, improving Gorenje brand recognition and reputation, and promotion of sales. Compared to 2012, our revenue soared by 90 percent.
Our sales also rose by 20.6% in Tajikistan where the Gorenje brand is one of the most widely recognized and most reputable brands in the markets, and in Armenia (by 16.7%) where the economy has been in a standstill for two years. In Uzbekistan where hardly any home appliance imports were possible from May to August 2013 due to the local legislation, revenue dropped by 53% relative to 2012.

Overseas countries
This region includes North and South America, the Pacific region, Middle East, Africa, and Asia. Our revenue in this region in 2013 was at 88% of the figure from the year before (in EUR terms). Revenue in EUR was lower especially due to depreciation of local currencies in Australia and the USA. Moreover, performance was negatively affected by the turmoil in the Middle East and in North Africa.

North America
USA is our most important market in North America. Our Asko brand has been present there since 1987. Major appliance market in the USA rose by 9% in 2013 relative to 2012; however, the US dollar depreciated by 7% relative to EUR. In the USA, our sales by volume rose by 3%; however, revenue in EUR is lower by 2.2% compared to 2012 because of the dollar depreciation. One important motor of our further development in this market is our cooperation with the home appliance maker Sub-Zero Inc. which will push our Asko brand into a much broader distribution network.

Pacific region
In the Pacific region, our most important market is Australia where we are renowned for our Asko brand. The major appliance market in Australia rose by 1.3% in 2013 relative to 2012. However, as in the USA, depreciation of local currency (the Australian dollar) had a strong negative impact on the Group revenue which are lower by 1.8% than in 2012 despite the fact that our sales targets were reached.

In Australia, we are revising the business model and our sales strategies. We centralized warehousing and logistics, closed down many warehouses across the continent, and thus cut the operating costs. Our offer under the Asko brand, which initially only included washing machines and dryers, is being expanded with cooking and refrigeration appliances. In the third quarter of 2014, we will start introducing the Gorenje brand to the market.

Middle East and Africa
Due to highly unstable political and, as a result, business environment both in the Middle East (Iran, Iraq) and in North Africa (Egypt, Libya, Tunisia), our sales were below the 2012 figure. Our most important markets in this region are Iraq, Saudi Arabia, United Arab Emirates, Iran, and Egypt. Our performance was also negatively affected by the depreciation of local currencies and the still effective embargo for Iran which renders any sales in this market impossible.

Asia
Our operations in Asia or the Far East are focused on sales in the segments of contractual supplies and property development in which we have succeeded in gaining the status of a premium European home appliance manufacturer. In the last five years, we have been expanding our sales network and establishing the infrastructure required for the attainment of our growth targets. To this end, we changed the status of our representative office in Shanghai to a sales company.
Hong Kong is one of our most important markets in the region. In this country, we are present in the channel of real estate development projects. To date, we have won several deals for equipping new residential developments with our appliances. In Singapore and Taiwan, our operations are also developed primarily by competing for property development deals. Sales in 2013 were doubled compared to 2012; however, development of operations is still in an early stage as the volumes are mostly low.

South America
In South America, we are only present in Brazil where our operations are in an early development stage. In a market that saw 1.8% growth of major appliance sales in 2013 relative to the year before, our appliances are positioned in the premium segment. In 2013, we took over our operations from a distributor and started to expand our distribution network there. We are currently negotiating with select partners to enter the distribution channel of technical consumer goods or consumer electronics retail.

11.3.2. Key markets in 2012

Germany is the largest white goods market both in Western Europe and in entire Europe. It accounts for 18% of total home appliance sales in the continent. It is also one of the key markets for Gorenje Group. In the last six years, our carefully planned marketing activities resulted in considerable improvement of recognition of the Gorenje brand, to a point where it is the most popular non-German brand among consumers in this market. Moreover, our annual sales there broke past the EUR 100 million milestone. Gorenje brand appliances account for as much as 90% of total sales in Germany. In addition, our presence in this country also includes our brands Atag and Gorenje+. Germany is also one of the European markets where the home appliance industry has not suffered from the consequences of the global economic and financial crisis. Gorenje sales also rose by 24% in the last four years. Last year's growth relative to 2011 was 1%. Our markets shares were increased especially in the segments of washing machines, cooling appliances, ovens, and cooking hobs. Market share increase was the highest in the segment of energy-efficient free-standing combined refrigerators with freezers in the A++ energy class. We became the second manufacturer in this segment, which is a notable achievement considering the high environmental awareness of the German consumers. In the sub-segment of colour appliances, we are even the market leaders with a 50 percent share. This year, we continue to pursue our marketing activities aimed at a further increase in the rise of sales of these appliances, under the slogan "Colour your home".

Our products are offered through all distribution channels. Introduction of the Gorenje+ brand in 2011 boosted our presence in kitchen studios; previously, our appliances were only featured there under the

Atag brand. Online sales account for 11.5% of our total sales in Germany where this channel takes 20% of the entire home appliance market.

Benelux
Netherlands is the largest market in this region and one of the key markets for the entire Gorenje Group. Brands marketed in this region include Atag, Pelgrim, and Etna.

Economic conditions in the European Union and austerity measures introduced in the region cause insecurity among consumers. In 2012, they responded by increasing their savings, leaving a higher share of their disposable incomes in savings accounts in Dutch banks where savings deposits reached a historical high of EUR 323 billion in 2012. On the other hand, real estate market has come to a grinding halt. Anticipating a drop in real estate prices, end buyers postponed any acquisitions of property, which in turn resulted in lower sales of kitchen furniture and home appliances. Appliance prices were under pressure due to lower sales and aggressive pricing policies of our competitors.

This particularly affected sales in the kitchen studio channel, which is highly important for our operations in the Netherlands. Indeed, our sales in this channel also dropped relative to 2011; however, the decrease of our sales was lower than overall drop for the kitchen studio channel.

In 2013, we continue to pursue our strategy of entering the distribution channels in which our sales had previously not been developed, including retirement homes and holiday resorts. We wish to offer our Etna brand in all distribution channels. Broader distribution is also planned for the Pelgrim brand for which we have expanded the product array to include washing machines, dryers, free standing refrigerators, and dishwashers. Atag brand will maintain the selectiveness and focus on the existing distribution channels. Investment into development of a new identity and communication of the Atag brand will improve the recognition of this brand among consumers. Development of innovative products remains a priority for our activities in the Dutch market.

Central Europe
In 2012, home appliance sales in this region were pressured by a slump in appliance prices, resulting from aggressive pricing policies of our competitors. The home appliance market saw minimal growth in terms of volume relative to 2011; however, the sales by value dropped. In the Czech Republic, for example, the number of appliances sold was higher than in 2011 by 4%, while the value of sales was nearly 3% lower. A similar situation can be observed in Slovakia. Appliance market in Hungary slumped while in Ukraine, it saw a slight growth.

Considering the circumstances in the region, our results were solid. Especially in the Czech Republic, we succeeded in expanding our market share to over 10% (by value) despite the fact that our sales were lower than in 2011. In Hungary, our market share decreased. In Ukraine, our market share suffered slightly. However, we increased our sales there in the second half of 2012, making up for the lost revenue of the first half. This trend has been extended to 2013 and the growth will allow us to regain the market share lost in 2012. Nevertheless, our market share in Ukraine, one of our key markets, remains high – it is higher or at least comparable to our market shares in the region.

Our presence in the region rests on the following brands: Mora at the entry level, Gorenje in the mid segment, and Gorenje+ in the upper mid and premium price range. In Ukraine, we are also present with the Asko brand. In this region, our market share is the highest in the Czech Republic, especially in the cooking appliance segment where we held on to a leading market share of nearly 35-percent with our Gorenje and Mora brands. We also held on to our market shares in built-in appliances, cooking hobs, and washing machines. In the latter segment, new generation of washing machines launched in the Czech Republic last year was warmly welcomed by the customers. In Ukraine, which accounts for a quarter of our total sales in the region, we remain the market leader in the segment of cooking appliances.

Positive development of sales was also seen with the Gorenje+ brand. Asko brand has only been introduced in Ukraine thus far, with plans of more intensive development in the coming years.

The key trend in distribution channel development in this region is growth of online sales while sales through traditional independent distributors is in decline. In the Czech Republic in particular, growth of online sales exceeds that of traditional sales channels. Gorenje Group's market share in the online channel rose by 5% in this market in the last year. Rapid growth in this channel was also seen in 2012 in Slovakia (55-percent growth relative to 2011) and in Ukraine (35 percent). Our market shares in the online sales channel are comparable to those in traditional sales channels in this region.

Considering the anticipated growth of the entire home appliance market between 0% and 2%, forecasts of home appliance sales for 2013 are moderately optimistic. Our goal is to increase our market shares, particularly in Ukraine where we are introducing some key product novelties in 2013: new generation of combined refrigerator freezers, Gorenje Simplicity line, and the new line of appliances with traditional design Il Classico. We shall also launch a new assortment of gas hobs.

Southeastern Europe
Home appliance market saw a decline in almost countries of this region as a result of harsh economic conditions. The most acute slump was seen in Croatia where sales were down 9% compared to the year before. Economic hardship is eating away the purchasing power of end buyers who mostly tend to opt for home appliances with a lower price tag. Therefore, we extended our offer in the region with products in lower price segments. In Croatia, we responded to the trend by introducing the Körting brand which is also marketed in some other countries in the region, including Slovenia.

Our market shares in the major part of the region range from 35% to 70%. Despite the challenging economic environment, we held on to the position of the market leader in home appliances in 2012. Albania, Romania, and Bulgaria are the only markets in the region where we are not the market leaders; however, we have not been present in these countries as long as elsewhere in the region. Our performance was very solid in Croatia where we saw growth especially in the refrigerator and cooking appliance segment. In Slovenia, we did well in washing machines, owing also to the introduction of the new generation of laundry care appliances. We increased our market share in this segment and reinforced our leading position in our domestic market. Market shares in the washing machine segment were also increased in Bulgaria and Romania. Serbia is Gorenje Group's most important in this region in terms of volume. In 2012, sales there rose particularly in the segments of cooking appliances and refrigerator freezers. Also recording a high growth of 25% were small domestic appliances. Our own showrooms, numbering 14 and located in major Serbian cities, are an important distribution channel. Our network of own retail outlets is also being expanded to other countries of the region. In addition to Serbia, new showrooms were also opened last year in Croatia and Bosnia and Herzegovina and we are planning to carry on the expansion in this year. Gorenje showrooms are also an important promotional tool as they allow us to present the entire assortment of products in different price segments, under our own brands.

Online sales are still relatively low, accounting for less than 10% of the regional market broken down by distribution channels. In comparison, this channel takes up 30% or more of overall home appliance sales in Western and Central Europe. We are developing our own online sales in major markets of the region.

Our central brand in Southeastern Europe is Gorenje which is also one of the most popular and most recognized consumer brands in the region. Assortment of products under this brand is complemented with small domestic appliances. Last year, we saw rapid growth of sales and market share in this segment.

In addition to Gorenje brand, we are also marketing built-in kitchen appliances under the Gorenje+ brand in Slovenia, Croatia, and Bosnia and Herzegovina. In this year, this brand is also being introduced in the

Serbian market. Brand portfolio in the region will be expanded with our upmarket brand Asko. Preparatory activities are in progress. Last year, we already launched the sale of Asko washing machines, dryers and dishwashers in Croatia.

We are also focused on the niche product segments. In 2012, our activities in this respect were focused on sale of induction hobs, kitchen hoods, large-capacity washing machines, and appliances rated in higher energy classes. At the same time, we worked on sales of upmarket designer lines and saw good results in all markets.

Economic outlook for the region in 2013 is bleak. Home appliance market is expected to remain stagnant or to decline. We shall continue to invest in our brands as we carry out further activities to hold on to our position of the market leader.

Eastern Europe
The region of Eastern Europe includes ten countries spanning most of the territory of the former Soviet Union. Russia is the largest among them, both geographically and in terms of sales. In 2012, GDP growth was around 4%, which is similar to 2011. Home appliance sales in Russia increased by 13% by volume and 16% in terms of value. Gorenje sales in Russia also soared in comparison to 2011, by approximately one third. Russia, one of our two most important markets, saw the highest improvement in terms of structure of sales by value. We did especially well in the cooking appliance segment where Gorenje brand ranks second among foreign manufacturers. We are traditionally strong in the built-in appliance segment, especially ovens where we are the market leaders. Moreover, sales of our cookers and washing machines with a water tank are solid. Such washing machines are particular to the Russian market and they have been very popular among the consumers.

Our sales mostly take place through wholesalers. In Russia and in other markets of the region we observe that retail chains, concentrated in major cities, are increasingly stronger players, in addition to the kitchen studios. Online sales are also on the rise, particularly in the Moscow area. To address the internet shoppers, we introduced our Gorenje One line that was developed especially for online distribution.

Gorenje is our central brand in the Russian market. It is positioned in the upper medium price range, while our designer lines are positioned further upmarket. High investments into the brand have provided foundations for continuing sales growth in the future. At the entry level, we are present with the brands Mora and Körting. Particular attention has been paid to the development of our premium brand Asko which also saw high growth in 2012. As we expand our distribution and add new market segments, growth of this brand is planned to continue in 2013.

Macroeconomic forecasts for 2013 are promising for the region. Economic growth is expected to continue and forecasts are also favourable for the home appliance market where sales volume is expected to rise by 10 percent. Accordingly, we are also planning to increase our sales under all brands and in all price segments, with major and small domestic appliances, and heating systems.

Overseas countries
Countries in this region differ considerably from each other and the same applies to Gorenje Group position in respective markets. In the Middle East and North Africa we are present with the Gorenje and Körting brands; in the Far East, we are marketing Gorenje and Asko; in USA and Australia Asko is our only brand; in Brazil where development of our operations is still in an early stage, we have introduced the Gorenje Brand.

Sales in Northern Africa and the Middle East were affected by socio-political conditions in 2012. Due to the Arab Spring, our operations were hindered in Egypt, Algeria, Libya, and Tunisia; its effects were also manifest in Jordan, Bahrain, and Lebanon. In 2012, Iran, a notable market for Gorenje in this region, announced a ban on white goods imports which affected our operations there in 2012.

In the Far East, home appliances connectible via Wi-Fi wireless connection to communicate with cloud servers and to allow remote control via smart devices are increasingly popular, as are washing machines and dryers with larger load capacities. Energy efficiency, previously not among the key selling points with the end buyers, is also increasingly important. Demand for luxury products declined last year compared to 2011.

Our sales activities resulted in an increase of 10% over sales in the year before. In the Middle East, we entered the market of Saudi Arabia and launched our free standing home appliances in Kuwait, Oman, and Qatar. In the United Arab Emirates and Lebanon, we introduced the new generation of washing machines and dryers. We took part in four real estate development projects in the United Arab Emirates, and another one in Qatar, managed by the Air Qatar airline company. We also entered new markets in the Far East as Gorenje brand was introduced in Cambodia and South Korea, and Asko was launched in Singapore. In Hong Kong, Singapore, Cambodia, and Taiwan, our appliances were featured as standard equipment in several luxury real estate developments.

India was also added to the portfolio of Gorenje's markets. Last year, we opened our first showrooms in this country.

Australia is the most promising market in the region. Our presence there is concentrated on the Asko brand, especially in the segment of wet appliances. In the future, we are planning to boost our sales of cooking appliances as well. Our plan is to double our sales in this market in the next three years.

11.3.3. Key markets in 2011

In 2011, Turkish and Asian manufacturers saw the highest increase of market shares in our core industry; they are highly competitive due to low prices and innovative products.

Home appliance sales rose by good two percent by value in 2011; the growth was the highest in Russia, Kazakhstan, Ukraine, and Turkey, as well as in Central and Eastern Europe. Home appliance market saw a drop in the so-called peripheral economies of the EU and in the former Yugoslav countries. Germany remains the largest European home appliance market; however, Russia has seen the most rapid growth in recent years, having become the fourth largest market in Europe. In terms of sales channels, online sales are on the rise, accounting for over eleven percent of sales by value. Online sales are increasing in all regions, including Russia.

In 2011, Turkish and Asian manufacturers saw the highest increase in their market shares, owing mostly to aggressive pricing and innovative products. The main trend in the home appliance market is energy efficiency. With the new energy label, its importance has increased further. In addition to energy-efficient appliances, growing segments include washing machines with load capacities of seven kilograms and more, dishwashers with water consumption of 12 litres and less, combined No Frost bottom freezer refrigerators, pyrolytic ovens, and induction hobs.

11.4. Dependence of the Issuer on patents, licences, industrial, new production processes, commercial or financial contracts

The Issuer does not depend on patents, licences, industrial, new production processes, commercial or financial contracts. The Issuer mostly uses its knowledge, technology and production processes in its products.

11.5. Starting point of all issuer's statements regarding its competitive position

Gorenje Group generates over 90% of its net revenue by exports to over 90 countries around the globe. Production output in 2012 amounted to 3.3 million units of major appliances and 0.5 units of water heaters. Gorenje Group holds a 4.26 percent market share in the home appliance market in Europe; more than 90% of its products are sold under the Group's own brands.

12. Organizational structure

12.1. Brief description of the Group and the issuer's position within the Group

The issuer Gorenje, d.d., is the parent and founding company, or direct or indirect owner of the subsidiaries within the Gorenje Group.

Business Segment Home: the manufacture and sale of household appliances of own manufacture, the sale of household appliances of other producers (supplementary programme), the sale of products from the complementary programme outside of the three main programmes of large household appliances, the manufacture and sale of heating appliances of own manufacture, the manufacture of mechanical components, the manufacture and sale of sanitary fixtures and ceramic tiles, and the sale of kitchen and bathroom furniture. Business field Home comprises both manufacturing and trade companies. Home appliances are manufactured at the companies Gorenje, d.d., Mora Moravia S.r.o., Czech Republic, Gorenje aparati za domačinstvo, d.o.o., Serbia, Gorenje Home, d.o.o., Zaječar, Gorenje Tiki, d.o.o., Serbia. In addition, business field Home includes the support manufacturing company Gorenje I.P.C., d.o.o. Also among the more important companies in the business field Home are the Dutch Atag Group, an important provider of home appliances, and the Swedish company Asko AB, dealing with home appliance development. Other companies in the field are trade companies.

Business Segment Portfolio Investments: the overall waste management, tool manufacture, trade, engineering, representation, catering and tourism.

Business field **Portfolio Investments** involves the companies dealing with machine building, products and services related to energy engineering, renewable energy resources and efficient use of energy, energy contracting, sale and distribution of medical equipment, IT, and HoReCa.

12.2. List of subsidiaries of the issuer

As of 31 December 2013 the Gorenje Group besides the **holding company Gorenje, d.d.** includes also the following subsidiaries and jointly controlled companies

Companies operating in Slovenia		Equity interest (%)	Business segment
1.	Gorenje I.P.C., d.o.o., Velenje	100.00	BSH
2.	Gorenje GTI, d.o.o., Velenje	100.00	BSPI
3.	Gorenje Gostinstvo, d.o.o., Velenje	100.00	BSPI

4.	Energygor, d.o.o., Velenje	100.00	BSPI
5.	Kemis, d.o.o., Vrhnika	99.984	BSPI
6.	Gorenje Orodjarna, d.o.o., Velenje	100.00	BSPI
7.	ZEOS, d.o.o., Ljubljana	51.00	BSPI
8.	Gorenje Surovina, d.o.o., Maribor	99.984	BSPI
9.	Indop, d.o.o., Šoštanj	100.00	BSPI
10.	ERICo, d.o.o., Velenje	51.00	BSPI
11.	Gorenje design studio, d.o.o., Velenje	52.00	BSH
12.	PUBLICUS, d.o.o., Ljubljana	50.992	BSPI
13.	EKOGOR, d.o.o., Jesenice	74.998	BSPI
14.	Gorenje GAIO, d.o.o, Šoštanj	100.00	BSPI
15.	Gorenje GSI, d.o.o., Ljubljana	100.00	BSH
16.	Gorenje Keramika, d.o.o., Velenje	100.00	BSH
17.	Gorenje Surovina Fotoreciklaža, d.o.o., Maribor	50.992	BSPI
18.	Gorenje Studio, d.o.o., Ljubljana	100.00	BSH

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

23.	Gorenje Podgorica , d.o.o., Montenegro	99.975	BSH
24.	Gorenje Romania S.r.l., Romania	100.00	BSH
25.	Gorenje aparati za domaćinstvo, d.o.o., Serbia	100.00	BSH
26.	Mora Moravia s r.o., Czech Republic	100.00	BSH
27.	Gorenje - kuchyně spol. s r.o., Czech Republic	100.00	BSH
28.	KEMIS-Termoclean, d.o.o., Croatia	99.984	BSPI
29.	Kemis - BH, d.o.o., Bosnia and Herzegovina	99.984	BSPI
30.	Gorenje Studio, d.o.o., Serbia	100.00	BSH
31.	Gorenje Gulf FZE, United Arab Emirates	100.00	BSH
32.	Gorenje Tiki, d.o.o., Serbia	100.00	BSH
33.	Gorenje Istanbul Ltd., Turkey	100.00	BSH
34.	Gorenje TOV, Ukraine	100.00	BSH
35.	ST Bana Nekretnine, d.o.o., Serbia	100.00	BSPI
36.	Kemis Valjevo, d.o.o, Serbia	99.984	BSPI
37.	Kemis – SRS, d.o.o., Bosnia and Herzegovina	99.984	BSPI
38.	ATAG Europe BV, the Netherlands	100.00	BSH
39.	ATAG Nederland BV, the Netherlands	100.00	BSH
40.	ATAG België NV, Belgium	100.00	BSH
41.	ATAG Financiele Diensten BV, the Netherlands	100.00	BSH
42.	ATAG Special Product BV, the Netherlands	100.00	BSH
43.	Intell Properties BV, the Netherlands	100.00	BSH
44.	Gorenje Nederland BV, the Netherlands	100.00	BSH
45.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	BSH
46.	Gorenje kuhinje, d.o.o., Ukraine	70.00	BSH
47.	»Euro Lumi & Surovina« SH.P.K., Kosovo	50.992	BSPI
48.	OOO Gorenje BT, Russia	100.00	BSH
49.	Gorenje GTI, d.o.o., Belgrade, Serbia	100.00	BSPI
50.	Asko Appliances AB, Sweden	100.00	BSH
51.	Asko Hvitevarer AS, Norway	100.00	BSH
52.	Asko Appliances Inc, USA	100.00	BSH
53.	Asko Appliances Pty, Australia	100.00	BSH
54.	Asko Appliances OOO, Russia	100.00	BSH
55.	»Gorenje Albania« SHPK, Albania	100.00	BSH
56.	Gorenje Home d.o.o., Zaječar, Serbia	100.00	BSH
57.	ORSES d.o.o., Belgrade, Serbia	100.00	BSPI
58.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	99.984	BSPI
59.	Gorenje Corporate GmbH, Austria	100.00	BSH
60.	Cleaning system S, d.o.o., Serbia	75.989	BSPI
61.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	49.45	BSPI
62.	Solarna energija Solago, d.o.o., Serbia	100.00	BSPI

63.	Gorenje Sola - Home, d.o.o., Serbia	100.00	BSPI
64.	Gorenje do Brasil Ltda., Brasil	100.00	BSH
65.	Gorenje Asia Ltd., China	100.00	BSH
66.	Gorenje MDM d.o.o. Kragujevac, Serbia	100.00	BSPI

BSH – Business Segment Home
BSPI – Business Segment Portfolio Investments

* Gorenje signed a management services agreement with the company Targos S.A.S. for the management of its distribution subsidiary Gorenje France S.A.S. This company also has the optional right to acquire a 100-percent ownership stake of the company Gorenje France S.A.S., subject to certain conditions. Targos S.A.S. may call the acquisition option in May 2015. The acquisition price shall equal the book value of the company's equity as at December 31, 2014, within a certain interval. Economic parameters of the transaction are consistent with the appraised value of the company.

Associates:

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

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

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

13. Property and equipment

13.1. Existing property

The Gorenje Group and the Issuer Gorenje, d.d. owned the following property, plant and equipment in the years 2011,2012 and 2013

Gorenje Group

in thousand EUR	2011	2012	2013
Land	49,405	40,879	40,607
Buildings	165,814	144,625	152,372
Manufacturing plant and other equipment	133,190	118,341	149,706
Real estate, plant and equipment in the course of construction	10,431	37,326	13,867
Total	**358,840**	**341,171**	**356,552**

Issuer Gorenje, d.d.

v TEUR	2011	2012	2013
Land	20,365	20,365	20,365
Buildings	55,330	52,335	51,746
Manufacturing plant and other equipment	73,000	61,628	90,792
Real estate, plant and equipment in the course of construction	4,063	12,420	7,765
Total	**152,758**	**146,748**	**170,668**

13.2. Description of environmental problems that may influence the use of property, plant and equipment

By implementing activities in the field of environmental management, we are reducing the negative impact on the environment during all our processes. The environmental aspect has been considered in the development of home appliances as well as in the production processes and stages of managing products after the expiry of their service lives. Furthermore, we implement comprehensive waste management services in co-operation with daughter companies from the business segment Ecology. We are also providing services and products in the field of renewable energy sources and efficient energy use (e.g. solar power plants, co-generation, energy contracting services for greater energy efficiency of buildings or energy systems, etc.).

The fundamental objectives of environmental management that we pursue include:

- rationalisation of raw material and energy use,
- reducing the waste quantities produced,
- improvement of sorting effects and waste processing,
- reducing all types of emissions, with a special emphasis on waste waters,
- constant education and training of all the employees in order to increase work quality of work and their environmental awareness,

- continuous improvement in communications with customers, owners, employees, local community and the wide public,
- increasing competitiveness and expanding fields and forms of activities.

Environmental impacts are reduced by observing the requirements of ISO 14001 standard and the European regulation EMAS. Detailed results of the environmental operation are published every year in the verified Environmental EMAS Statement on the corporate website www.gorenjegroup.com.

Environmental management systems in Gorenje Group companies

	ISO14001	EMAS
Gorenje, d. d., Location Velenje	Yes	Yes
Gorenje, d. d., Location Šoštanj	Yes	Yes
Gorenje, d. d., Location Rogatec	Yes	Yes
Gorenje, IPC, d. o. o., Location Velenje	Yes	Yes
Gorenje, IPC, d. o. o., Location Šoštanj	Yes	Yes
Gorenje Orodjarna, d. o. o.	Yes	No
Gorenje GAIO, d. o. o.	Yes	No
Gorenje, Valjevo, d. o. o.	Yes	In implementation
KEMIS, d. o. o.	Yes	No
Gorenje Surovina, d.o.o.	Yes	No
Gorenje Gostinstvo, d.o.o.	Yes	No
Mora Moravia s.r.o.	Yes	No

The consumption of water has been reduced in the daughter company Gorenje I.P.C. and the parent company, where the biggest share of production activities is carried out, by means of organisational measures and constant upgrading of technological processes. Burdening by waste waters has been optimised. We strictly separate all types of waste (over 90% of waste produced during production processes is collected) and upon processing the collectors submit it to further use. Lighting replacement (external and internal lighting) has been carried out in the field of energy use control on the location in Velenje.

In the factory of cooking appliances in the Czech Republic we obtained a certificate based on the ISO 14001 standard. The greatest effects have been observed in the field of water consumption and burdening of waste waters was also reduced. Separate collection of waste has been consistently carried out and almost 80% of all waste from the company has been processed.

As regards the production facilities in Serbia we are implementing activities for meeting environmental objectives, mostly in the field of rational use of raw materials and energy products (e.g. optimisation of technological processes, regular monitoring of all vital parameters, search for more efficient chemicals to be used in technological procedures), reducing quantities of waste produced and for consistent separation of waste. In 2013, environmental influences were regularly monitored in compliance with legal requirements and legally defined limits were not exceeded. We are implementing an environmental management system according to the requirements of the EMAS Regulation.

Gorenje Gostinstvo, d.o.o. acuired a certificate for its environmental management system according to ISO 14001 in April 2014. Principal objectives of the company are to reduce the amount of biodegradable kitchen waste and to minimize the use of energy in all business units.

Sustainability report for year 2013 is available on the website www.gorenjegroup.com, which complies with the standards GRI (Global Reporting Initiative) reports on the economic (business), environmental and social impacts of our operations. The report focuses on data for companies that deal with the Business segment Home.

14. Performance and financial position

14.1. Business results

14.1.1. Performance analysis for 2011,2012, 2013 and first quarter 2014

Gorenje Group performance in the years 2011,2012,2013 and first quarter 2014

First quarter of 2014

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

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

Revenue by geographical segments

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

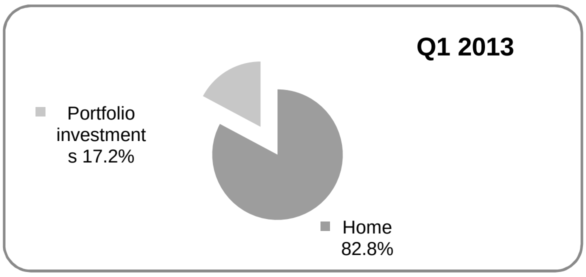
The **geographical sales structure** of the Business Segment Home indicates that:

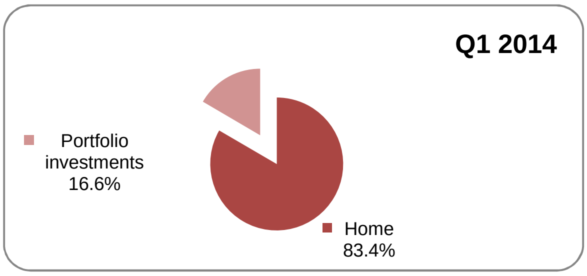
- sales declined by 2.1% in Western Europe if compared to Q1 2013. Lower volume of sales was also recorded on markets of Scandinavia, France and Belgium, whereby in Germany, Austria, Greece and Great Britain the sales have increased over the previous year's same period.
- sales volume in Eastern Europe grew by 2.3% over the same period in 2013. If the estimated effects of exchange rate fluctuations are not taken into account, the organic growth in revenue would amount to 9.0% over the Q1 2013 balance. Higher sales volume in Eastern Europe is attributable mostly to markets of the Czech Republic, Slovakia, Hungary, Croatia, Bosnia and

Herzegovina, Romania, Bulgaria, Caucasus and also Russia. Lower sales were generated on the markets of Ukraine, Macedonia and Poland.

- significant growth of +13.4% was recorded on markets outside Europe, which is in compliance with Gorenje's strategic goals. By excluding the estimated impact of exchange rate fluctuations, the organic growth would amount to more than 20%. The largest growth was recorded on markets of North America, whereby significant growth was also achieved in Australia with the sale of large household appliances under own brands. Sales declined on markets of Far East as a result of postponed completion of major construction projects and accompanying contractual supplies. The relevant dynamics is planned to be recouped for in Q2 2014.

<u>Group's revenue structure by business segment</u>





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

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

Earnings before interest and taxes (EBIT): the Group recorded a positive EBIT in the amount of EUR 10.2m. Compared to Q1 2013, the EBIT shows an increase of EUR 4.5m or 78.0%.

Movement of profitability at the level of EBIT:

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

Regardless of the negative impact caused by exchange rate fluctuations, Gorenje succeeded to maintain the level of contribution margin based on:

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

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

2013

The Group's **sales revenue** in 2013 amounted to EUR 1,240.5 million, which is 1.8% less than in 2012. Lower sales are a result of lower operating volume of the segment Portfolio Investments (-11.0%). Despite the unpredictable conditions in the European markets, revenue in the core segment Home was on a part with the figure from the year before (the same sales by volume in Europe; the Group's market share rose from 4.00 to 4.26% in 2013). Adjusting for the effect of the changes in exchange rates, organic growth in the segmentHome would have amounted to +1.3%.

Operating volume was increased in most downstream markets, particularly in Russia, Germany, UK, Slovenia, Croatia, Ukraine, Bulgaria, Romania, and Poland. There were fewer markets where sales were lower: France, the Netherlands, Scandinavia, Serbia, and the Czech Republic.

Revenue by geographical segments

EURm	2012	%	2013	%	Change (%)
Western Europe	480.9	38.1	466.7	37.6	-3.0
Eastern Europe	682.0	54.0	684.5	55.2	0.4
Rest of world	100.2	7.9	89.3	7.2	-10.9
Group Total	**1,263.1**	**100.0**	**1,240.5**	**100.0**	**-1.8**
Western Europe	474.8	44.3	460.9	43.1	-2.9
Eastern Europe	496.3	46.3	519.6	48.6	4.7
Rest of world	100.2	9.4	89.3	8.3	-10.9
Home total	**1,071.3**	**100.0**	**1,069.8**	**100.0**	**-0.1**

Revenue of the **business segmentHome** amounted to EUR 1,069.8 million in 2013, which is on a par with the 2012 figure. Adjusting for the negative currency translation differences, the growth in terms of value amounted to 1.3%. Sales growth was the highest in Eastern Europe (+6.9% organic growth after adjustment for currency translation differences; +4.7% growth including the currency translation losses). In Western Europe, sales in the business segment Home were 2.9% below the 2012 figure in terms of value. In the "Rest of World" region, our sales dropped by 10.9% in 2013. Adjusting for the currency translation differences, the drop in sales in 2013 amounted to 6.4% relative to the year before.

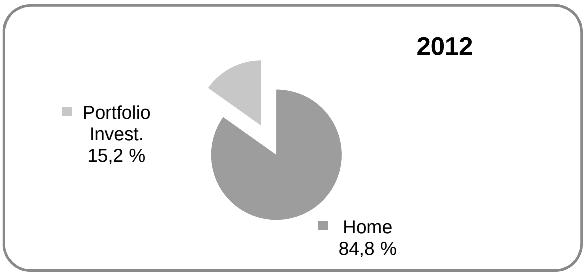
Taking a closer look at the **sales structure by geographical segments of the business segment Home** we find the following:

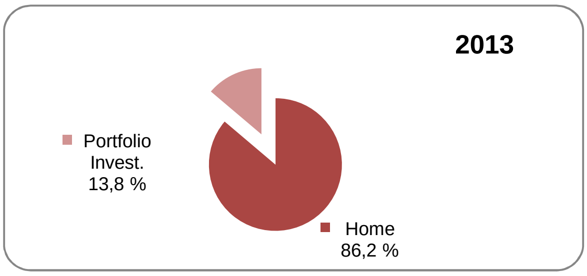
- In Western Europe, our sales were lower predominantly due to lower sales in the Netherlands, Belgium, Turkey, and Scandinavia. In Germany, Austria, and Great Britain, our sales were higher than in 2012. According to CECED data, sales in the markets of Western Europe did not change in terms of volume. However, pressure on pricing resulted in a drop of sales by value, despite the fact that sales by volume remain the same as in 2012.

- In Eastern Europe, our sales rose in Russia, Ukraine, Croatia, Slovenia, Bosnia and Herzegovina, Bulgaria, and Romania; on the other hand, sales were lower in this region in the markets of the Czech Republic, Serbia, and Slovakia.
- Or sales dropped beyond Europe (in the so-called Rest of World region), especially as a result of lower OEM sales within the business segmentHome in the USA, as well as a decrease in sales of small domestic appliances in Australia. Moreover, currency translation differences had a negative impact on sales.

Revenue of the **business segment Portfolio Investments** amounted to EUR 170.7 million in 2013, which is 11.0%, or EUR 21.1 million less than in 2012. The drop in the sales of coal was the most prominent factor in this decrease. Moreover, termination of our cooperation with a Slovenian business partner in the segmentof waste collection also resulted in a decrease of sales. On the other hand, operations were expanded and revenue was increased in toolmaking and machine building.

Group revenue by business segments





The **structure of revenue by business segments** reveals the following:

- Decrease of the share of sales within the segmentPortfolio Investments has led to increased importance of the core activity (business segmentHome) in the composition of the Group's revenue. Thus, the business segmentHome accounted for 86.2% of total Group sales in 2013. Relative to 2012, the share of the business segmentHome rose by 1.4 percentage points.

Operating profit (EBIT): in 2013, our EBIT was positive at EUR 36.3 million. Relative to 2012, EBIT was lower by EUR 8.6 million, or 19.1%.

The following table **breaks down the change in profitability** at the EBIT level:

EURm	Development
EBIT 2012	**44.9**
Contribution margin at the level of costs of goods and material	-16.1
Costs of services	-8.8
Labour costs / Employee benefit expenses	20.7
Depreciation and amortization	3.8
Other operating expenses	-1.8
Other operating income	-6.4
EBIT 2013	**36.3**

The following factors had a considerable impact on the attained EBIT:

- adjustment of pricing to the conditions in particular markets, and sale of buffer inventory built-up as a supply cushion for the period of manufacturing operations relocation process;
- other income was lower by EUR 6.4 million (in 2012, higher revenue was generated by drawing/reversal of provisions for the restructuring of the Asko manufacturing plant in Sweden, and by job creation grants and subsidies received in Serbia);
- composition of services rose by EUR 8.8 million or 4.2%; logistics costs had the strongest impact in this respect (change of transport routes resulting from the relocation of manufacturing operations and change in the geographical structure of sales); rental expenses and contractor costs were also higher; to some extent, costs of services were also affected by additional creation of provisions for warranty repairs;
- lower costs of depreciation and amortisation resulting from lower investment in the last two years, divestment of non-operating assets, and extended useful lives of some property plant and equipment as of 2010. The cost of depreciation within the segmentHome will increase in 2014 due to new investment related to the relocation of manufacturing operations.
- In 2013 Gorenje Group standardized and unified its development cost records. The standardization has resulted in capitalization of development costs in 2013 relative to the year before. As in the past, only costs pertaining to new product development are capitalized. The capitalized costs are amortized throughout the anticipated product life cycle. In 2013, capitalized development costs amounted to EUR 13.9 million (in 2012: EUR 1.9 million).
- Labour costs decreased relative to 2012 by EUR 20.7 million. The decrease was a result of the relocation of manufacturing operations and lower number of employees in the second half of the year; also bearing a positive impact in terms of labour costs were the capitalized development costs discussed above.
- Lower sales profitability in some markets was a result of adjustment to local conditions in terms of pricing and structure of sales.

It should be noted that some of the expected effects of manufacturing operations relocations are already manifest. Full effects will be seen in 2014 as the strategic shifts will have a positive impact on EBIT in that year and beyond.

2012

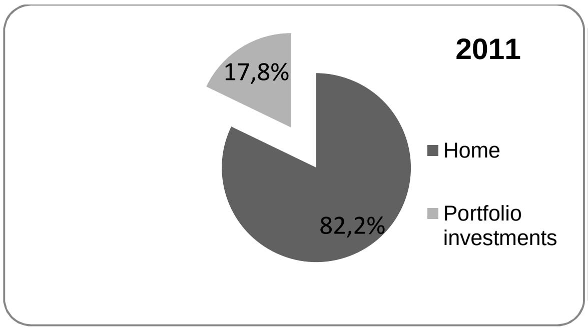
In 2012, Gorenje Group consolidated sales revenue amounted to EUR 1,263.1 million, which is EUR 18.7 million, or 1.5%, less than in the year before. In the last quarter of 2012, the Group consolidated sales revenue reached EUR 333.6 million, which is 2.2% more than in the equivalent period of the year before. Operating volume was increased in most downstream markets, especially in Russia, USA, Slovenia, Poland, Slovakia, Croatia, China, and Germany. Markets where business activities actually shrunk in the last quarter of 2012 are considerably fewer: Serbia, Czech Republic, and the Netherlands. It is important that the Group's decrease in revenue in these markets is lower than the overall drop in these markets. Results of the measures adopted in sales were already seen to some extent in the last quarter of 2012.

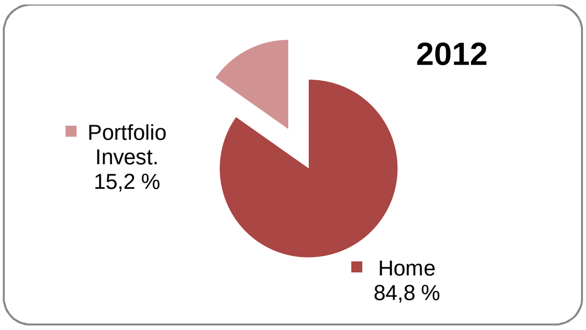
Revenue by geographical segments

EURm	2011	%	2012	%	Change (%)
Western Europe	497.2	38.3	480.9	38.1	-3.3
Eastern Europe	689.7	53.8	682.0	54.0	-1.1
Other	94.9	7.4	100.2	7.9	5.5
Total Group	**1,281.8**	**100.0**	**1,263.1**	**100.0**	**-1.5**
Western Europe	492.5	46.8	474.8	44.3	-3.6
Eastern Europe	466.1	44.2	496.3	46.3	6.5
Other	94.8	9.0	100.2	9.4	5.7
Total Group	**1,053.4**	**100.0**	**1,071.3**	**100.0**	**1.7**

Sales structure by geographical segments points out the following:
• In Western Europe, our sales were lower in 2012 relative to 2011 mostly due to lower sales in the Netherlands, France, and Italy, while sales in Germany and Scandinavia increased; the trend of lower sales in the last quarter reversed and sales in Western Europe were virtually the same as in the last quarter of 2011;
• In the territory of Eastern Europe, our sales were lower, especially as a result of the failure of the deal with military vehicles. Excluding the military vehicle deal, the Group's operations in these markets expanded. Higher sales were seen in Russia, Ukraine, Poland, Slovakia, and Croatia; while lower sales were seen in Slovenia, Czech Republic, Serbia, and Romania. It is important that the territory of Eastern Europe saw a nearly 3-percent growth in sales in the last quarter of 2012 relative to the last quarter of 2011. The main generators of growth in the last quarter of 2012 were sales activities within the business field Home in the markets of Russia, Ukraine, Slovenia, Slovakia, and Poland.
• We increased our sales beyond Europe (i.e. in the so-called 'rest of World' segment), both at the annual level (5.5-percent growth) and in comparison of the last quarters of the two years (5.5-percent growth). In particular, our sales activities within the business field Home were increased in the markets of Australia, USA, and China.

Group revenue by business segments





The structure of revenue by business segments reveals the following:
• Decrease of the share of sales within the field Portfolio Investments (following the disposal of the energy engineering in2011) has led to increased importance of the core activity (business field Home) in the composition of the Group's revenue. Hence, the business field Home represents nearly 85 percent of total Group revenue both annually and in the last quarter of 2012.

Earnings before interest and taxes (EBIT): in 2012 the Group recorded positive EBIT in the amount of EUR 44.9m. Compared to the previous year, EBIT increased by EUR 1.3m or 3.0%.

The following table **breaks down the change in profitability** at the EBIT level:

EURm	Development
EBIT 2011	**43.6**
Contribution margin at the level of costs of goods and material	17.4
Costs of services	-5.7
Labour costs / Employee benefit expenses	-6.7
Depreciation and amortization	2.2
Other operating expenses	3.6
Other operating income	-9.5
EBIT 2012	**44.9**

This increase is attributable to:
• improved sales volume in the business segment Home, which grew by nearly 7% in the last quarter of 2012. Growth was recorded by all geographical segments (Eastern and Western Europe, other countries worldwide) irrespective of harsh circumstances, particularly in European markets,
• improved contribution margin at the level of cost of goods and material as the result of more favourable purchases of materials and raw materials and merchandise (products manufactured beyond own production facilities), and an improved sales structure (geographical and product structure).

The movement of EBIT was negatively impacted by:
• movements in cost of services, which increased by 2.8% or EUR 5.7m over the previous period, irrespective of lower consolidated revenue by 1.5%. This increase was driven mostly by costs of transport and lo- gistics services that grew by 16.0% or EUR 6.8m as a result of higher retail fuel prices and the changed geographic sales structure in individual countries, as well as ongoing cost pressures,
• movements in employee benefits expense, which grew by 2.7% or EUR 6.7m compared to 2011. This increase is attributable to the production of emergency stock prior to the relocation of production from north to south (Sweden - Slovenia, Finland - Czech Republic, Slovenia - Serbia). Employee benefits expense was also negatively impacted by the inability to adjust short-term costs when production capacities are not fully utilised, the impact of an unexpected work stoppage in December and rigid labour legislation.

2011

Due to the very harsh economic conditions, Gorenje Group saw throughout the entire year 2011, and especially in the last quarter, a drop in **sales volume** and changes in terms of its geographical and product structure, which resulted in a negative effect on all levels of profitability. In addition to the volume and composition/structure of sales, Gorenje Group profitability was strongly affected by the **rising prices of raw and processed materials.** Growth from the second half of 2010 persisted and accelerated until August 2011, and steadied at the high levels from early September 2011.

Comparability of annual and quarterly **information on performance** relative to the year 2010 is strongly affected by the integration of the Asko Group in August 2010, and the divestment and elimination of the company Istrabenz Gorenje in July 2011. In order to provide comparable information, the said categories are always additionally reported without the effects of the integration of Asko Group and of the elimination of Istrabenz Gorenje.

Asko Group faced the same challenges presented by the economic environment, in addition to historically low sales in the first quarter of the year and the activities of business integration into the Gorenje Group commenced early in the year. Hence, its results for 2011 were negative. However, considering the plans for 2012, these negative results will have been completely balanced out as early as by the end of 2012.

Gorenje Group **revenue** in 2011 reached EUR 1,288.1 million, which is EUR 66.2 million, or 5.4%, higher than the comparable level in the corresponding period of 2010. In the fourth quarter, sales rose by EUR 8.7 million or by +2.7% relative to the last quarter of 2010, which is an improvement over the dynamics of growth over the third quarter of the current year.

A closer look at the composition of Gorenje Group sales by **geographical** segments and by **divisions** reveals the following:

- integration of the Asko Group increased the share of sales in Western Europe and the rest of the world (USA, Australia), particularly in upmarket segments;

- Gorenje Group sales in geographical segments with higher yield or returns (Southeastern and Eastern Europe) dropped, which is partly a result of the elimination of the energy engineering operations

14.1.2. Notable material changes in net sales

Comparability of individual categories of profitability, financial position, and cash flow of the Gorenje Group is materially affected by the divestment of Istrabenz-Gorenje in July 2011 and the resulting exit from the business segment Energy Engineering, formerly a part of the division Ecology, Energy, and Services.

Gorenje is in the process of discontinuing/disposing/restructuring its activities in business segment Home (furniture programme, sales organisations), which have had a negative impact on the Group 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 for the period January – December 2013 and 2012, to a separate item i.e. Profit or loss from discontinued operation. In addition, assets and liabilities of companies classified as discontinued operations were reclassified among assets/liabilities held for sale in the Group's Consolidated Balance Sheet as at 31 December 2012 and 31 December 2013.

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

Income statement – discontinued operations

EURk	2013	2012
Revenue	**11,449**	**25,896**
Change in inventories	337	-638
Other operating income	1,449	1,180
Gross profit	**13,235**	**26,438**
Cost of goods, materials and services	-12,348	-22,865
Employee benefits expense	-3,914	-10,196
Amortisation and depreciation expense	-266	-1,321
Other operating expenses	-993	-741
Operating loss	**-4,286**	**-8,685**
Finance income	24	66
Finance expenses	-6,312	-253
Net finance expenses	**-6,288**	**-187**
Total loss	-10,574	-8,872
Income tax expenses	0	-11
Loss for the period	**-10,574**	**-8,883**

Balance sheet – discontinued operations

EURk	2013	2012
Assets included in disposal groups	**6,781**	**27,221**
Intangible assets	8	130
Property ,plant and equipment	112	10,840
Investment property	0	689
Non-current investments	962	966
Deferred tax assets	15	135
Non-current trade receivables	38	40
Inventories	584	6,303
Current investments	20	78
Trade receivables	3,062	5,638
Other current assets	1,069	1,302
Cash and cash equivalents	911	1,100
Liabilities included in disposal groups	**3,714**	**8,322**
Provisions	947	1,530
Non-current trade receivables	25	26
Deferred tax liabilities	15	253
Non-current financial liabilities	0	150
Current financial liabilities	0	13
Trade payables	168	3,895
Other current liabilities	2,559	2,455

Statement of Cash Flows - discontinued operations

EURk	2013	2012
Net cash flow from operating activities	-2,286	-8,155
Net cash used in investing activities	2,412	-99
Net cash used in financing activities	-4	-898
Net cash flows of discontinued operation	**122**	**-9,152**

14.1.3. Information of government, economic, and monetary policies that notably affected the company operations

Some Gorenje Group companies headquartered in Slovenia, including the parent company, i.e. the issuer Gorenje, d.d., took advantage in 2009 of the measures adopted by the Parliament of the Republic of Slovenia or the Government of the Republic of Slovenia to alleviate the effects of the financial and economic crisis. These effects includes subsidies for full working hours, partial aid for payments made to workers in furlough (temporary suspension), reimbursements of training expenses, and the guarantee scheme of the Republic of Slovenia. At end of 2011, the issuer paid back the borrowings from the guarantee scheme to the government. Since 2010, the issuer has not used any of the measures adopted by the Parliament of the Republic of Slovenia or the Government of the Republic of Slovenia.

Gorenje Group played an important part in advising the measures adopted by the Parliament and the Government of the Republic of Slovenia, as an initiator of systemic solutions for maintaining the jobs, and other measures to alleviate the effects of the crisis.

Recently there were no significant actions taken by the National Assembly of the Republic of Slovenia and the Government of the Republic of Slovenia, which would significantly affect the issuer's operations

15. Capital assets

15.1. Information about the issuer's capital assets

15.1.1. Investments into associates

Capital assets include the following investments into associates

EUR thousand	Equity interest	Investment at 31 Dec 2011	Investment at 31 Dec 2012	Investment at 31 Dec 2013
Gorenje I.P.C., d.o.o., Velenje	100.00%	377	377	377
Gorenje design studio, d.o.o., Velenje	52.00%	260	260	260
ERICo, d.o.o., Velenje	51.00%	256	256	256
ENERGYGOR, d.o.o., Velenje	100.00%	58	58	58
Gorenje Notranja oprema, d.o.o., Velenje	0.00%	18,215	0	0
Gorenje Keramika, d.o.o., Velenje	100.00%	0	4,990	7,990
Gorenje Kuhinje, d.o.o., Velenje	0.00%	0	0	0
Gorenje GTI, d.o.o., Velenje	100.00%	8,795	3,934	3,934
Gorenje GSI, d.o.o., Ljubljana	100.00%	0	4,861	4,861
Gorenje Gostinstvo, d.o.o., Velenje	100.00%	5,958	5,958	5,958
Gorenje Orodjarna, d.o.o., Velenje	100.00%	3,038	3,038	3,038
Indop, d.o.o., Šoštanj	100.00%	1,000	1,000	1,000
Gorenje GAIO, d.o.o., Šoštanj	100.00%	1,000	0	800
Kemis, d.o.o., Radomlje	0.00%	0	0	0
Gorenje Surovina, d.o.o., Maribor	85.78%	23,490	23,490	23,489
ZEOS, d.o.o., Ljubljana	51.00%	242	242	
Istrabenz Gorenje inženiring, d.o.o., Ljubljana	100.00%	0	0	243
Gorenje Zagreb, d.o.o., Hrvaška	100.00%	17,230	17,230	17,230
ST Bana Nekretnine, d.o.o., Srbija	1.61%	50	50	50
Gorenje Tiki, d.o.o., Srbija	100.00%	17,306	23,306	23,306

Gorenje Ekologija, d.o.o., Srbija	99.98%	2	2	0
Gorenje Home, d.o.o., Srbija	100.00%	3,001	3,001	3,001
Gorenje Skopje, d.o.o., Makedonija	100.00%	538	538	538
Mora Moravia s r.o., Češka republika	67.95%	8,750	8,750	8,750
Gorenje Nederland BV, Nizozemska	100.00%	131,106	131,106	131,106
Total		**240,672**	**232,447**	**236,245**

Investments of Gorenje d.d. in associates

EUR thousand	Equity interest	Investment at 31 Dec 2011	Investment at 31 Dec 2012	Investment at 31 Dec 2013
GGE, d.o.o., Ljubljana	33.33%	200	200	200
ECONO projektiranje, d.o.o.,	26.00%	35	35	35
RCE, d.o.o., Velenje	24.00%	600	600	600
Gorenje Projekt, d.o.o., Velenje	50.00%	141	141	141
Total		**976**	**976**	**976**

Changes in Gorenje, d.d., investments into Gorenje Group subsidiaries.

2013

Increase in investments in Gorenje Group's subsidiaries includes:

- share capital increase in Gorenje Keramika, d.o.o., Velenje in the amount of EUR 3,000k,
- share capital increase in Gorenje GAIO, d.o.o., Šoštanj in the amount of EUR 800k,

In addition to the capital increase the Company impaired also investments in Gorenje Notranja oprema, d.o.o. in the amount of EUR 2,800k, which has been sold in February 2013 together with the subsidiary Gorenje Kuhinje, d.o.o. Impairments of investments in companies disposed in February 2013 were carried out in 2012 in the amount of EUR 13,238k.

Decrease refers to the disposal of the subsidiary Gorenje Ekologija, d.o.o., Serbia to the subsidiary Gorenje Surovina, d.o.o., Maribor.

2012

Increase of investment into Group subsidiaries pertains to the following:
• capital increase of the subsidiary Gorenje Tiki, d.o.o., Serbia, in the amount of EUR 6,000 thousand,
• purchase of additional stake in the subsidiary Gorenje Notranja oprema, d.o.o., from third parties, in the amount of EUR 13 thousand.

The company recognized an impairment of the following financial investments: investment into the company Gorenje Notranja oprema, d.o.o., in the amount of EUR 160 thousand; investment into subsidiary Gorenje Kuhinje, d.o.o., in the amount of EUR 13,078 thousand; and investment into Gorenje GAIO, d.o.o., in the amount of EUR 1,000 thousand.

2011

Increase of investment into Group subsidiaries pertains to the following:

- capital increase of the subsidiary Gorenje Surovina, d.o.o., Maribor, in the amount of EUR 4,552 thousand,
- capital increase of the subsidiary Gorenje Zagreb, d.o.o., in the amount of EUR 2,677 thousand,
- capital increase of the subsidiary Gorenje Tiki, d.o.o., Serbia, in the amount of EUR 4,609 thousand,
- founding of the subsidiary Gorenje Home, d.o.o., Serbia, in the amount of EUR 3,001 thousand,
- founding of the subsidiary Gorenje Ekologija, d.o.o., Serbia, in the amount of EUR 2 thousand.

The subsidiary Gorenje Projekt, d.o.o., Velenje, was transferred among the subsidiaries due to proportional ownership, in the amount of EUR 463 thousand. Decrease of investment into Group subsidiaries pertains to the divestment of subsidiaries Istrabenz Gorenje inženiring, d.o.o., Ljubljana, Publicus, d.o.o., Ljubljana, and Kemis, d.o.o., Radomlje. The divestment resulted in gains of EUR 3,306 thousand, which are reported as financial revenue from divestment of subsidiaries.

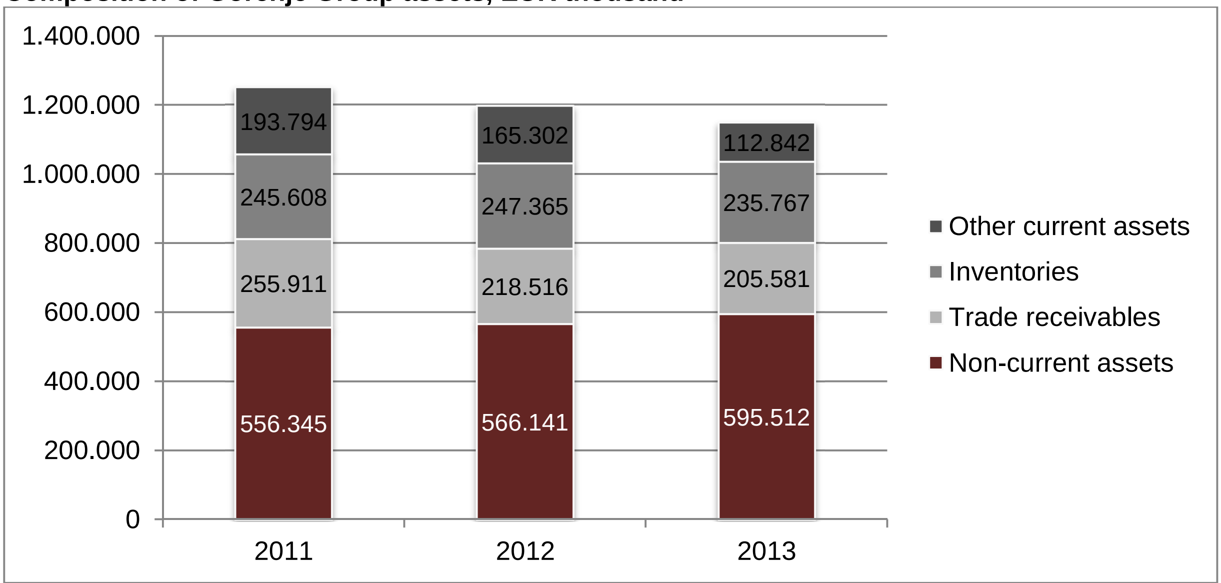
15.1.2. Issuer's assets by maturity

The value of Gorenje Group non-current assets increased in 2013 relative to 2012 by EUR 29,371 thousand, mainly due to investments in tangible and intangible assets.

The value of current assets decreased by EUR 76,993 thousand relative to the figure as at the end of 2012. The main reason for the decrease are inventory optimisation projects (EUR -11,598 thousand), decrease of receivables (EUR -12,935 thousand), decrease of assets included in disposal group (EUR -20,440 thousand) and decrease decrease of csh and cash equivalents in amount of EUR 14,899 thousand. Current financial investments decreased by EUR 15,567 thousaned due to imparement.

In the composition of assets, the share of non-current assets was 51,8 percent, which is **4.5 percentage points more than in the year before**.

Composition of Gorenje Group assets, EUR thousand



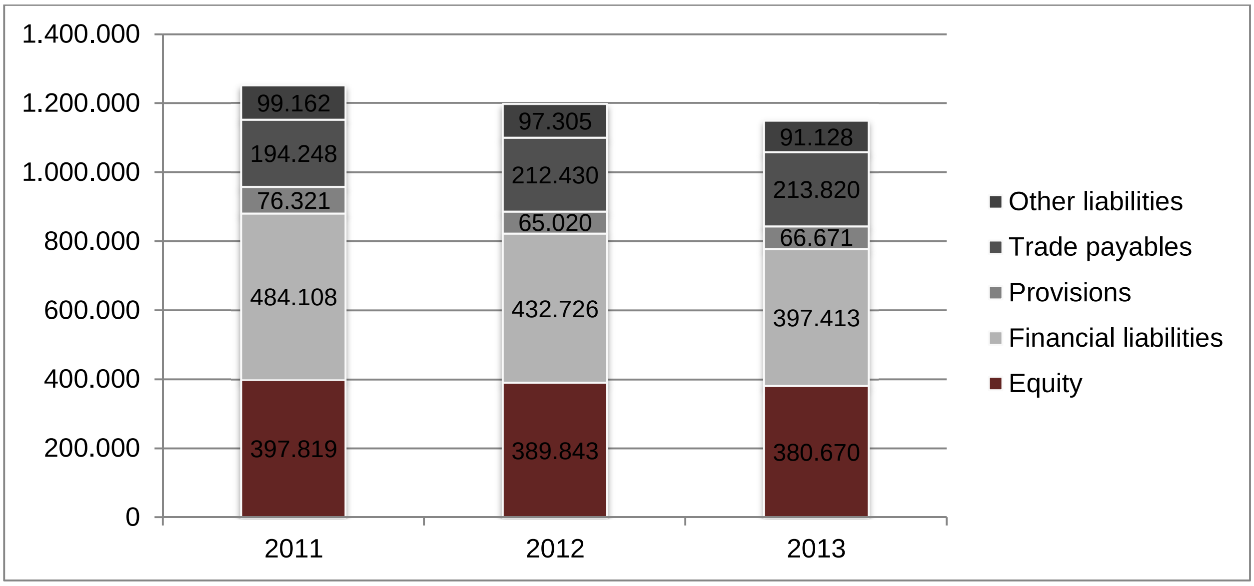
15.2. Explanation regarding liabilities and amounts, and description of financial flows

15.2.1. Explanation regarding liabilities

As at the end of 2013, Gorenje Group equity amounted to EUR 380,670 thousand, which is EUR 9,173 thousand, or 2.3 percent, less than as at the end of 2012. In the composition of liabilities, equity represents 33.1 percent, which is 0.5 percent more than in 2012.

Current trade payables increased by EUR 1,390 thousand. Their share in total liabilities rose by 0.9 percent.

Composition of Gorenje Group liabilities, EUR thousand



15.2.2. Opis denarnih tokov

<u>**Konsolidirani izkaz denarnih tokov Skupine Gorenje**</u>

Free cash flow (EUR thousand)	2011	2012	2013
Profit or loss for the period	**9,106**	**290**	**-24,999**
Amortization and depreciation expense	50,198	46,986	41,875
Cash flow from operating activities	**59,304**	**47,276**	**16,876**
Capex	-47,468	-60,744	-76,606
Divestment	4,396	11,408	18,954
Change in deferred tax assets/liabilities, non-current operating trade receivables/payables, provisions, fixed assets	-13,361	-17,992	-11,583
Cash flow from investing activities	**-56,433**	**-67,328**	**-69,235**

Change in inventories	11,985	-8,060	11,598
Change in trade receivables	50,373	31,757	12,935
Change in other receivables	9,861	-6,238	21,994
Change in trade payables	-42,772	22,077	1,390
Change in other current liabilities	-18,233	-10,013	-8,790
Changes in working capital	**11,214**	**29,523**	**39,127**
Cash flow from operating and investing activities	**14,085**	**9,471**	**-13,232**
Changes in investments (non-current and current)	8,029	2,982	17,820
Changes in financial liabilities (non-current and current)	161	-51,219	-35,313
Cash flow from financing activities	**8,190**	**-48,237**	**-17,493**
Cash flow from net financial liabilities	**22,275**	**-38,766**	**-30,725**
Change in equity (excluding the results of the current perio	-3,383	-8,266	15,826
Net cash flow for the period	**18,892**	**-47,032**	**-14,899**
Cash and cash equivalents as at beginning of year	82,728	101,620	53,488
Cash and cash equivalents as at end of year	101,620	54,588	38,589

In 2013, the Group's cash flow from operating activities amounted to EUR 16.9 million, which is EUR 30.4 million less than in the year before. This is mostly a result of the net loss in 2013. Net cash flows from investing activities, calculated as the difference between capital expenditure (investment into property plant and equipment, and divestment thereof and changes in deferred tax assets and liabilities, provisions, and other long-term trade receivables and payables, amount to EUR -69.2 million, which is EUR 1.9 million worse than in the preceding before.

Cash flow from operating and investing activities in 2013 amounted to EUR -13.2 million in 2013, which is EUR 22.7 less than in the year before. In 2013, the Group's cash flow from financing activities stood at EUR -17.5 million. Financial investments were lower by EUR 17.8 million (mostly as a result of impairments regarding Merkur, Probanka, Cimos etc. which are explained above which did not take the form of negative cash flow in 2013, and the effects of divestment of the company Notranja oprema) while financial liabilities were lower by EUR 35.3 million. Net cash flow, including the negative cash flow from financing activities, amounted to EUR -30.7 million in 2013. As at December 31, 2013 share capital amounted to EUR 380.7 million. In 2013, it was increased by EUR 15.8 million (not accounting for the current result for the year, which has already been included in net cash flow from operating activities). Including this effect, net cash flow for 2013 is EUR -14.9 million, which is EUR 32.1 million more than in the year before.

Investment in 2013 amounted to EUR 76.6 million, which is EUR 15.9 million more than in the preceding year. This is mostly an effect of intensive activities of relocation of especially refrigeration appliance manufacturing operations from Slovenia to Serbia and the related investment into a new manufacturing hall and new production lines for free standing refrigerator freezers. Moreover, production of laundry care appliances and dishwashers has been relocated from Sweden to Slovenia. The manufacturing operations relocation processes accounted for EUR 29.6 million of investment in 2013. In addition, we kept up our continuous investment into new product development.

By December 31, 2013 a total of EUR 76.6 million was allocated for **investments**. The largest share of this amount pertains to business segmentHome: EUR 68.7 million. Most investment expenses are related to the new manufacturing plant in Valjevo and the related equipment for the transferred manufacturing of free standing 60-cm-wide fridge freezers; acquisition of the required equipment and machinery for the manufacturing of refrigeration products; and relocation of manufacturing of Asko dryers, washing machines, and dishwashers from Sweden to Slovenia. We also invested into new assembly lines for production of built-in ovens at the cooking appliance program. Other investment pertains to new product development, acquisition of technological equipment, logistics equipment, and acquisition of hardware and software for the segmentof IT.

Investment in the business segmentPortfolio Investments amounted to EUR 7.9 million. The largest share pertains to the segmentof Ecology (EUR 5.6 million) and within this segmentespecially the waste collection center in Jesenice; equipment and machinery for waste raw material processing; and boosting our presence in the waste raw material market in Serbia. The remaining sum of investment in the amount of EUR 2.3 million pertains to the investment into technological equipment of Gorenje, d.d., subsidiaries in Slovenia, dealing with toolmaking and development and assembly of industrial equipment.
As early as in 2010, the Group adopted a **divestment** program for non-core and underperforming assets, as well as for some non-strategic activities and activities that have been generating loss and negative cash flow for an extended period of time. In 2013, our divestment program was successfully pursued further with divestment of non-core assets with a total carrying value of EUR 19.0 million. The largest share thereof pertains to the sale of our business and distribution center in Ljubljana, warehouse center in Prague, manufacturing plant in Vara, Sweden, and two pieces of property in Paris. Current liquidity and the financial debt during the year were positively affected by the fact that most proceeds from these divestments were received in the first half of the year. We are happy to report that we succeeded at the end of February 2013 in divesting our shareholdings in the companies Gorenje Notranja oprema (Home Interior), d.o.o., and Gorenje Kuhinje (Kitchens), d.o.o., especially because this divestment eliminated their negative effect on the current results of the Group. In the last three years, and even before that, this negative effect amounted to EUR 5 million or more each year. After the divestment, the Group's financial debt will no longer increase for this reason. Despite the divestment, we have maintained cooperation with the divested company Gorenje Kuhinje (Kitchens), which was renamed to Arosa Mobilia, d.o.o., and which is now our strategic supplier of kitchen furniture which we are now selling without integral loss.

As a result of the activities described above, net long-term assets as at December 31, 2013 amounted to EUR 507.4 million, which is EUR 27.4 million more than at the end of the year before.

As at December 31, 2013 the Group's investment into net working capital amounts to EUR 208.6 million. In 2013, the figure declined by EUR 39.1 million relative to the year before. In this respect, narrowly defined net current assets (inventory, trade receivables, and trade payables) decreased by EUR 25.9 million. The difference in the decrease of working capital in the amount of EUR 13.2 million pertains to the decrease of other short-term receivables in the amount of EUR 22.0 million. This is mostly a result of a decrease in the assets included in disposal groups (EUR 20.4 million) resulting from the divestment of the companies Gorenje Kuhinje and Gorenje Notranja oprema. Working capital was negatively affected by the decrease in other current liabilities, especially liabilities included in disposal groups (EUR 4.6 million) and other current liabilities (EUR 4.2 million).

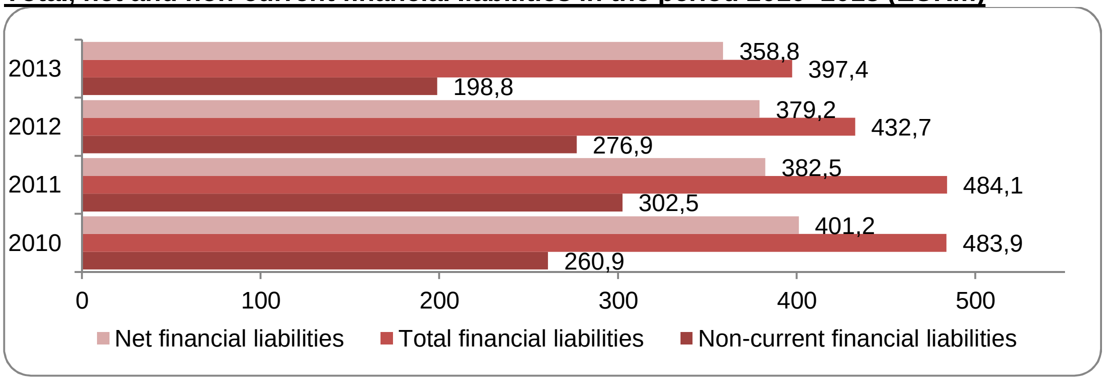
Trade receivables amounted to EUR 205.6 million at the end of 2013, which was EUR 12.9 million less than as at the end of 2012. The decrease of the annual level of trade receivables is a result of stricter management thereof (stopping supplies in case of receivables without insurance or payment delinquency, and more consistent collection). The group has been employing non-recourse factoring for an extended period of tie at two sales companies in Western Europe since the cost of financing through this type of transaction is lower than the average financing costs at the Group. Moreover, non-recourse factoring is also selectively employed in Russia, mostly as a tool for short-term foreign exchange hedging of open cash positions. Days sales outstanding decreased from 67 to 62 days relative to the equivalent period of the year before.

Inventory at the end of 2013 amounted to EUR 235.8 million, which is EUR 11.6 million less than in the year before. Total inventory is higher by EUR 9.7 million as it includes the inventory of coal in transit (ship transport), which was not included in inventory on any of the quarter-ends of 2013, nor at 2013 year-end. Coal trade is one of the trade activities of Gorenje, d.d. At the very start of January 2014, this inventory was sold. In comparable terms, inventory is lower by EUR 21.3 million than at the 2012 year-end. Throughout 2013, our inventory was sub-optimal, which was largely a result of the shift of manufacturing operations from Sweden to Slovenia and the transfer of cold program from Slovenia to Serbia as these processes involved building up a buffer inventory of finished products. Needless to say, the production was halted during the transfer and any failure in supply to our customers in that interim period would be unacceptable and highly detrimental to our market position. In the last quarter of 2013, the buffer inventory was almost entirely sold. At the annual level, the inventory of finished products and merchandise saw the steepest decline, by EUR 18.4 million. This is also a result of fewer manufacturing plants as the increase of inventories in the newly established plants in Slovenia and Serbia is only a half of the decrease of the original inventory at the end of 2012 in Sweden. At the same time, additional attention was paid in the second half of the year to inventories of merchandise (trade goods) in warehouses of our sales units. As a result, they were decreased in year-on-year terms by EUR 15.8 million. Further improvement of total inventory is expected with the implementation of the complexity management project which involves decreasing the number of product IDs (codes) for which sales and margins were low, or sub-par. Introduction of lean manufacturing, resulting in a decline of inventory between individual stages of production, has also had a positive effect particularly on the inventory of raw and processed material. Days in inventory for finished products thus decreased from 37 to 36 days relative to the equivalent period of the year before.

Trade payables as at December 31, 2013 amounted to EUR 213.8 million, which is nearly the same as on December 31, 2012. Changes of this figure in the last quarter of 2013 are consistent with the normal development in the course of the year, as well as with higher purchases of raw and processed materials and small domestic appliances. In case of raw and processed materials, the reason is higher volume of orders for major appliances produced at our manufacturing plants; in case of small domestic appliances, it is the permanent growth of sales and resulting supply requirements, mostly from the Far East. Lower trade payables relative to 2012 are also a result of increasing production volume in Serbia and, consequently, increasing supplies from local suppliers, because Serbia has set a mandatory maximum payment terms of 60 days. Days payable outstanding increased from 76 to 84 days relative to the equivalent period of the year before.

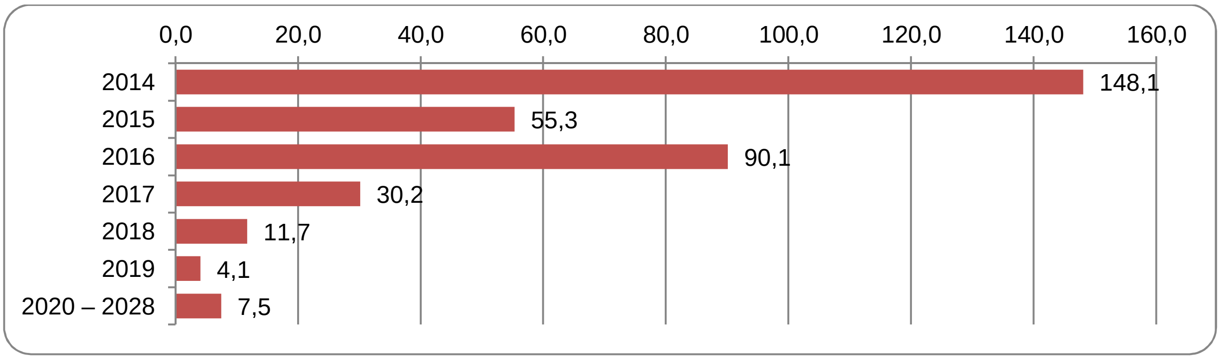
15.3. Information regarding requests for borrowings and structure of the issuer's financing

<u>**Total, net and non-current financial liabilities in the period 2010–2013 (EURm)**</u>



Total financial liabilities (as the sum of current and non-current financial liabilities) amounted to EUR 397.4 million as at December 31, 2013 which is EUR 35.3 million less than as at December 31, 2012 and EUR 77.8 million less than as at the third quarter of 2013. Positive development in the last quarter is largely a result of strong sales and related collection of trade receivables, as well as the optimization of working capital, especially inventory. Moreover, the capital subscribed and paid up in the process of equity offering in the fourth quarter, amounting to EUR 16.7 million, and the EUR 10 million invested by Panasonic in the third quarter of 2013 also had a positive deleveraging effect. It should be noted that the decrease in total financial liabilities exceeds the additional capital subscribed and paid in by EUR 8.6 million. This result is all the more significant as it points out our ability to deleverage even in 2013, i.e. a year of high disbursements and costs related to the extensive transfer of manufacturing operations from Scandinavia to Slovenia and from Slovenia to Serbia, which was certainly one of the most challenging restructuring projects in Gorenje's corporate history, both in terms of financing and in terms of process management. Considering the risks to which the Slovenian banking sector was expose, it was very important to keep the share of the banks with parent companies headquartered in Slovenia, most of which were or will be included in the processes of government capital increase, to no more than 11.7% of the Group's overall borrowings portfolio. This does not include the data on borrowings from the SID bank which is a development bank. We expect this share to increase after the capital increase.

Repayment of principal amounts of non-current borrowings as at 31 December, 2013 in the coming years, in EURm



Pursuant to the corporate policy of continuous liquidity and financial debt management, we are continuously conducting activities to repay our due debt in 2014. The current portion of Gorenje Group's long-term borrowings due for payment in 2014 amounts to EUR 148.1 million (information as at December 31, 2013). A part of the borrowings will be repaid with cash flows from current operating activities and divestment; the rest will be repaid with new long-term borrowings. The largest share of the borrowings due for repayment in 2014 will reach maturity in the third quarter of the year. This share amounts to EUR 76.5 million, which means that the Group has to secure new long-term borrowings for at least partial refinancing of the long-term borrowings due for repayment. To this end, intensive activities are in progress with our current and new banking partners, which will contribute to the stabilization of the maturity profile of our debt and of the scope of annual maturity of long-term borrowings in a longer period of time. The Group's liquidity reserve as at December 31, 2013 amounted to EUR 119.0 million; this could also be used for settling the liabilities due for repayment.

Net financial liabilities (measured as the difference between total financial liabilities, and cash and cash equivalents) at the end of 2013 amounted to EUR 358.8 million, which was EUR 20.4 million lower than at the end of the year before.

In the **maturity profile of our financial liabilities**, long-term and short-term financing sources account for one half each. Relative to December 31, 2012 the profile worsened by 14.0 percentage points; however, it is still 2.9 percentage points better than in the previous quarter. The maturity profile deteriorated notably at the start of the third quarter of 2013 when the assignable loan (Schuldschein) the principal of which is repayable in a single amount, maturing in July 2014, was transferred to current portion of long-term debt.

16. Information about trends

16.1. Strategic focus of operation of the Gorenje Group

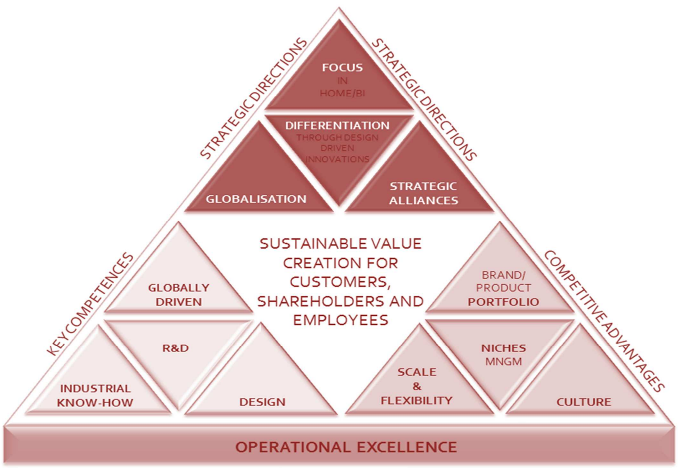
A number of profound changes took place at the Gorenje Group in the last two years. We restructured our manufacturing operations, divested our furniture business which was a burden to the Group's performance, reorganized and optimized the sales organization, and forged a strategic partnership with the Panasonic Corporation. Since these activities have a considerable effect on our operations and performance, we decided to update our Strategic Plan. In addition, the updated strategy for the period 2014–2018 addresses the unrelentingly harsh conditions in the markets.
The updated strategy includes three scenarios differing by average annual growth of sales as the key factor.

Key strategic goals for the period 2014–2018:

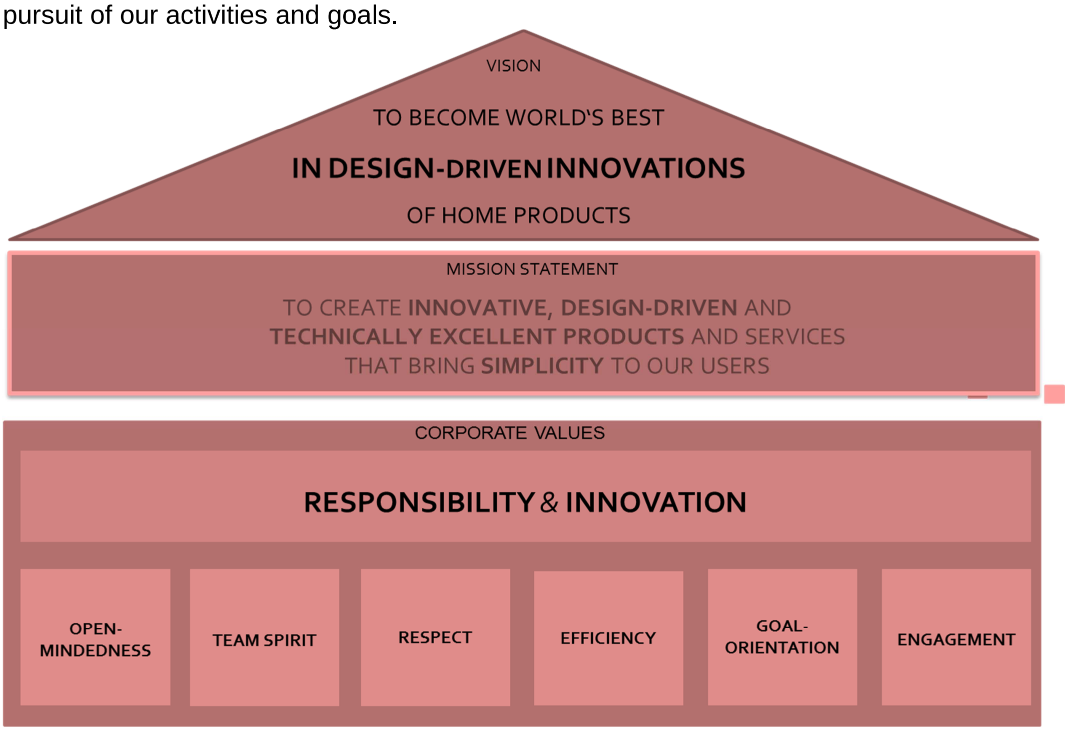
- Average annual growth of revenue of 6% in the optimistic scenario (in the pessimistic scenario, average annual growth is 1%)
- Debt management: net debt/EBITDA no more than 3.0 as of 2015 and beyond
- Long-term generation of value: gradual improvement of EBIT margin
- Short-term generation of value: positive free cash flow in all scenarios
- Increasing the share of premium brands to over 25% in 2018
- Increasing the revenue generated outside Europe to nearly EUR 170 million in 2018
- Core activity (products and services for the home) will account for over 90% of total revenue in 2018 (with lower product complexity)
- Increase of market shares in most of our key markets

Some activities aimed at the attainment of our strategic goals, which improve our profitability and financial stability, have already been carried out (e.g. manufacturing operations relocations); other activities and projects are still in progress in accordance with the business model adopted along with the strategic plan.

Gorenje Group business model geared towards our strategic goals:



Upon adopting the updated strategy we also revised our vision, mission, and values that lead us in the pursuit of our activities and goals.



We have restructured our manufacturing plants

In 2012 and 2013, we successfully completed the restructuring of our manufacturing operations which included four extensive shifts of manufacturing plants. First we shifted the production of cooking appliances from Finland to the Czech Republic and closed down the factory in Finland. We moved the production of 60 cm wide free standing refrigeration appliances from Velenje to Serbia and built a new plant in Valjevo (Serbia) to accommodate the increased manufacturing output requirements; production at this plant was launched in February 2013. As a result, all our free standing cold appliances are now made in Valjevo while the built-in refrigerator freezers are still produced in Velenje.

This was followed by two more challenging steps in the restructuring process in 2013. We first relocated the production of premium washing machines and dryers from Sweden to Velenje; this was followed by the transfer of dishwasher production along the same route. The factory in Sweden was closed down. The transferred and newly set-up production of the washing machines and dryers in Velenje was launched in March; the first dishwashers were made in Velenje in September.

The completed shifts of manufacturing operations were the most challenging activities of this kind in Gorenje Group's history; production location was changed for as much as 20% of all appliances produced by the Group. Full effects, manifest as savings of EUR 20 million in production costs annually, will be reaped in 2014.

Focusing on the core activity

In addition to the core activity of products and services for the home, we have been active for a number of years in the segmentof ecology, offering comprehensive waste management service. Moreover, we are also developing the activities of toolmaking, machine building, engineering, renewable energy resources and efficient use of energy, and some other activities.

Pursuant to the updated strategic plan, we are re-focusing on our core activity and the Group's organizational structure has been adjusted accordingly. All segments that are not a part of the core activity are thus treated as portfolio investments for which clear criteria was specified for the decisions on which companies to keep in the Group and which such companies the Group shall invest in. The investments are only approved if a company has a supporting role in the attainment of the strategic goals of the core activity, or when a company has low capital requirements and high profit margins with a potential for high long-term growth while relying on its own cash flow. In 2013, we divested two companies from the segment of kitchen and other furniture manufacturing which had had negative results for a number of years.

As of 2011, we have been increasing the share of our core activity in total Group revenue and we are looking to further boost this share in the future. In 2011, core activity accounted for 82.2% of the Group's total revenue; in 2013, it stood at 86.2%. In the last year of implementation of the updated strategy, revenue generated in the core activity is planned at over 90% of total revenue.

Revenue growth beyond Europe and higher sales in the premium segment

The Group generates the majority of its revenue in Europe, particularly in Germany, Russia, Benelux, Scandinavia, and Southeastern Europe. We will continue to strengthen the Group's position in Europe; however, we wish to boost our presence in the markets beyond Europe as well. Our target for revenue in non-European markets in the last year of strategy implementation is EUR 170 million which is nearly twice as much as in 2013.

Key non-European markets also include Australia and USA where we are present with the premium brand Asko.

In Australia, he Asko brand has a history dating back 40 years. It is recognized as a dishwasher and washing machine specialist attaining above-average shares in the premium segment. In 2014, we extended our offer with kitchen appliances as we are intensively working on the development of the so-called Asko Experience which will involve offering the best comprehensive service both at the time of and after the sale. Moreover, we shall introduce the Gorenje brand to this market. Based on these activities, we are planning to boost our sales in Australia in the years ahead.

In the USA, we teamed up with the leading upmarket home appliance manufacturer Sub-Zero Group Inc. Thus, the American company became the exclusive distributor of washing machines, dryers and dishwashers of the Asko brand in Northern America as of April 1, 2014. The cooperation is a part of our strategic activities aimed at boosting sales in markets beyond Europe, including upmarket products. Pursuant to the strategic plan, we are looking to increase the sales under our premium brands Asko and Atag to more than 25% of overall sales by 2018. In 2013, sales under these two brands accounted for 12% of our revenue.

Strategic partnership with Panasonic

One important aspect of the business model for the attainment of our strategic goals is strategic partnerships in various fields of operation. We entered the first such long-term strategic partnership with the Panasonic Corporation of Japan. The partnership includes business cooperation and a capital alliance.

The business part of the cooperation is already in progress and it rests on two pillars. The first pillar involves joint activities in development and production; the second pillar involves sales in Europe, including the possibility of joint distribution. As of last summer, we produce refrigerator freezers for Panasonic. Moreover, production of built-in ovens for our partner has been launched recently as well. Development activities for the new generation of washing machines are in progress and they include development teams from both partners. Production of jointly developed washing machines will be launched in 2015.

Business cooperation brings benefits to both companies. They include exchange of know-how and good practice in development, production, and quality management, as well as the possibilities of joint distribution in Europe. Last but not least, the synergies of cooperation will benefit the end users as both companies will offer an improved range of products.

As a sign of confidence in the partnership and commitment to long-term business cooperation, the Panasonic Corporation invested EUR 10 million into Gorenje's share capital, thus acquiring a 10.5 percent minority ownership share. Furthermore, a Standstill Agreement was signed, by which Panasonic Corporation undertook not to increase its ownership share of Gorenje to more than 13% in the period of five years from the day of signing the strategic partnership agreement without prior consent by Gorenje's Management Board and Supervisory Board.

The partnership will continue to develop. In the period until 2018, it will result in extra revenue of EUR 80 million per year for the Gorenje Group, as well as in gradual improvement of EBITDA in the amount of up to EUR 20 million per year.

Investing in new product development

New products are an important motor of growth and Gorenje Group is continuously investing into their development. Approximately 2% of the Group's revenue is invested into development annually.

In years 2011,2012 and 2013 Gorenje Group investments in research and development totaled EUR 59,414 thousand

Reasearch and development costs				
EUR thousand	**2011**	**2012**	**2013**	**Total**
Gorenje, d.d.	14,539	11,349	11,217	37,105
Asko AB	4,800	4,200	4,047	13,047
Atag Europe B.V.	1,981	2,071	3,667	7,719
Mora Moravia S.r.o.	468	503	492	1,463
AD Valjevo			28	28
Gorenje Keramika			52	52
Gorenje Group	**21,788**	**18,123**	**19,503**	**59,414**

Optimizing processes for more efficient development

In order to improve the efficiency of development activities, we reorganized in the last two years our development organization and established competence development centers. Previously, some product categories were developed at up to four locations. Now, development of refrigeration appliances, washing machines, dryers, and built-in ovens and cookers is based in Velenje; a competence center for cooking hobs and hoods is based in the Netherlands; and dishwasher development is located in Sweden. Comprehensive overhaul of new product development processes is currently in progress to make these processes uniform throughout the Group.

New products every year

The most significant development achievements introduced in 2013 included the new generation of free standing fridge freezers Gorenje Ion Generation. In addition, we offered our customers the Gorenje Classico kitchen appliances, a revised designer line Gorenje Simplicity, a new generation of gas hobs, and – as the first manufacturer in the world – a laundry dryer in the high A+++ energy class with a capacity of 9 kilograms. Assortment of the Asko brand was extended with a large-capacity washing machine (11 kg for the EU and 10 kg for Australia), and dryers with improved energy efficiency in the A++ energy class and a capacity of 7 kg.

In 2014, we continue to introduce development novelties that improve our competitiveness. The key novelty in this year was the new generation of innovative built-in ovens developed for several of our own brands. In early April, we premièred our line of Asko ProSeries™ kitchen appliances at the Eurocucina tradeshow in Milan. In addition, we are planning to expand the product line-up of free standing fridge freezers with new models, and to introduce a new generation of cookers.

Cost optimization

Restructuring of manufacturing operations and sales network
Operating profitability is also being improved with cost rationalization in various fields. Strategic relocations of manufacturing plants, completed in the last two years, will contribute notably to a decrease in labour costs. Full effects of production relocations are expected in 2014, although they have already cut the labour costs, along with the capitalized development costs, by EUR 20.7 million in 2013 relative to 2012.

In the last five years, we did not restructure only our production, but also our sales network. The goal of these efforts was to optimize the business models and to adapt to the changes in the market circumstances. Important activities of this kind were carried out in the markets of France, Turkey, USA, Croatia, Slovenia, Czech Republic, and Slovakia; their full effects are expected in 2014. Our restructuring activities continue in this year.

A challenging year for corporate finance

The year 2013 was very harsh in the financial markets as the effects of the global economic crisis that broke out in 2008 are still felt. It was further aggravated by the problems of some countries of the euro zone and the resulting crisis of the European single currency – the euro, as well as stricter capital adequacy requirements for commercial banks and tighter corporate loan approval criteria or unwillingness of the banks to place their funds on the financial market. Gorenje Group was particularly affected due to Slovenia's country risk. In the course of the year, expectations mounted of Slovenia's request for financial aid from the European single resolution mechanism (or the so-called Troika); these expectations, however, have since been proven unfounded.

Reducing the debt

Financial debt cut by EUR 35.3 million

Business and financial plan for 2013, including the deleveraging plan, were developed with full consideration that the 2013 fiscal year would be very challenging due to harsh external conditions in financial markets, as well as conditions in downstream markets, increased investment activity, and other expenses (especially severance payments) mostly related to the manufacturing operations relocation processes. Our proactive approach allowed us to provide as early as at the beginning of the third quarter of 2013 the necessary sources for repayment of current portions of long-term loans maturing by the end of 2013.

We succeeded in cutting our total financial debt by EUR 35.5 million in 2013 to a total of EUR 397.4 million, after we deleveraged by EUR 51.4 million in 2012. Net financial liabilities (measured as the difference between total financial liabilities, and cash and cash equivalents) at the end of 2013 amounted to EUR 358.8 million, which was EUR 20.4 lower than at the end of the year before.

Decrease in total financial liabilities was positively affected by several factors, such as sales in the last quarter of 2013 and related collection of receivables; optimization of working capital, especially inventory, which was also facilitated by the so-called lean manufacturing; and fresh capital raised in two capital increases. It should be noted that the decrease in total financial liabilities exceeds the fresh capital from the two equity offerings by EUR 8.6 million. This is a good result, particularly considering the burden imposed by the expenses related to the extensive manufacturing operations relocations from Scandinavia to Slovenia and from Slovenia to Serbia. Both in terms of financing and process management, restructuring of manufacturing operations was one of the most challenging restructuring projects in the Group's corporate history.

Deleveraging by divestment

As early as in 2010, the Group adopted a divestment program for non-operating assets, as well as for some non-strategic activities and activities that have been generating loss and negative cash flow for an extended period of time. In 2013, we successfully carried on the program of non-operating asset divestments which generated proceeds of EUR 23.7 million. We divested, among other property, the business and distribution center in Ljubljana, warehouse center in Prague, manufacturing plant in Vara, Sweden, and two pieces of real estate in Paris.

The Group's performance benefited from the divestment of two furniture manufacturing companies in February 2013. Their negative results were a heavy burden to the results of the entire Group. Divestment of the two companies stopped the negative effect on the Group's current performance. In the previous three years and more, such negative effect amounted to EUR 5 million per year or more.

Divestment of non-operating assets continues in 2014. This year, we plan to generate proceeds of over EUR 14 million by such transactions.

Deleveraging remains a key goal

In 2014, our goal is to cut our net financial debt by no less than further EUR 25 million. To do this, we will improve our operating profitability, decrease the amount of financial assets tied up in net current assets, especially inventory (complexity reduction in all fields, merging of warehouses; further implementation of lean manufacturing etc.), and by divestment. Refinancing of most of the current portion of long-term debt due for repayment in 2014 is in the closing stage. This will considerably improve the maturity profile of our financial liabilities.

Improving our profitability

Our financial strength will also be improved by higher profitability which is expected as a result of relocations of manufacturing operations, higher sales of upmarket products and markets where our profit margin is higher, reorganization of sales network, cost optimization, and other activities. In 2014, EBITDA is planned to improve to EUR 93.7 million, which will decrease the net financial debt to EBITDA ratio at the end of 2014 to 3.6. The ratio between net financial debt and EBITDA is planned at no more than 3.0 at the end of 2015 and beyond.

Fresh capital was raised
Two capital increases were carried out in 2013, raising a total of EUR 26.7 million. We used the proceeds to fund the planned development and investment activities and to partly repay its financial debt.

In the first capital increase, the Panasonic Corporation subscribed EUR 10 million worth of shares. In the second offering, taking place in Slovenia and Poland, existing shareholders employees, and new investors were offered the shares at the same terms as Panasonic in the first one. The proceeds from this offering amounted to EUR 16.7 million. Of this sum, EUR 6.2 million was subscribed in Slovenia, while EUR 10.55 million was subscribed by new investors in Poland. The existing shareholders subscribed EUR 5.5 million; new shareholders acquired shares with a combined total value of EUR 11.2 million. With the new shareholders, Gorenje's ownership structured changed and became even more international.

Completion of the second offering was followed by admission of the shares to secondary listing on the Warsaw Stock Exchange, allowing Gorenje direct access to investors at one of the largest stock exchanges in Central Europe, as well as improves Gorenje Group's recognition in the international business arena.

Diversification of financial sources

Considering the risks to which the Slovenian banking sector was exposed in 2013, it is very important that the share of the banks with parent companies headquartered in Slovenia, most of which were or will be included in the processes of government capital increase, was kept to no more than 11.7% of the Group's overall borrowings portfolio. This does not include the borrowings from the SID bank which has the characteristics of a development bank.

In order to further diversify our financing sources and to even out the seasonal cash flow fluctuations, we carried out our first offering of commercial paper. The notes were issued on April 25, 2013 with a nominal total value of EUR 24.2 million and maturity on December 20, 2013. This is a form of short-term financing that we employed for the first time in 2013, and which is a part of our long-term strategy of diversifying our sources of finance.

On March 25, 2014 we issued commercial paper with a maturity of 9 months and a total nominal value of EUR 35 million, which is 40% more than initially planned. This was our second offering of commercial paper.

16.2. Current trends in the home appliance industry

World: According to the United Nations, global growth of the gross domestic product is still forecast at a rate of 2.4 percent in 2013 and 3.2 percent in 2014, which is considerably below the potential growth rate. Moderate growth at this pace will mean that many economies will not be able to recover the major losses of jobs from the onset of the global economic crisis.

Western Europe: Due to a weak starting point and further negative pressure, GDP will grow at a negligible rate of around 0.3 percent in 2013, while in 2014 it is expected to grow at a rate of 1.4 percent. Consumption of durables is expected to remain weak, with increasing differences between respective countries in the region. Austerity programs tend to decrease consumption, but they also differ from one country to the next. Organization and operation of the markets is another key factor for employment and wages that differs considerably between the countries in the region. The level of uncertainty in the region as the core of the euro zone has a major effect on the entire EU and other neighbouring countries, and it undermines consumer confidence.

"New" EU members: total GDP of the new EU member states in 2012 rose by 1.2 percent, despite the many uncertainties and risks.

Transition countries: As expected in the context of moderate recovery of the global growth rate, GDP in the Southeastern Europe is anticipated to rise by 3.6 percent.

17. Data on management bodies

17.1. The Management Board and the Supervisory Board

Management Board of Gorenje, d.d.

The Management Board consists of the President and CEO, and at least two Management Board members, of which one is a labour director. The number of Management Board members is specified by the Supervisory Board. The term of office of a Management Board lasts five years, after which period the Management Board may be reappointed. The current Management Board started its term on July 18, 2013; it will last until July 19, 2018.

The company Supervisory Board assigns responsibility for individual areas to respective Management Board members, in compliance with the organizational rules. The Supervisory Board appoints the Management Board members based on their expertise, work experience, and abilities to manage and coordinate different aspects and fields of operations.

The Management Board regularly, at least on a quarterly basis, reports to the Supervisory Board about all key issues of relevance for the operations of the parent company or the Group.

Management Board members, with exception of Mr. drago Bahun also perform supervisory duties at Gorenje subsidiaries, for which they do not receive any additional compensation with the exception of the membership in the Supervisory Board of the holding company Gorenje Beteiligungs GmbH, which was approved by the Supervisory Board of the company.

As of January 1, 2012, a new assignment of responsibilities of Management Board members is in effect, which represents a switch from the divisional organizational structure and a move to functional organization.

As of April 28, 2014 Mr. Peter Kukovica joint to the Management Board, as member of the board responsible for coordination of supply chain management, logistics, quality, organization, and IT

In recent years, no Management Board member was convicted of fraud, or had the role of an associated person performing a function at a company in bankruptcy, bankruptcy proceedings, or liquidation proceedings. Management Board members were not publicly charged by statutory or regulatory bodies, nor were they deemed inappropriate by a court of law for membership in managerial, executive, or supervisory bodies of the issuer.

Franjo Bobinac, President of Management Board and CEO

Franjo Bobinac obtained a degree in international economic relations from the Faculty of Economics - University of Ljubljana (1982). He completed his MBA studies at the Ecole Superieure de Commerce in Paris in 1997.

He began his career in Emo Celje, where he worked for three years. In 1986 he joined Gorenje Commerce as Assistant Export Director. He was appointed Export Director in the company Gorenje Household Appliances in 1990 and one year later took on the position of Marketing Manager in the same company. From 1993 to 1998 he was Managing Director at Gorenje's branch office in Paris. After Gorenje's transformation into a public limited company in 1998, he became member of the temporary Management Board of Gorenje, d. d. in charge of sales and marketing. In 2003 he was for the first time appointed President of the Management Board of Gorenje. He began his second term of office as President of the Management Board in 2008 and his third term of office on 19 July 2013.

He has international experience in various business functions, and holds in-depth theoretical and practical knowledge.

He is a member of the General Assembly of the CECED European Committee of Domestic Equipment Manufacturers, member of the Management Board of the Chamber of Commerce of Slovenia, member of the Management Board of the IEDC Bled School of Management and member of the Management Board of the University of Ljubljana and the Research Institute Jožef Stefan, member of the Council at the Faculty of Economics (University of Ljubljana), and President of the Handball Association of Slovenia. He is also Vice-President of the Managers' Association of Slovenia, and previously served a five-year term as President of the Association. He is also a member of the Management Board of the Managers' Association of SE Europe Summit 100.
He occasionally lectures at the IEDC Bled School of Management and at the Faculty of Economics, University of Ljubljana, and is a guest lecturer at the Jožef Stefan International Postgraduate School.

He was awarded the decoration of knight of national order of merit of the Republic of France and also received the award of the Chamber of Commerce of Slovenia for exceptional economic achievements in the year 2007 and the medal of Janez Vajkard Valvasor for economists granted by the Jožef Stefan International Postgraduate School.

He holds 4,096 GRVG shares.

Marko Mrzel, Member of the Management Board in charge of Sales and Marketing

Marko Mrzel graduated from the Technical Faculty of the University of Maribor (1995). Following his university study, he further pursued his career and completed the MBA postgraduate studies in Radovljica under the patronage of the Faculty of Economics in Ljubljana, and obtained a Master's degree in economics in 1999.

After completing his traineeship at the Velenje Coal Mine, he was employed in the Finance Department of the Era trade company, and advanced to the position of Manager of Wholesale activities. In 2001 he was employed by the Gorenje Group as head of the complementary programme at the parent company. Two years later he was appointed Director of Gorenje's sales subsidiary in Belgrade. In March 2011 he took on the position of Member of the Management Board in charge of Finance and Economics. Since 1 January 2012, he has held the position of Member of the Management Board in charge of Sales and Marketing.

He holds 450 GRVG shares.

Peter Groznik, PhD, Member of the Management Board in charge of Finance and Economics

After graduating from the Faculty of Economics – University of Ljubljana in 1996, Peter Groznik further pursued his academic career and completed his master's studies in economics at the Kelley School of Business, Indiana University, USA, and later received his PhD in finance in 2003 from the same institution.

After completing his PhD, he began his professional career as a consultant on financial regulation for the company Mobitel, followed by employment at various companies of KD skladi, where he was in charge of fund management from 2005 to 2009. In March 2009, he was appointed CEO of KD skladi; his term ended in September 2010.

He is currently the Supervisory Board Member at Pivovarna Union and at Pivovarna Laško; for two years, he was also a Supervisory Board member at Telekom Slovenije. He is the founder of the investment consultancy firm NorthGrant Consulting and a partner in the personal finance company BTP Indegra. His cooperation with Gorenje dates back to September 2011 when he washired as an independent consultant for financial issues. He became a member of the Management Board on 19 April 2012.

Since 1996, he has taught several courses at the Faculty of Economics in Ljubljana. He was also a lecturer and visiting professor at the Kelley School of Business, USA and the International Graduate Business School in Zagreb. Since 2005, Peter has held several positions in expert and strategic bodies of the Government of the Republic of Slovenia, including that of Chairman of the Strategic Council of Economic Development from 2007 to 2009; he is still a member of the financial markets council at the Ministry of Finance.

He has received several academic awards, participated in many seminars and conferences at home and abroad, and has published several articles in Slovenian and international expert journals.

He holds 7,140 GRVG shares.

Branko Apat Member of the Management Board in charge of Major Appliance Operations and Heating Equipment Operations and Sales

Branko Apat obtained a degree in foreign trade from the Faculty of Economics in Maribor (1984). In 1988 he completed a specialist study programme in marketing at the Cleveland State University, Ohio, USA.

After his traineeship in Gorenje, he was employed as a sales specialist for products and services beyond the Gorenje parent company. He continued his career as Export Director for the Middle East. In 1988 he became Assistant Export Director for out-of-white goods, and was also in charge of marketing in South America. In 1990 he was appointed Purchasing Director, and three years later Marketing Director (1993). From 1999 until the end of 2009, he was Managing Director of the company producing water heaters – Gorenje Tiki. In 2003 he was appointed Executive Director by the Management Board, responsible for coordinating the activities of companies in the Gorenje Group in the areas of heating systems, tool making and the manufacture of industrial equipment; from 2006 onward he was also responsible for Gorenje's supplementary programme. In 2007 he was appointed to theCompany's Management Board in charge of complementary programmes, purchasing and logistics.

In 2009, he was as Member of the Management Board responsible for the whole Home Appliances Division, including sales. Since 1 January 2012 he is in charge of the the Major Appliance Operations and Heating Equipment Operations and Sales.

He holds 626 GRVG shares

Peter Kukovica, PhD, Member of the Management Board in charge of supply chain management, logistics, quality, organization, and IT

He assumed his term as a Management Board member on April 28, 2014.

After graduating at the Faculty of Mechanical Engineering, University of Ljubljana, in 1989, he followed up his studies with a post-graduate program at the Faculty of Economics in Ljubljana where he first earned title of management specialist, followed by the title Master of Business Policy and Organization. In 1998, he was awarded the PhD title in business administration and organization at the same school.

Throughout his business career, he performed a number of functions. After completing his undergraduate studies, he was a system analyst at Iskra Zorin/Mike software, d.o.o. Then, he was the director of a sector at Nissan Adria, and assistant director at Suzuki, Wolf, and partners. From 2001 to 2007, he was the assistant general manager in charge of strategic development and marketing at ACH. He then further pursued his career as Management Board member and deputy director at AMZS, d.d.. In 2012, he was appointed president of Iskra Sistemi, after working as Management Board member, and later President and CEO at Iskra Mis from 2009 to 2012. From 2003 to 2008 he qualified himself as lecturer at the Faculty of Economics in Ljubljana and gave lectures on the subject Commercial operations with base of marketing II.

He was a Supervisory Board member of Pošta Slovenije (Slovenian postal service) and Vzajemna (a health insurance company), Supervisory Board chairman at AMZS, d.d., president of the Slovenian Athletics Association, and president of the Sports Foundation.

From mid-June 2013 until his appointment to the Management Board, he was an advisor to Gorenje President and CEO. His field of work included development of solutions for improvement in complexity and supply chain management, improvement of cost efficiency, and monitoring of accomplishment of strategic projects and goals.

He is the Supervisory Board Chairman at Nova KBM and a member of the Strategic Council for Internationalization at the Slovenian Chamber of Commerce and Industry.

He holds no GRVG shares.

Drago Bahun Member of the Management Board - Labour Director
Drago Bahun completed his studies of sociology (majoring in human resources training) at the Faculty of Sociology, Political Sciences and Journalism - University in Ljubljana (1979), followed by postgraduate studies in staffing at the Faculty of Social Sciences-University in Ljubljana. He began his career at the Mining and Energy Engineering State

Combine in Velenje in 1979, where he headed the Department of Business System Organisation until the end 1984. He has been employed at Gorenje since 1985 when he was employed as Vice-chairman of the management committee of the composite organisation for the field of socio-economic relations. From 1987 to 1990 he was a member of the Management Board of Gorenje Gospodinjski aparati responsible for staffing, and from 1990 to 1997 held the post of Director of Human Resources and General Affairs. He was then a member of the temporary Management Board after the restructuring of the Company into a public limited company in 1997. The following year he was appointed Member of the Management Board in charge of human resources and Labour Director. From 2003 to the end of 2011 he was member of the Management Board in charge of human resources, organisation and labour director. He is member of the Management Board – Labour Director since 1 January 2012.

He has been active in various institutions and professional organisations (Chamber of Commerce of Slovenia, Ministry of Labour, Employers' Association). He is a member of the supervisory board of Credy bank and the Skiing Association of Slovenia, and President of the organizational committee of Planica.

He holds 9,082 GRVG shares.

Supervisory Board of Gorenje, d.d.

The Supervisory Board controls operations of the company Gorenje, d.d., and the Gorenje Group within the powers and responsibilities, established by the law regulations and the Statute of the main company Gorenje, d.d., and performs other tasks within its competence.

The Supervisory Board pays most attention to the business and financial development of the Gorenje Group and the main company Gorenje, d.d., significant business events and achievements of the overall strategic and business directions. Within the Supervisory Board four committees are operating.

Supervisory Board consists of Representatives of capital and Representatives of employee.Within the Supervisory Board five committees are operating.

In recent years, no Supervisory Board member was convicted of fraud, or had the role of an associated person performing a function at a company in bankruptcy, bankruptcy proceedings, or liquidation proceedings. Management Board members were not publicly charged by statutory or regulatory bodies, nor were they deemed inappropriate by a court of law for membership in managerial, executive, or supervisory bodies of the issuer.

Shareholder's representatives

Uroš Slavinec, chairman

Uroš Slavinec, born on January 29th 1951, holds a university degree in economics. From 01st June 1990 he has been the President of the Management Board of the company Helios Domžale d.d. He had been employed in the said company from the beginning of his working career, i.e. from 1975 until 1986, at all times working in the management department and in various fields (head of planning and analysis department, member of the collegiate management committee and chairman of the collegiate management committee). From 1986 to 1990, he was a member of the Executive Council of the Assembly of the Republic of Slovenia for industry and construction. He is Member of the Assembly of the Chamber of Commerce and Industry of Slovenia. In 1997, the Chamber of Commerce and Industry of Slovenia awarded for outstanding achievement in the field of economics and in 2006, he was awarded as the manager personality of the year.

He holds no GRVG shares.

Maja Makovec Brenčič, PhD, deputy chairman

Maja Makovec Brenčič, PhD. is an Associate Professor of International Business and Marketing at Faculty of Economics, University of Ljubljana (FELu). Her main research areas are internationalisation of firms, international marketing, B2B and relationship marketing. She has published in Journal of International Marketing, International Marketing Review, European Journal of Marketing; Industrial Marketing Management and other international journals, mostly in the area of international business and international marketing. She is one of the leading marketing and international business academics in Slovenia, where she also publishes in academic and professional journals, especially in B2B and international marketing and business areas. She has contributed to different international monographs and conference proceedings and served as a reviewer for international conferences or academic journals in her research areas. She is involved with various professional associations (e.g. EMAC - national coordinator for Slovenia and a member of executive board, member of AMA, AMS, AIB). She is also a president of Slovenian Marketing Association and vice-chair of Slovenian Advertising Arbitration Board. At FELu, she is a Vice Dean for Development, where she coordinates new product development, strategy development, quality assurance and accreditations. She also runs FELu International Business graduate programme and often consults Slovenian international companies, mostly in the area of marketing and their international business development. She is also a vice president of the Quality Assurance Committee at University of Ljubljana, member of the Quality Assurance Board at FELu and the president of the Board of the NAKVIS – Quality Assurance Agency for Higher Education of Slovenia.

Keith Charles Miles, member and president of the audit committee

Keith Charles Miles, born on November 28th 1941, is a Fellow of The Institute of Chartered Accountants in England and Wales. He is in retirement. He holds both Slovene and British citizenship. He was a director at several British public and non-public joint stock companies. Currently, he is the chairman of the British-Slovene Society and a lecturer on retail, finance, economics and business administration. He regularly publishes articles in the Žurnal24 daily paper and occasionally in the Finance daily paper. He is active in several other fields both in Slovenia and in Great Britain. He has gained his working experience while being employed at various companies and enterprises, mostly dealing with accounting, treasury, finance and retail. From 1958 to 1970, he was employed at G.H.FLETCHER & CO (professional public accountants and auditors), as a partner; from 1970 to 1972, he worked at the P&O Group (transport activity) in the group accounting division; from 1972 to mid 1973, he worked at the Grindlays Bank Group (banking) as an assistant company secretary (group accounts); from mid 1973 to mid 1983, he worked at Datnow "Group" (investments and sales), as a director; from mid 1983 to mid 1985, he was the director of finance and administration at the Greater London Enterprise Board (investment, local/municipal administration); from mid 1985 to 1988, he was the director of finance and administration at the Cable Authority (regulatory body); from 1988 to mid 1990, he was the director of finance and administration at the Institute of Economic Affairs (academic institution); from mid 1990 to October 1995, he worked at ETAM PLC (retail company) as the company secretary and director of finance of the Etam Group. He was also a member of numerous boards, mostly in Great Britain and he is a member of the NKMB Supervisory Board.

He holds no GRVG shares.

Prof. dr. Marcel van Assen member

Prof.dr. Marcel van Assen (1969) is a full professor of Operational Excellence for Services at TiasNimbas Business School, the business school of the University of Tilburg and the Technical University of Eindhoven, where he teaches various courses, workshops and master classes. His consulting experience covers various operations management and innovation management issues, from operational excellence, lean six sigma to value-innovation based on strategic conversation, roadmapping and foresight, aiming to professionalise both industrial and service organisations. He holds a M.Sc. in mechanical engineering from the University of Twente, a M.Sc. in strategy and organisation from the Open University, and a Ph.D. in business administration from the Erasmus University Rotterdam. He is an ambassador of the University of Twente. He is co-author of various articles and books, including i) Operational Excellence new style: implementation, instruments and models for management excellence [in Dutch], ii) Practices of Supply Chain Management [in Dutch], iii) Key Management Models, and iv) Reconfigurations of chains and networks

He holds no GRVG shares.

Bernard C. Pasquier, member
Bernard C. Pasquier, born on February 2nd 1954, obtained his undergraduate degree in Business Administration (Finance and Investment Analysis) from Ecole Supérieure de Commerce et d'Administration des Entreprises de Montpellier (France) in 1976 and his Masters Degree in Public Administration (Business and Economic Development) from the Harvard University, John F. Kennedy School of Government (USA) in 1984. He has been consultant since 2008; his portfolio of assignments includes advising the Monaco Parliament on economic and financial issues and the World Bank on various projects linked to private sector development. He also represents the International Finance Corporation on the Board of Directors of Grupo Mundial, Panama. In the years 2004 to 2007, he was Secretary General at COMPAGNIE MONEGASQUE DE BANQUE in Monaco, responsible for overall corporate strategy, legal department, internal and external communication and participating in Board of Directors and Executive Committees meetings. In the years 2001 to 2004, he was Director of the Latin America and Caribbean Department at the International Finance Corporation, Washington, responsible for the overall strategy of IFC, including new investments ($1.5 billion per year) and portfolio ($5 billion). In the years 1984 to 2001, he also performed several other functions with the IFC: he was an investment officer through the Young Professional Programme (1984-1985), principal economist and country officer for the Africa region (1985-1990), manager of the Africa Department (1990-1995), Senior Adviser in the Office of the President of The World Bank (1998-2001) and Director of South Asia Department (2001-2004). In the years 1980 to 1983, he was a founder and the managing director of the company Dream Food International in San Francisco. In the years 1977-1980, he worked as investment analyst at The Chase Manhattan Bank in Rio de Janeiro, and in the years 1976 and 1997, he was economic consultant at the Finance Ministry in Rio de Janeiro. He is fluent in French, English and Portuguese, and has command of conversational Spanish and basic Italian. From 1998 to 2004, he was a Board member of SMBP, a private bank based in Monaco, whose shareholders were Dexia and La Caixa de Barcelona. He is also Secretary General of Monaco Méditerranée Foundation, Secretary General of the Club of Monaco, Secretary General of l'Association des Monégasques de l'Etranger and a member of the Rotary Club of Monaco.

He holds no GRVG shares.

Bachtiar Djalil, member
Bachtiar Djalil, born January 14, 1975 completed his undergraduate studies at the Faculty of Law in Ljubljana in 1998 and continued to pursue his academic path by enrolling the postgraduate program on European law at the University of Groningen, the Netherlands, where he was awarded the title Master of Laws in European Laws in 2000. He is currently the president of the management board at Kapitalska družba, d.d. In 1999, he was hired by NLB, d.d., as an analyst at the bank's equity investment management department. After completing his post-graduate studies, he worked from October 2000 to June 2002 at the Competition Protection Office of the Republic of Slovenia. During this period he also served for several months as a representative of the Competition Protection Office in the European Commission Merger Task Force. In July 2002, he returned to NLB, d.d., taking the position in the Equity Investment and Control Sector where he was a member of project teams for the founding of the company

NLB Skladi, d.o.o. (asset management company), and the life insurance company NLB Vita, d.d. In January 2004, he was assigned general counsel at the legal affairs office at NLB Skladi, d.o.o.; in July 2007, he was appointed management board member at this company. Since January 2010, he has been employed at Kapitalska družba, d.d., where he was initially a management board member; since October 2011, he has been the president of the management board. He is also a supervisory board member at Loterija Slovenije, d.d. and a member of the Permanent Arbitration with the Slovenian Investment Fund Association (Združenje družb za upravljanje investicijskih skladov – GIZ). Previously, he was also the supervisory board president at Modra zavarovalnica (an insurance company), a member of the board of directors with the Slovenian Investment Fund Association, and a member of the board of directors with the National University Library. For a number of years, he has contributed to expert teams of the Slovenian Investment Fund Association in development of regulations on investment funds and asset management companies, taxation, and prevention of money laundering. He also took part in development of legislation on mergers and acquisitions and competition protection, and he was a member of parliamentary group task forces in charge of changes to capital investment management of the Republic of Slovenia, and bank restructuring.

He holds no GRVG shares.

Employee representatives

Krešimir Martinjak, deputy chairman
He is a university graduate in laws and has worked for Gorenje since 1986. He carried out various duties, tasks and obligations in the field of labour, obligational and status or corporate law within the legal department of the company for sixteen years. In the year 2002 he was elected in the supervisory board of Gorenje for the first time. From 2002 to 2008 he was chairman of the SKEI Trade Union of Gorenje and then he again started working in the legal office of Gorenje.

Holding in Gorenje: 115 GRVG shares.

Drago Krenker, member of the supervisory board and of the audit committee
Born in 1956, is s deputy director of the Refrigeration and Freezers program. A sales and purchasing clerk by profession, he started his career in 1974 in the field of electronics. For 14 years he was employed in the factory of household appliances and in Process Equipment, a subsidiary of Gorenje. He also spent two years at Iskra Delta, working mainly on medical electronic equipment. In 1989 he joined the Gorenje Refrigeration and Freezers plant where he was the plant manager, the manager of production planning and the manager of production. First elected onto the Supervisory Board of Gorenje, d.d., in 1998, he is presently a member of the Gorenje d.d. Employee Council, serving his third consecutive term of office. Mr Krenker served one term of office as Vice - Chairman of the Employee Council and is presently in his second term of office as Chairman of the Occupational Health and Safety Committee.

He holds no GRVG shares.

Jurij Slemenik, member
Born in 1960, is the manager of production at the Washing Machines and Dryers plant. A mechanical technician by profession, he has been employed at Gorenje since 1978, performing different jobs at the Washing Machines and Dryers plant. He has been a member of the Employee Council since 2002: it was then that he was first elected onto the Supervisory Board of Gorenje d.d.. He is also a member of the National Committee of the SKEI Slovenia union and its Occupational Health and Safety Committee, as well as the Chairman of the Supervisory Board for the Gorenje Group SKEI union.

Holding in Gorenje: 2,038 GRVG shares.

Peter Kobal, member
Born in 1953, is the head of the Maintenance Department at Gorenje d.d.. He is an electrician by profession and has been employed at Gorenje since 1971. He has held a variety of maintenance jobs and positions, from maintenance technician to assistant manager. In 1997 he was elected Chairman of the Employee Council of Gorenje d.d.; this is his third consecutive term of office. His was first appointed onto the Supervisory Board of Gorenje d.d. in 1998. He is well-regarded in his profession and just as respected for his work on the Employee Council and the Supervisory Board.

Holding in Gorenje: 1,355 GRVG shares.

17.2. Conflict of interests of the management bodies

In the last financial year the Issuer did not conclude any transaction either with the managing director or members of the supervisory board. In compliance with this fact the Issuer declares that there exists no conflict of interests or any potential conflict of interests between the members of the management board and the supervisory board during the implementation of their function and their personal benefits.

18. Salaries, emoluments and dues

18.1. Salaries, emoluments of the Issuer to the members of the Management Board, Supervisory Board and employees working on the basis of individual employment contracts

Gorenje Group

In **2013**, the Gorenje Group companies paid to the groups of persons stated below the following gross personal earnings:

EURk	Management Boards of Group companies	Supervisory Board	Employees under individual employment agreements
Salaries	6,212		7,740
Benefits and other earnings	1,300	160	529
Total	**7,512**	**160**	**8,269**

Holding company Gorenje, d.d.

In 2013, following personal earnings were paid to the groups of persons stated below:

Gross earnings in 2013

EURk	Management Board	Supervisory Board	Employees under individual employment agreements
- salaries	1,090	0	4,990
- incentive bonuses	0	0	196
- premiums	90	0	246
- other income	89	0	90
- attendance fees	0	37	0
- function-related allowance	0	105	0
- refund of work-related expenses	0	18	0
Total	**1,269**	**160**	**5,522**

Other income of Management Board members includes vacation bonus and Supervisory Board membership allowance in the company Gorenje Beteiligungs. The item of premiums comprises bonuses relating to private use of the company car and insurance premiums.

Net earnings in 2013

EURk	Management Board	Supervisory Board	Employees under individual employment agreements
- salaries	449	0	2,551
- incentive bonuses	0	0	89
- premiums	39	0	123
- other income	70	0	52
- attendance fees	0	29	0
- function-related allowance	0	81	0
- refund of work-related expenses	0	14	0
Total	**558**	**124**	**2,815**

Pursuant to the Companies Act, total payments, reimbursements, and other benefits to the Management Board members, the Supervisory Board members, and the members of the audit committee are disclosed below:

Management Board members

Gross earnings in 2013

EUR	Salaries	Incentive bonuses	Premiums	Other income	Total
Franc Bobinac	233,541	0	25,750	23,591	282,882
Marko Mrzel	177,705	0	14,645	21,315	213,665
Branko Apat	191,119	0	15,748	21,315	228,182
Peter Groznik	201,753	0	12,304	21,315	235,372
Uroš Marolt	95,741	0	8,865	410	105,016
Drago Bahun	189,886	0	12,388	830	203,104
Total	**1,089,745**	**0**	**89,700**	**88,776**	**1,268,221**

Net earnings in 2013

EUR	Salaries	Incentive bonuses	Premiums	Other income	Total
Franc Bobinac	89,356	0	11,057	18,669	119,082
Marko Mrzel	79,692	0	6,569	16,869	103,130
Branko Apat	78,940	0	6,930	16,860	102,730
Peter Groznik	82,641	0	5,374	16,860	104,875
Uroš Marolt	40,111	0	3,975	235	44,321
Drago Bahun	77,967	0	5,446	470	83,883
Total	**448,707**	**0**	**39,351**	**69,963**	**558,021**

Supervisory Board members and members of the Audit Committee

Gross earnings in 2013

EUR	Meeting attendance fees	Function-related allowance	Incentive bonuses	Refund of work-related expenses	Total
Uroš Slavinec	4,104	12,000	0	208	16,312
Maja Makovec Brenčič	3,936	10,800	0	896	15,632
Marcel Van Assen	2,928	9,600	0	7,271	19,799
Bachtiar Djalil	1,440	4,671	0	32	6,143
Keith Miles	4,416	10,200	0	8,418	23,034
Bernard C. Pasquier	4,272	10,200	0	848	15,320
Jure Slemenik	3,216	9,600	0	0	12,816
Drago Krenker	4,416	9,600	0	0	14,016
Krešimir Martinjak	3,456	10,800	0	0	14,256
Peter Kobal	4,032	9,600	0	0	13,632
Aleksander Igličar	960	7,680	0	485	9,125
Total	**37,176**	**104,751**	**0**	**18,158**	**160,085**

Net earnings in 2013

EUR	Meeting attendance fees	Function-related allowance	Incentive bonuses	Refund of work-related expenses	Total
Uroš Slavinec	3,181	9,300	0	160	12,641
Maja Makovec Brenčič	3,050	8,370	0	694	12,114
Marcel Van Assen	2,269	7,440	0	5,635	15,344
Bachtiar Djalil	1,116	3,620	0	25	4,761
Keith Miles	3,422	7,905	0	6,524	17,851
Bernard C. Pasquier	3,310	7,905	0	657	11,872
Jure Slemenik	2,492	7,440	0	0	9,932
Drago Krenker	3,422	7,440	0	0	10,862
Krešimir Martinjak	2,678	8,370	0	0	11,048
Peter Kobal	3,124	7,440	0	0	10,564
Aleksander Igličar	744	5,952	0	376	7,072
Total	**28,808**	**81,182**	**0**	**14,071**	**124,061**

The company did not grant any long-term and short-term loans to the members of the management board, members of the supervisory board and inner owners.

19. Organizational practice

19.1. Start and expiry of the term of office of Management Board and Supervisory Board members

Management Board started their term on July 19, 2013. The term shall last five years, until July 19, 2018.

The Supervisory Board started their term on July 19, 2010. The term shall last four years, i.e. until July 19, 2014.

19.2. Information on the issuer's audit and remuneration committee

The Audit Committee is operating within the authorizations provided by Article 280 of the Companies Act. It includes the following Supervisory board members:
Keith Miles, chairman
Bachtiar Djalil, member
Drago Krenker, member

Independent Audit Committee member is Aleksander Igličar, employed at the Faculty of Economics in Ljubljana.

The Audit Committee operates and discusses the topics pursuant to the provisions of the Companies Act (ZGD-1). Audit Committee members receive a meeting attendance fee of 80% of the attendance fee for Supervisory Board sessions. The Audit Committee has adopted Rules of Procedure with provisions on both substantive and process law.

19.3. Contracts for the services of the members of the Management and Supervisory Boards

The Issuer declares that there exists no contract for the services of the members of the Management and Supervisory Boards concluded with the Issuer or its any other subsidiary relating to extraordinary dues upon termination of an employment contract.

19.4. Corporate Governance in compliance with the Corporate Governance Code for Publicly Traded Companies

The contents of the statement includes the period from the adoption of the previous, or most recent, statement of compliance with the Corporate Governance Code, i.e. from April 19, 2013 to April 24, 2014 when the contents thereof was developed and adopted jointly by the Management Board and the Supervisory Board of Gorenje, d.d.. The content of the statement is published in the annual report for the year 2013.

Management Board and Supervisory Board of the company hereby declare that the Gorenje Group complies in its operations and business conduct the Corporate Governance Code as adopted on December 8, 2009 by the Ljubljana Stock Exchange, Slovenian Director's Association, and the Manager's Association, available at the website of the Ljubljana Stock Exchange, with individual departures disclosed and explained hereinafter.

Departures to the Corporate Governance Code

Chapter: Company Management Framework

Recommendation 1:

The fundamental goals of the company are not specified in the Articles of Association; however, they are clearly specified in the company mission: "We create innovative, design-driven and technically excellent products and services that bring simplicity to our users."

Chapter: Relations with shareholders

Recommendation 5.8:

According to the current practice, the General Meeting of Shareholders votes on the discharge to the members of the Management Board and Supervisory Board simultaneously. This has been proven appropriate and consistent with the method of work employed so far, the high standards of cooperation of the two bodies in their joint response to issues of relevance for the Company and its development, the reasonable equal treatment of the duties and responsibilities of their members as stipulated by law, and the attained level of trust.

Chapter: Supervisory Board

Recommendation 8.4:

The Company devotes special care to protection of business secrets. The documents intended for the members of the Supervisory Board are discussed with absolute confidentiality. Materials and notices of meetings are primarily sent to the members of the Supervisory Board as a hard copy.

Recommendation 9:

The Supervisory Board assesses its work and the work of its committees as a whole; in addition, it assesses the work of individual members. The Supervisory Board and its committees are generally in full attendance in their meetings; all members regularly participate in discussions and their responsibility, enthusiasm, and professional and other experience contribute to the quality of their work. Thus, the Supervisory Board finds that individual evaluation is not necessary.

Chapter: Management Board:

Recommendation 16.3:

Recommendation on severance payments to the Management Board shall be observed and implemented to the greatest extent possible, except for the case of dismissal pursuant to Article 268, Paragraph 2, Section 4 of the Companies Act.

19.5. Corporate governance rules for companies listed on the Warsaw Stock Exchange

Best Practices for WSE Listed Companies are a set of corporate governance rules that apply to companies listed on the Warsaw Stock Exchange. The purpose of the Best Practices for WSE Listed Companies is to improve transparency of WSE-listed companies, to improve communication between companies and investors, and to protect the rights of shareholders, including the rights not regulated by law, without imposing unnecessary burden on the WSE-listed companies to an extent when such burden would exceed the benefits resulting from market requirements.

The Management Board and the Supervisory Board hereby declare that Gorenje, d.d., complies with the Best Practices for WSE Listed Companies in its work and operations, with particular discrepancies or deviations disclosed and explained hereinafter:

The statement pertains to the period from the adoption of the previous Statement of Compliance with the Best Practices for WSE Listed Companies, i.e. from December 30, 2013 when Gorenje shares were admitted to listing on the Warsaw Stock Exchange, to April 24, 2014 when the Statement was jointly formulated and adopted by the Management Board and the Supervisory Board of Gorenje, d.d.

Recommendation 5: in part which refers to the Company adopting rules defining the remuneration policy for the Supervisory Board members:

The Company has not adopted rules for defining the remuneration of the members of the Supervisory Board. According to the Articles of Association and the Shareholders Assembly Rules or Procedure, the Shareholders Assembly shall be entitled to set forth the remuneration of the members of the Supervisory Board upon their sole discretion. The Management Board does not have any influence on the decisions of the Shareholders Assembly regarding the remuneration of the Supervisory Board members.

Recommendation 9: in part which refers to the Company ensuring that there is a balanced proportion of women and men holding managerial and supervisory positions.

The Company has not adopted any document that would formally ensure a balanced proportion of men and women in the Management Board and Supervisory Board. The Management Board consists of five members, all of whom are men. The ten-member Supervisory Board includes one woman, Maja Makovec Brenčič. The Management Board does not have any influence on the decisions on the bodies of the company adopting the decision on the composition of the Management Board and the Supervisory Board.

Best practice II.1, item 9a) stating that a public company should publish, on its website, a recording of the Shareholders Assembly in audio or video format.

Record of the Shareholders Assembly is available in writing and it is published on the Company website in accordance with the requirements of the Slovenian Companies Act. Neither of the above mentioned acts nor the Corporate Governance Code (the LJSE Code) or the Rules of Procedure of the Shareholders Assembly require the Company to record the Shareholders Meeting in any other form than in writing; therefore, the company does not publish such recordings in audio and/or video format.

Best practice IV.1: allowing the presence of the members of the press (media representatives) at Shareholders Assemblies.

According to the Shareholders Assembly Rules of Procedure, only shareholders (and their representatives or proxies) and members of the Management Board and Supervisory Board may be present at the Shareholders Assemblies. This is due to the fact that during the Shareholders Assembly sessions, discussions on matters that are classified as company's business or professional secret may take place, which the company is not willing to share with the general public.

Best practice IV. 7 regarding the conditional dividend payment does not apply to the company due to the fact that under the Slovenian Companies Act, the Shareholders Assembly may not vote on or adopt decisions on conditional dividend payment.

Best practice IV. 8 regarding the minimum possible nominal value of the shares following the share split does not apply to the company due to the fact that company shares are no par value shares.

20. Employees

20.1. Number of employees

The figure shows the **final number of employees** for the Gorenje Group as at December 31 for the years 2011, 2012 and 2013.

	2011	2012	2013
Business Segment Home	9,514	9,507	9,144
Business Segment Portfolio investment	1,206	1,223	1,244
Total Gorenje Group	**10,720**	**10,730**	**10,388**
Employed in Slovenia	65.50%	62.60%	60.40%
Employed abroad	34.50%	37.40%	39.60%
Emplayed in Gorenje, d.d.	4,472	4,240	4,112

20.2. Ownership and right to attractive acquisition of shares

Trading in Shares of Management and Supervisory Board Members

Compared to the 31 December 2013 balance, the number of shares owned by members of the Supervisory Board (3,508) did not change, but the number of shares owned by the Management Board changed and by vitue of total 18,894 shares as of end of year 2013 to 21,394 as of the day of the issue of this prospectus. In accordance with applicable laws and the Company's rules, all recipients of internal information, i.e. members of the Management Board, Supervisory Board, the Audit Committee and broader management team, are required to observe special rules for trading in Gorenje shares, which are commonly referred to as „trading windows". Such persons are not allowed to trade in the Company's shares thirty days prior to the announcement of periodical results or other information that could influence the share price. In case of any other information that may influence the price per share the prohibition of trading in shares is valid all the time until such information has been made public. Regulations governing internal information and informing of persons with respect to the openness of trading windows are kept by the Secretary of the Management Board.

Trading in shares of Management and Supervisory Board Members

Supervisory Board	31.12.2013		31.3.2014	
Total:	**3,508**	**0.0159%**	**3,508**	**0.0159%**
Peter Kobal	1,355	0.0061%	1,355	0.0061%
Krešimir Martinjak	115	0.0005%	115	0.0005%
Jurij Slemenik	2,038	0.0092%	2,038	0.0092%

Management Board	31.12.2013		31.3.2014	
Total:	**18,894**	**0.0855%**	**21,394**	**0.0968%**
Franc Bobinac	4,096	0.0185%	4,096	0.0185%
Branko Apat	626	0.0028%	626	0.0028%
Drago Bahun	9,082	0.0411%	9,082	0.0411%
Marko Mrzel	450	0.0020%	450	0.0020%
Peter Groznik	4,640	0.0210%	7,140	0.0323%

The members of the Management Board and the Supervisory Board were not granted any rights to attractive acquisition or purchase of the Issuer's shares, or any other rights from the ownership of shares other than those granted to other shareholders.

20.3. Regulations of employee equity participation

The Issuer has no special regulations in respect of the employee equity participation or employee profit sharing.

21. Major Shareholders

21.1. Name of shareholders known to the Issuer

The major shareholders of Gorenje, d.d. as at 31 of May 2014:

Title	Number of shares	%
KAPITALSKA DRUŽBA, D.D.	3,998,653	18.0898%
PANASONIC CORPORATION	2,320,186	10.4965%
KDPW – FIDUCIARY ACCOUNT	1,934,608	8.7521%
IFC	1,876,876	8.4910%
NFD 1, mixed flexible sub-funf- South	1,125,802	5.0931%
HOME PRODUCTS EUROPE B.V.	1,070,000	4.8407%
SOP LJUBLJANA	466,845	2.1120%
CONSEQ INVEST PUBLIC LIMITED COMPANY	464,732	2.1024%
EECF AG	411,727	1.8626%
ERSTE GROUP BANK AG - CLIENT ACCOUNT	360,665	1.6316%
Total major shareholders	**14,030,094**	**63.4719%**
Other shareholders	8,074,333	35.5281%
TOTAL:	**22,104,427**	**100%**

21.2. Voting rights

All shareholders have equal voting rights: the holder of one share is entitled to one vote.

21.3. Direct and indirect control

The Issuer is not controlled by any of the shareholders or other institutions.

21.4. Regulations known to the Issuer that could affect the change in the control of the Issuer

The Issuer is not aware of any agreements that could affect the change in the control of the Company.

22. Related party transactions

Related party transactions were carried out on the basis of contracts negotiated at arm's length. The transfer prices between related parties are based on independent market prices as defined in the directives of OECD on transfer prices (arm's length principle).

23. Financial information on the Issuer's assets and liabilities, financial position, and profit or loss

The financial statement of the Gorenje Group and Gorenje, d.d. for 2011, 2012 and 2013 have been prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the provisions of the Companies Act.

The financial statements presented below have been audited.

23.1. Financial statements of Gorenje, d.d.

23.1.1. Balance sheet of Gorenje, d.d. for the financial years 2012, 2011 in 2010

EURk	2011	2012	2013
ASSETS	**881,299**	**847,894**	**886,876**
Non-current assets	**438,428**	**422,272**	**474,223**
Intangible assets	15,455	14,270	21,651
Property, plant and equipment	152,758	146,748	170,668
Investment property	15,217	16,147	25,361
Investments in subsidiaries	240,672	232,447	236,245
Investments in associates	976	976	976
Other non-current investments	703	661	690
Deferred tax assets	12,647	11,023	18,632
Current assets	**442,871**	**425,622**	**412,653**
Inventories	81,118	84,217	95,811
Current investments	94,789	110,083	90,626
Trade receivables	187,903	194,043	195,935
Other current assets	20,971	18,307	15,377
Cash and cash equivalents	58,090	18,972	14,904
EQUITY AND LIABILITIES	**881,299**	**847,894**	**886,876**
Equity	**335,326**	**318,017**	**347,907**
Share capital	66,378	66,378	92,240
Share premium	157,712	157,712	157,705
Revenue reserves	106,716	94,331	95,818
Treasury shares	-3,170	-3,170	-3,170
Retained earnings	5,524	151	1,369
Fair value reserve	2,166	2,615	3,945
Non-current liabilities	**253,694**	**250,247**	**194,889**
Provisions	26,227	21,632	23,185
Deferred tax liabilities	1,391	1,288	1,288
Non-current financial liabilities	226,076	227,327	170,416
Current liabilities	**292,279**	**279,630**	**344,080**
Current financial liabilities	133,254	108,349	157,461
Trade payables	142,027	152,164	169,476
Other current liabilities	16,998	19,117	17,143

23.1.2. Income Statement of Gorenje, d.d. for financial years 2011, 2012 and 2013

EURk	2011	2012	2013
Revenue	**655,274**	**675,896**	**664,644**
Change in inventories	2,026	2,583	-7,296
Other operating income	16,517	14,140	17,219
Gross profit	**673,817**	692,619	674,567
Cost of goods, materials and services	-540,293	-547,499	-542,718
Employee benefits expense	-100,158	-105,068	-92,675
Amortisation and depreciation expense	-21,835	-20,235	-18,335
Other operating expenses	-4,293	-5,810	-5,793
Operating profit	**7,238**	**14,007**	**15,046**
Finance income	22,928	15,846	18,290
Finance expenses	-23,531	**-42,451**	**-38,657**
Net finance expenses	**-603**	-26,605	-20,367
Profit or loss before tax	**6,635**	**-12,598**	**-5,321**
Income tax expense	653	-1,495	8,026
Profit or loss for the period	**7,288**	-14,093	2,705
Basic or diluted earnings per share (in EUR)	0.46	-0.89	0.16

Statement of Comprehensive Income of Gorenje, d.d.

EURk	2011	2012	2013
Profit or loss for the period	**7,288**	**-14,093**	**2,705**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss	**0**	**0**	**0**
Change in fair value of land	0	0	0
Items that may be reclassified subsequently to profit or loss	**-4,151**	**449**	**1,330**
Net change in fair value of available-for-sale financial assets	-114	-6	-1
Net change in fair value of available-for-sale financial assets, reclassified to profit or loss	0	626	0
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-7,230	-2,327	-5
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	2,155	2,182	2,466
Net change in exchange differences from investments in subsidiaries, reclassified to profit or loss	0	0	-713
Income tax on other comprehensive income	1,038	-26	-417
Other comprehensive income for the period	**-4,151**	**449**	**1,330**
Total comprehensive income for the period	**3,137**	**-13,644**	**4,035**

23.1.3. Statement of Cash Flows of Gorenje, d.d. for the financial years 2011, 2012 and 2013

EURk	2011	2012	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss for the period	**7,288**	**-14,093**	**2,705**
Adjustments for:			
- depreciation of property, plant and equipment	19,268	17,450	15,411
- amortisation of intangible assets	2,567	2,785	2,924
- investment income	-22,928	-15,846	-18,290
- finance expenses	23,531	42,451	38,657
- gain on sale of property, plant and equipment	-96	-907	-506
- revenue from sale of investment property	0	-365	0
- revaluation operating income	-2,468	0	-2,416
- income tax expense	-653	1,495	-8,026
Operating profit before changes in net operating current assets and provisions	**26,509**	**32,970**	**30,459**
Change in trade and other receivables	-12,635	-3,663	-2,273
Change in inventories	12,542	-3,099	-11,594
Change in provisions	-1,170	-4,594	1,553
Change in trade and other payables	-21,057	9,116	12,467
Cash generated from operations	**-22,320**	**-2,240**	**153**
Interest paid	-19,276	-20,729	-17,656
Net cash from operating activities	**-15,087**	**10,001**	**12,956**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	919	2,790	7,418
Interest received	6,561	5,864	6,034
Dividends received	9,985	5,188	9,837
Disposal of investment property	0	2,161	453
Liquidation of subsidiary	10,747	0	0
Disposal of subsidiary	15,108	0	0
Acquisition of subsidiary	-13,600	-6,013	-6,600
Acquisition of property, plant and equipment	-14,548	-16,713	-40,731
Acquisition of investment property	-13,522	-2,726	-7,304
Loans	-17,298	-12,682	4,009
Other investments	-9,374	-3,505	-143
Acquisition of intangible assets	-2,595	-1,605	-10,903
Net cash used in investing activities	**-27,617**	**-27,241**	**-37,930**
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital increase	0	0	25,856
Repayment of borrowings	51,116	-19,611	-4,950
Dividends paid	0	-2,267	0
Net cash used in financing activities	**51,116**	**-21,878**	**20,906**
Net change in cash and cash equivalents	8,412	-39,118	-4,068
Cash and cash equivalents at beginning of period	49,678	58,090	18,972
Cash and cash equivalents at end of period	**58,090**	**18,972**	**14,904**

23.1.4. Statement of Changes in Equity of Gorenje, d.d. for years 2011, 2012 and 2013

Year 2013

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**	**71,612**	**-3,170**	**151**	**0**	**2,615**	**318,017**
Total comprehensive income for the period											
Profit or loss for the period									2,705		2,705
Total other comprehensive income										1,330	1,330
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,705**	**1,330**	**4,035**
Transactions with owners (when acting as owners) recognised directly in equity											0
Contributions by owners and distributions to owners											0
Capital increase	25,862	849									26,711
Costs of capital increase		-856									-856
Creation of statutory reserves				270					-270		0
Transfer of part of profit for 2013 to other reserves						1,217			-1,217		0
Total contributions by owners and distributions to owners	**25,862**	**-7**	**0**	**270**	**0**	**1,217**	**0**	**0**	**-1,487**	**0**	**25,855**
Total transactions with owners	**25,862**	**-7**	**0**	**270**	**0**	**1,217**	**0**	**0**	**-1,487**	**0**	**25,855**
Closing balance at 31 Dec 2013	**92,240**	**157,705**	**12,896**	**6,923**	**3,170**	**72,829**	**-3,170**	**151**	**1,218**	**3,945**	**347,907**

Year 2012

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Fair value reserve	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves		Profit or loss from previous periods	Profit or loss for the period		
Opening balance at 1 Jan 2012	**66,378**	**157,712**	**12,896**	**6,653**	**3,170**	**83,997**	**-3,170**	**5,524**	**0**	**2,166**	**335,326**
Formation of short-term accruals referring to unused vacation days						-1,449					-1,449
Adjusted opening balance at 1 Jan 2012	**66,378**	**157,712**	**12,896**	**6,653**	**3,170**	**82,548**	**-3,170**	**5,524**	**0**	**2,166**	**333,877**
Total comprehensive income for the period											
Profit or loss for the period									-14,093		-14,093
Total other comprehensive income										449	449
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-14,093**	**449**	**-13,644**
Transactions with owners (when acting as owners) recognised directly in equity											0
Contributions by owners and distribution to owners											0
Coverage of loss for the period						-10,936		-3,157	14,093		0
Dividends paid								-2,367			-2,367
Unpaid dividends								151			151
Total contributions by owners and distributions to owners	**0**	**0**	**0**	**0**	**0**	**-10,936**	**0**	**-5,373**	**14,093**	**0**	**-2,216**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**-10,936**	**0**	**-5,373**	**14,093**	**0**	**-2,216**
Closing balance at 31 Dec 2012	**66,378**	**157,712**	**12,896**	**6,653**	**3,170**	**71,612**	**-3,170**	**151**	**0**	**2,615**	**318,017**

Year 2011

In thousand EUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Fair value reserve	Total
Opening balance at 1 Jan 2011	**66,378**	**157,712**	**21,990**	**82,962**	**-3,170**	**6,317**	**332,189**
Total comprehensive income for the period							
Profit or loss for the period				7,288			7,288
Total other comprehensive income						-4,151	-4,151
Total comprehensive income for the period				**7,288**		**-4,151**	**3,137**
Transaction with owners (when acting as owners) recognised directly in equity							
Contributions by owners and distributions to owners							
Dividends paid							
Unpaid dividens							
Creation of statutory reserves			729	-729			
Total contributions by owners and distributions to owners			**729**	**-729**			
Total transactions with owners			**729**	**-729**			
Closing balance at 31 Dec 2011	**66,378**	**157,712**	**22,179**	**89,521**	**-3,170**	**2,166**	**335,326**

23.2. Consolidated financial statements of the Gorenje Group

23.2.1. Consolidated balance sheet of Gorenje Group for the financial years 2011, 2012 and 2013

EURk	2011	2012	2013
ASSETS	**1,251,658**	**1,197,324**	**1,149,702**
Non-current assets	**556,345**	**566,141**	**595,512**
Intangible assets	158,620	159,607	167,882
Property, plant and equipment	358,840	341,171	356,552
Investment property	15,219	23,276	28,129
Non-current investments	1,973	7,193	5,527
Investments in associates	996	1,298	711
Non-current trade receivables	0	15,176	10,559
Deferred tax assets	20,697	18,420	26,152
Current assets	**695,313**	**631,183**	**554,190**
Non-current assets held for sale	1	893	1,655
Inventories	245,608	247,365	235,767
Current investments	42,317	32,769	17,202
Trade receivables	255,911	218,516	205,581
Other current assets	48,746	48,098	45,859
Income tax receivable	1,110	2,833	2,756
Cash and cash equivalents	101,620	53,488	38,589
Assets included in disposal groups	0	27,221	6,781
EQUITY AND LIABILITIES	**1,251,658**	**1,197,324**	**1,149,702**
Equity	**397,819**	**389,843**	**380,670**
Share capital	66,378	66,378	92,240
Share premium	175,575	175,575	175,568
Revenue reserves	106,716	94,331	95,818
Treasury shares	-3,170	-3,170	-3,170
Retained earnings	31,621	39,540	12,829
Translation reserve	9,990	5,861	-4,435
Fair value reserve	8,886	8,976	9,007
Equity of holders of the parent	395,996	387,491	377,857
Equity of non-controlling interests	1,823	2,352	2,813
Non-current liabilities	**385,330**	**354,457**	**280,595**
Provisions	76,321	65,020	66,671
Deferred income	617	3,145	5,081
Non-current operating liabilities	0	5,046	5,773
Deferred tax liabilities	5,933	4,366	4,316
Non-current financial liabilities	302,459	276,880	198,754
Current liabilities	**468,509**	**453,024**	**488,437**
Current financial liabilities	181,649	155,846	198,659
Trade payables	194,248	212,430	213,820
Other current liabilities	90,806	75,218	71,001
Deferred tax liabilities	1,806	1,208	1,243
Liabilities included in disposal groups	0	8,322	3,714

23.2.2. Consolidated income statement of the Gorenje Group for the financial years 2011, 2012 and 2013

EURk	2011	2012	2013
Revenue	**1,386,629**	**1,263,082**	**1,240,482**
Change in inventories	8,897	11,881	-26,122
Other operating income	50,564	40,929	34,517
Gross profit	**1,446,090**	**1,315,892**	**1,248,877**
Cost of goods, materials and services	-1,076,437	-946,215	-910,516
Employee benefits expense	-253,333	-258,680	-237,914
Amortisation and depreciation expense	-48,347	-45,665	-41,875
Other operating expenses	-24,303	-20,411	-22,242
Operating profit	**43,670**	**44,921**	**36,330**
Finance income	15,064	6,805	7,547
Finance expenses	-40,410	-37,221	-61,929
Net finance expenses	**-25,346**	**-30,416**	**-54,382**
Share in profits or losses of associates	-9	301	-592
Profit or loss before tax	**18,315**	**14,806**	**-18,644**
Income tax expense	-1,880	-5,633	4,219
Profit or loss without discounted operation	**16,435**	**9,173**	**-14,425**
Profit or loss of discounted operation	**-7,329**	**-8,883**	**-10,574**
Profit or loss for the period	**9,106**	**290**	**-24,999**
Attributable to non-controlling interests	**141**	**238**	**225**
Attributable to equity holders of the parent	**8,965**	**52**	**-25,224**
Basic or diluted earnings per share without discounted operation (in EUR)	1.03	0.57	-0.88
Basic or diluted earnings per share (in EUR)	0.57	0	-1.51

Statement of Comprehensive Income of Gorenje Group

EURk	2011	2012	2013
Profit or loss for the period	**9,106**	**290**	**-24,999**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss	**-1**	**-995**	**-1,262**
Change in fair value of land	-1	-995	-1,262
Items that may be reclassified subsequently to profit or loss	**-3,259**	**-3,044**	**-9,003**
Net change in fair value of available-for-sale financial assets	-135	-27	-153
Net change in fair value of available-for-sale financial assets, reclassified to profit or loss	0	626	0
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-7,499	-2,220	-72
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	2,154	2,182	2,465
Net change in exchange differences from investments in subsidiaries, reclassified to profit or loss	0	0	-711
Income tax on other comprehensive income	1,073	524	-236
Translation reserve	1,148	-4,129	-10,296
Other comprehensive income for the period	**-3,260**	**-4,039**	**-10,265**
Total comprehensive income for the period	**5,846**	**-3,749**	**-35,264**
Attributable to equity holders of the parent	5,705	-3,987	-35,489
Attributable to non-controlling interests	141	238	225

23.2.3. Consolidated Statemet of cash flow of Gorenje Group for financial years 2011, 2012 and 2013

EURk	2011	2012	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	**9,106**	**290**	**-24,998**
Adjustments for:			
- depreciation of property, plant and equipment	43,767	40,433	35,436
- amortisation of intangible assets	6,431	6,553	6,705
- investment income	-15,199	-6,871	-7,571
- finance expenses	40,587	37,474	68,832
- gain on sale of property, plant and equipment	-3,644	-1,486	-4,859
- revenue from sale of investment property	0	-365	-51
- revaluation operating income	-3,563	-3,387	-6,851
- income tax expense	2,006	5,644	-4,219
Operating profit before changes in net operating current assets and provisions	**79,491**	**78,285**	**62,424**
Change in trade and other receivables	10,297	6,752	5,620
Change in inventories	11,344	-8,060	12,642
Change in provisions	-12,021	-7,243	3,786
Change in trade and other payables	-38,265	12,064	-8,716
Cash generated from operations	**-28,645**	**3,513**	**13,332**
Interest paid	-24,194	-25,593	-21,574
Income tax paid	-4,595	-6,544	-3,437
Net cash from operating activities	**22,057**	**49,661**	**50,745**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	7,302	11,095	14,482
Proceeds from sale of investment property	0	2,161	9,250
Interest received	3,678	2,688	2,547
Dividends received	118	417	-495
Liquidation of subsidiary	10,747	0	0
Disposal of subsidiary	7,143	0	0
Acquisition of property, plant and equipment	-41,089	-53,527	-60,928
Acquisition of investment property	-9,819	0	-7,304
Loans	9,325	2,073	-1,150
Other investments	-14,279	-1,235	718
Acquisition of intangible assets	-6,379	-7,217	-15,678
Net cash used in investing activities	**-33,253**	**-43,545**	**-58,558**
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital increase	0	0	25,855
Repayment of borrowings	30,088	-50,881	-33,130
Dividends paid	0	-2,267	0
Net cash used in financing activities	**30,088**	**-53,148**	**-7,275**
Net change in cash and cash equivalents	18,892	-47,032	-15,088
Cash and cash equivalents at beginning of period	82,728	101,620	54,588
Cash and cash equivalents at end of period	101,620	54,588	39,500

23.2.4. Statement of Changes in Equity of Gorenje Group for finance years 2011, 2012 and 2013

Year 2013

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Trans-lation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves		Profit or loss from previous	Profit or loss for the period					
Opening balance at 1 Jan 2013	66,378	175,575	12,896	6,653	3,170	71,612	-3,170	25,395	14,145	5,861	8,976	387,491	2,352	389,843
Total comprehensive income for the period														
Profit or loss for the period									-25,224			-25,224	225	-24,999
Total other comprehensive income										-10,296	31	-10,265		-10,265
Total comprehensive income for the period	0	0	0	0	0	0	0	0	-25,224	-10,296	31	-35,489	225	-35,264
Transactions with owners (when acting as owners) recognised directly in equity														
Contributions by owners and distribution to owners														
Capital increase	25,862	849										26,711		26,711
Costs of capital increase		-856										-856		-856
Transfer of previous period's profit to retained earnings								14,145	-14,145			0		0
Transfer of part of profit for 2013 to other reserves						1,217			-1,217			0		0
Creation of statutory reserves				270					-270			0		0
Total contributions by owners and distributions to owners	25,862	-7	0	270	0	1,217	0	14,145	-15,632	0	0	25,855	0	25,855
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0	236	236
Total changes in equity interests in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	236	236
Total transactions with owners	25,862	-7	0	270	0	1,217	0	14,145	-15,632	0	0	25,855	236	26,091
Closing balance at 31 Dec 2013	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

Year 2012

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves		Profit or loss from previous periods	Profit or loss for the period					
Opening balance at 1 Jan 2012	**66,378**	**175,575**	**12,896**	**6,653**	**3,170**	**83,997**	**-3,170**	**23,385**	**8,236**	**9,990**	**8,886**	**395,996**	**1,823**	**397,819**
Formation of short-term accruals referring to unused vacation days						-1,449		-853				-2,302		-2,302
Adjusted opening balance at 1 Jan 2012	**66,378**	**175,575**	**12,896**	**6,653**	**3,170**	**82,548**	**-3,170**	**22,532**	**8,236**	**9,990**	**8,886**	**393,694**	**1,823**	**395,517**
Total comprehensive income for the period														
Profit or loss for the period									52			52	238	290
Total other comprehensive income										-4,129	90	-4,039		-4,039
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**52**	**-4,129**	**90**	**-3,987**	**238**	**-3,749**
Transactions with owners (when acting as owners) recognised directly in equity														
Contributions by owners and distribution to owners														
Capital increase												0		0
Transfer of previous period's profit to retained earnings								8,236	-8,236			0		0
Coverage of loss for the period						-10,936		-3,157	14,093			0		0
Dividends paid								-2,367				-2,367		-2,367
Unpaid dividends								151				151		151
Total contributions by owners and distributions to owners	**0**	**0**	**0**	**0**	**0**	**-10,936**	**0**	**2,863**	**5,857**	**0**	**0**	**-2,216**	**0**	**-2,216**
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0	291	291
Total changes in equity interests in subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**291**	**291**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**-10,936**	**0**	**2,863**	**5,857**	**0**	**0**	**-2,216**	**291**	**-1,925**
Closing balance at 31 Dec 2012	**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**

Year 2011

In thousand EUR	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Own shares	Translation reserve	Fair value reserve	Equity of holders of the parent	Non-controlling interests	Total
Opening balance at 1 Jan 2011	**66.378**	**175.575**	**21.990**	**107.382**	**-3.170**	**8.842**	**13.294**	**390.291**	**1.805**	**392.096**
Total comprehensive income for the period										
Profit or loss for the period				8.965				8.965	141	9.106
Total other comprehensive Income						1.148	-4.408	-3.260		-3.260
Total comprehensive income for the period	**0**	**0**	**0**	**8.965**	**0**	**1.148**	**-4.408**	**5.705**	**141**	**5.846**
Transactions with owners (when acting as owners) recognised directly in equity										
Contributions by owners and distribution to owners										
Equity increase								0		0
Dividends								0		0
Formation of statutory reserves			729	-729				0		0
Total contributions by owners and distribution to owners			**729**	**-729**				**0**	**0**	**0**
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Changes in ownership interests								0	-123	-123
Total changes in ownership interests in subsidiaries								**0**	**-123**	**-123**
Total transactions with owners	**0**	**0**	**729**	**-729**	**0**	**0**	**0**	**0**	**-123**	**-123**
Closing balance at 31 Dec 2011	**66.378**	**175.575**	**22.719**	**115.618**	**-3.170**	**9.990**	**8.886**	**395.996**	**1.823**	**397.819**

23.3. Financial reports

Annual Reports of Gorenje Group are available on the web page of Gorenje Group:
http://www.gorenjegroup.com/en/investor_relations/annual_reports

23.4. Auditor reports

23.4.1. Auditor Reports Gorenje, d.d. for years 2013, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT
to the owners of GORENJE, d.d.

Report on the Financial Statements

We have audited the accompanying unconsolidated financial statements of the company GORENJE, d.d., which comprise the statement of financial position as at December 31, 2013, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the unconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects the financial position of GORENJE, d.d. as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by EU.

Emphasis of Matter

The company GORENJE, d.d. is the controlling company in the GORENJE Group. The consolidated financial statements of the GORENJE Group, prepared in accordance with the International Financial Reporting Standards as adopted by the EU, are presented separately. We have audited the consolidated financial statements of the Group and issued an unqualified opinion on 11 April 2014.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements:

The management is also responsible for the preparation of the business report in accordance with the requirements of the Companies Act (ZGD-1). Our responsibility is to provide an assessment of whether the business report is consistent with the audited financial statements. Our procedures have been conducted in accordance with the International Standard on Auditing 720 and are limited solely to assessing of whether the business report is consistent with the audited financial statements. In our opinion, the business report is consistent with the audited financial statements.

DELOITTE REVIZIJA d.o.o.

Tina Kolenc Praznik
Certified Auditor

Yuri Sidorovich
President of the Board

For signature please refer to the original Slovenian version.

Deloitte.

DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

Ljubljana, 11 April 2014

TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS

KPMG

Independent Auditor's Report

To The Shareholders of Gorenje, d.d., Velenje

Report on the Financial Statements

We have audited the accompanying financial statements of the company Gorenje, d.d., Velenje, which comprise the balance sheet as at 31 December 2012, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company Gorenje, d.d., Velenje as at 31 December 2012, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Boštjan Mertelj
Certified Auditor

Jason Stachurski
Partner

Ljubljana, 9 April 2013

KPMG Slovenija, d.o.o.
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KPMG

Independent Auditor's Report

To the Shareholders of Gorenje, d.d., Velenje

We have audited the accompanying financial statements of Gorenje, d.d., which comprise the statement of financial position as at 31 December 2011, the income statement and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gorenje, d.d., as at 31 December 2011, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Other matters

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Danilo Bukovec, B.Sc.Ec.
Certified Auditor

Jason Stachurski, B.Sc.Ec.
Certified Auditor
Partner

Ljubljana, 6 April 2012

KPMG Slovenija, d.o.o.
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23.4.2. Auditors Reports of Gorenje Group for financial 2013, 2012 and 2011

Deloitte.

Deloitte Revizija d.o.o.
Dunajska cesta 165
1000 Ljubljana
Slovenija

Tel: + 386 (0)1 3072 800
Fax: + 386 (0)1 3072 900
www.deloitte.si

INDEPENDENT AUDITOR'S REPORT
to the owners of GORENJE, d.d.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the company GORENJE, d.d. and its subsidiaries (» the Group«), which comprise the statement of financial position as at December 31, 2013, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of the GORENJE Group as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements:

The management is also responsible for the preparation of the business report in accordance with the requirements of the Companies Act (ZGD-1). Our responsibility is to provide an assessment of whether the business report is consistent with the audited financial statements. Our procedures have been conducted in accordance with the International Standard on Auditing 720 and are limited solely to assessing of whether the business report is consistent with the audited financial statements. In our opinion, the business report is consistent with the audited financial statements.

DELOITTE REVIZIJA d.o.o.

Tina Kolenc Praznik
Certified Auditor

Yuri Sidorovich
President of the Board

For signature please refer to the original Slovenian version.

Ljubljana, 11 April 2014

Deloitte.

DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS

KPMG

Independent Auditor's Report

To the Shareholders of Gorenje, d.d., Velenje

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the company Gorenje, d.d., Velenje and its subsidiaries (the Gorenje Group), which comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Gorenje Group as at 31 December 2012, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Boštjan Mertelj
Certified Auditor

Jason Stachurski
Partner

Ljubljana, 9 April 2013

KPMG Slovenija, d.o.o.
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KPMG

Independent Auditor's Report

To the Shareholders of Gorenje, d.d., Velenje

We have audited the accompanying consolidated financial statements of Gorenje, d.d. and its subsidiaries (Gorenje Group), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Gorenje Group as at 31 December 2011, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Other matters

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying consolidated financial statements.

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Danilo Bukovec, B.Sc.Ec.
Certified Auditor

Jason Stachurski, B.Sc.Ec.
Certified Auditor
Partner

Ljubljana, 6 April 2012

KPMG Slovenija, d.o.o.
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23.5. Interim financial information – first quarter of financial year 2014

The Interim report of the non-audited non-consolidated Interim report of Gorenje, d. d., and non-audited consolidated Interim report of the Gorenje Group for the period January – March 2014 is published on 25th of April 2014 by the company Gorenje, d.d., Partizanska 12, Si-3503 Velenje, Slovenia, as provided by the Regulations of the Ljubljana Stock Exchange (Ljubljanska borza vrednostnih papirjev, d. d.), and the Securities Market Act. The report could be found on-line at: http://www.gorenjegroup.com/en/investor_relations/interim_reports

23.5.1. Unaudited financial statements of Gorenje, d.d. for financial period January – March 2014

Condensed Balance Sheet of Gorenje, d.d.

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

Condensed Income Statement of Gorenje, d.d.

EURk	Jan - Mar 2013	%	Jan - Mar 2014	%
Revenue	**166,758**	**102.0%**	**178,646**	**97.6%**
Change in inventories	-5,695	-3.5%	2,327	1.3%
Other operating income	2,499	1.5%	2,082	1.1%
Gross profit	**163,562**	**100.0%**	**183,055**	**100.0%**
Cost of goods, materials and services	-132,113	-80.8%	-146,177	-79.9%
Employee benefits expense	-22,534	-13.8%	-23,468	-12.8%
Amortisation and depreciation expense	-4,370	-2.7%	-5,198	-2.8%
Other operating expenses	-1,240	-0.7%	-1,176	-0.6%
Operating profit	**3,305**	**2.0%**	**7,036**	**3.9%**
Finance income	5,651	3.5%	1,892	1.0%
Finance costs	-7,452	-4.6%	-4,737	-2.6%
Net finance costs	**-1,801**	**-1.1%**	**-2,845**	**-1.6%**
Profit before tax	**1,504**	**0.9%**	**4,191**	**2.3%**
Income tax expense	-281	-0.2%	-42	0.0%
Profit for the period	**1,223**	**0.7%**	**4,149**	**2.3%**
Basic and diluted earnings per share (in EUR)	0.08		0.19	

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

EURk	Jan - Mar 2013	Jan - Mar 2014
Profit or loss for the period	**1,223**	**4,149**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	**0**	**0**
Change in fair value of land	0	0
Items that may be reclassified subsequently to profit or loss	**402**	**277**
Net change in fair value of available-for-sale financial assets	-10	2
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	151	-62
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	310	394
Income tax on other comprehensive income	-49	-57
Other comprehensive income for the period	**402**	**277**
Total comprehensive income for the period	**1,625**	**4,426**

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

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

Statements of Changes in Equity of Gorenje,d.d.

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

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

23.5.2. Unaudited Consolidated Financial statements of the Gorenje Group for financial period January-March 2014

Condensed Balance Sheet of the Gorenje Group

EURk	Balance at 31 Mar 2013	%	Balance at 31 Mar 2014	%
ASSETS	**1,206,350**	**100.0%**	**1,136,048**	**100.0%**
Non-current assets	**572,319**	**47.4%**	**591,220**	**52.1%**
Intangible assets	158,356	13.1%	170,289	15.0%
Property, plant and equipment	350,628	29.1%	350,016	30.8%
Investment property	21,249	1.7%	27,835	2.5%
Non-current investments	8,120	0.7%	5,521	0.5%
Investments in associates	1,246	0.1%	641	0.1%
Non-current trade receivables	14,868	1.2%	10,719	0.9%
Deferred tax assets	17,852	1.5%	26,199	2.3%
Current assets	**634,031**	**52.6%**	**544,828**	**47.9%**
Non-current assets held for sale	899	0.1%	1,423	0.1%
Inventories	264,248	21.9%	237,480	20.9%
Current investments	35,781	3.0%	17,572	1.5%
Trade receivables	239,036	19.8%	211,564	18.6%
Other current assets	65,365	5.4%	45,473	4.0%
Cash and cash equivalents	21,358	1.8%	25,606	2.3%
Assets held for sale	7,344	0.6%	5,710	0.5%
EQUITY AND LIABILITIES	**1,206,350**	**100.0%**	**1,136,048**	**100.0%**
Equity	**387,135**	**32.1%**	**380,067**	**33.5%**
Share capital	66,378	5.5%	92,240	8.1%
Share premium	175,575	14.6%	175,568	15.5%
Revenue reserves	94,331	7.8%	95,818	8.4%
Treasury shares	-3,170	-0.3%	-3,170	-0.3%
Retained earnings	35,208	2.9%	13,831	1.2%
Translation reserve	7,045	0.6%	-6,405	-0.5%
Fair value reserve	9,378	0.8%	9,284	0.8%
Equity of holders of the parent	**384,745**	**31.9%**	**377,166**	**33.2%**
Equity of non-controlling interests	**2,390**	**0.2%**	**2,901**	**0.3%**
Non-current liabilities	**348,148**	**28.9%**	**275,906**	**24.3%**
Provisions	65,337	5.4%	66,723	5.9%
Deferred income	3,172	0.3%	5,244	0.4%
Non-current trade payables	4,983	0.4%	5,530	0.5%
Deferred tax liabilities	4,193	0.4%	4,209	0.4%
Non-current financial liabilities	270,463	22.4%	194,200	17.1%
Current liabilities	**471,067**	**39.0%**	**480,075**	**42.2%**
Current financial liabilities	202,768	16.8%	224,011	19.7%
Trade payables	178,510	14.8%	168,225	14.8%
Other current liabilities	87,097	7.2%	85,425	7.5%
Liabilities held for sale	2,692	0.2%	2,414	0.2%

Condensed Income Statement of the Gorenje Group

EURk	Jan - Mar 2013	%	Jan - Mar 2014	%
Revenue	**289,366**	**94.9%**	**290,709**	**93.1%**
Change in inventories	11,258	3.7%	17,850	5.7%
Other operating income	4,164	1.4%	3,861	1.2%
Gross profit	**304,788**	**100.0%**	**312,420**	**100.0%**
Cost of goods, materials and services	-223,156	-73.2%	-231,377	-74.1%
Employee benefits expense	-60,922	-20.0%	-55,558	-17.8%
Amortisation and depreciation expense	-10,392	-3.4%	-10,594	-3.4%
Other operating expenses	-4,582	-1.5%	-4,681	-1.5%
Operating profit	**5,736**	**1.9%**	**10,210**	**3.2%**
Finance income	1,005	0.3%	1,237	0.4%
Finance costs	-7,679	-2.5%	-8,859	-2.8%
Net finance costs	**-6,674**	**-2.2%**	**-7,622**	**-2.4%**
Share in profits or losses in associates	-53	0.0%	-70	0.0%
Profit or loss before tax	**-991**	**-0.3%**	**2,518**	**0.8%**
Income tax expense	-1,359	-0.5%	-1,076	-0.3%
Profit or loss without discontinued operation	**-2,350**	**-0.8%**	**1,442**	**0.5%**
Profit or loss from discontinued operation	**-1,884**	**-0.6%**	**-431**	**-0.2%**
Profit or loss for the period	**-4,234**	**-1.4%**	**1,011**	**0.3%**
Attributable to non-controlling interests	**98**	**0.0%**	**9**	**0.0%**
Attributable to equity holders of the parent	**-4,332**	**-1.4%**	**1,002**	**0.3%**
Basic and diluted earnings per share without discontinued operation (in EUR)	-0.15		0.07	
Basic and diluted earnings per share (in EUR)	-0.27		0.05	

Condensed Consolidated Statement of Comprehensive Income of the Gorenje Group

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

Condensed Consolidated Statement of Cash Flows of the Gorenje Group

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

Condensed Consolidated Statement of Changes in Equity of the Gorenje Group

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

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

23.6. Dividend policy

Dividend shall be paid out as provided in the company Articles of Association and the Shareholders Assembly resolution on the allocation of distributable profit.

According to the adopted Gorenje Group dividend policy for the period 2014 - 2018, up to one third of the Group's profit after taxes (net income) shall be allocated for dividend payment each year.

Dividend policy of other companies of the Gorenje Group shall be specified each year in the course of development of annual (operational) plans for the Gorenje Group companies and for the Gorenje Group as a whole.

23.7. Legal and arbitration proceedings

Apart from the proceedings mentioned below there are no pending and, to the best of the Company's knowledge, no threatened legal and administrative proceedings against the Group that could have a material impact on the Group's business activities.

Belgian proceedings
On 16 May 2013 the District Court in Celje, Slovenia issued an order declaring the enforceability in the Republic of Slovenia of the judgment issued by the Commercial Court of Verviers, Belgium, obliging the Company to pay the amount of EUR 343,837.81 with interests to be calculated under Belgian law for the period beginning on 26 April 1978 until the payment date and judicial costs in the amount of EUR 9.557,75.
The judgement issued by the Commercial Court of Verviers, Belgium relates to the dispute regarding payment of the damages resulting from the unilateral termination without notice of distribution contract by Tovarna gospodinjske opreme Gorenje. Tovarna gospodinjske opreme Gorenje (as defendant) was erased from the Slovenian register of companies in 1984. The plaintiff claims that the Company is the legal successor of Tovarna gospodinjske opreme Gorenje and therefore is obliged to fulfil the judgment of the Belgian court.
On 20 June 2013 the Company filed an objection against the above-mentioned enforceability order, which has not been decided on by the Slovenian court yet. The ultimate result of the dispute and any potential obligations of the Company arising therefrom cannot be assessed at this stage.

23.8. A considerable change in the financial and market position of the Issuer

After the closing date of the last financial period there has been no considerable change in the financial and market position of the issuing company.

24. Additional Information

24.1. Shareholders' equity

24.1.1. Share capital

As at the date of this Prospectus the Issuer's share capital has been entered in the court register in the amount of EUR 92,240,139.36. The subscribed share capital has been paid in full.

24.1.2. Issued shares

As at the date of this Prospectus the company share capital is divided into 22,104,427 ordinary freely transferable registered no-par value shares. All shares are issued in dematerialized form, and they are entered in the central securities register with the Central Securities Clearing Corporation (KDD).

This prospectus pertains to the issue of up to 1,315,166 ordinary freely transferable registered no-par value shares which have not yet been issued. New issued shares will be at the same class as existing shares. Following the issue of new shares total number of issued shares of the issuer will amount to up to 23,419,593.

New issued shares will be issued upon the conversion (debt to equity swap) of receivables od company's debtors in amount of up to EUR 5,668,365.46. Conversion is expected to be done in july 2014..

24.1.3. Treasury shares

	2011	2012	2013
Number of treasury shares GRVG (31.12.)	**121,311**	**121,311**	**121,311**

The number of treasury shares remained unchanged throughout 20132. The company holds 121,311 treasury shares, representing a 0.5488-percent ownership share.

24.1.4. Book value of GRVG shares

v EUR	2011	2012	2013
Book value of GRVG share (in EUR) (capital of the holding company) / (number of shares – number of own shares)	21.24	24.84	17.32
Unit price on 31.12. v (in EUR)	5.0	3.79	4.20

24.1.5. Convertible securities

The Issuer has not issued any convertible securities.

24.1.6. Restriction of rights arising from shares

The Issuer's Articles of Association do not restrict the voting rights arising from shares

24.1.7. Approved capital

Article 9, Paragraph 2 of the Issuer's Articles of Association provides for an increase of share capital by authorized capital. Pursuant to this article, the Management Board shall be authorized to, subject to Supervisory Board consent, carry out a capital increase within no later than one year after the changes to the Articles of Association as adopted at the 20th company Shareholders Assembly are duly registered, i.e. by no later than October 4, 2014; at the time of such capital increase, the company share capital shall amount to no more than EUR 119,629,015.46 and it shall be divided into no more than 28,667,897 ordinary freely transferable registered no-par value shares; with the capital increase, this share capital shall be increased by an amount of no more than EUR 9,681,964.61 (approved capital) to a total of no more than EUR 129,310,980.07, by issue of new shares in exchange for non-cash (in-kind) contributions. The new shares shall be of the same class as the outstanding (already issued) shares.

As of the day of issue of this Prospectus, the authorized capital option specified in Paragraph 1 of this Article is entirely unused.

24.1.8. Contingent capital increase

An increase in the Company's share capital subject to contingency is not provided for in the Issuer's Articles of Association.

24.1.9. A history of share capital, highlighting information about any changes

The balance of share capital in the periods presented in the historical financial information:
.

In EUR thousand	2011	2012	2013
Share capital	66,378	66,378	92,240

In year 2013 share capital of the issuer increased based on the two capital increase procedures. In the first capital increase Panasonic Corporation became shareholder of the issuer, in the second capital increase particapated existing shareholders, based on the pre-emptive right, as well as new investors,and according to the management and supervisory board resolutions, they subscribed shares in Slovenia and in Poland.

24.2. Issuer's Articles of Association

24.2.1. Objectives and purpose of the issuer

The core business activitly of the issuer is production of household appliances. In addition, the issuer performs other activities that are largely inseparably linked to the core business activity, or they are carried out in order to improve the utilisation of free capacities, knowledge, and experience.

The Issuer's objectives and intention are, above all, maximizing the value of the Company and creating value for shareholders.

24.2.2. Summary of provisions of the Issuer's Articles of Association with respect to the members of the administrative, management and supervisory bodies

Management Board

The Company is represented and presented by the Management Board, which is comprised of the president and at least two members, one of them being the workers' director. The term of office of the Management Board is 5 years, with reappointment option.
The Management Board is appointed and recalled by the Supervisory Board. In a resolution adopted by the Supervisory Board, the number of members of the Management Board and their working areas are determined.

The workers director is a member of the Management Board and represents employees' interests in human resources management and in social matters. He/she is not authorised to represent the Company, except if a member of the Management Board is also appointed the workers director.

The president and the members of the Management Board represent the Company individually and without restrictions. When representing the Company, the members of the Management Board take into consideration the relations between the members of the Management Board as defined in the Rules of Procedure of the Management Board.

The Management Board makes decisions within its competence by a simple majority of votes, with each member of the Management Board having one vote.

The remuneration of the Management Board members is to be in appropriate proportion to the competences and responsibilities of each member and the Company's financial situation. In the event of deterioration of the Company's financial situation, when the Company's economic position is threatened, the Supervisory Board may unilaterally decrease the remuneration of the Management Board members.

The Management Board may, when exercising its powers under the legislation in force, the Articles of Association, or a resolution of the Supervisory Board, devolve the performance of certain matters upon individual employees with special powers and responsibilities. It may also devolve the right of representation of the Company upon these employees by means of authorisation and within the area they manage. The Management Board cannot devolve its powers in their entirety.

Supervisory Board

The Company's Supervisory Board comprises ten members.

Six members of the Supervisory Board, who represent shareholders' interests, are elected by the Shareholders' Meeting. Four members of the Supervisory Board, who represent workers' interests, are elected by the workers' council in accordance with the Workers Participation in Management Act and the general acts of the workers' council.

The Supervisory Board members are elected for a period of four years. Their term of office can be renewed without limitations.

The Supervisory Board elects the president among the members of the Supervisory Board who represent shareholders' interests and one or more deputy presidents.

The presence of at least half of the members of the Supervisory Board constitutes a quorum. At least one of the members is to be a workers' representative. The Supervisory Board may validly adopt resolutions without workers' representatives being present if the workers' council has not elected its representatives or if it has not notified the Shareholders' Meeting of their election.

The Supervisory Board adopts resolutions by a simple majority of votes cast. In the event of a tied vote, the president has the casting vote. When the session is conducted by the deputy president for reasons of absence of the president, he/she has the same status as the president.

The Supervisory Board supervises the management of the Company's business. It performs its supervisory function by examining the reports of the Management Board on:

- planned business policy and other business issues of principle;
- the Company's profitability, in particular the return on equity;
- the Company's financial position;
- transactions that might have a significant impact on the Company's profitability and solvency;
- other business issues of the Company and its related companies.

The Supervisory Board also performs other tasks. Particularly, it:

- appoints the president and members of the Management Board and decides on the recall of the Management Board;
- defines the criteria for conclusion of management contracts and the volume of remuneration of the president and members of the Management Board;
- proposes the auditor to the Shareholders' Meeting;
- proposes the resolutions to the Shareholders' Meeting, if so stipulated by law;
- approves the interim dividend;
- harmonizes the wording of the Company's Articles of Association with the valid resolutions of the Shareholders' Meeting;
- performs other tasks.

The president of the Supervisory Board represents the Company against the Management Board members.

The Supervisory Board examines the annual report and the proposal of the Management Board concerning the appropriation of accumulated profit submitted by the Management Board. A written report on the results of examination of the annual report is compiled by the Supervisory Board and presented to the Shareholders' Meeting. The report also states the manner and the scope of examination of the management of the Company's business during the year, and defines the Supervisory Board's position to the Auditor's Report. If the Supervisory Board approves the annual report, the annual report is accepted.

The Supervisory Board is obliged to deliver its report to the Management Board within one month of the submission of the annual report. In the event that the Supervisory Board does not hand over its report within a further period of one month, which was set up by Management Board, it is considered that the Supervisory Board did not approved the annual report.

Supervisory Board members receive payments for their regular work regularlyand remuneration fees, as determined by a Shareholders Assembly.

24.2.3. Rights, preferences and restrictions attaching to each class of the existing shares

All shares of the Issuer are of one class of shares giving all holders the same rights. The only exception are own shares that have no voting rights.

24.2.4. Actions that are necessary to change the rights of holders of the shares, indicating where the conditions are more stringent than is required by law

The Issuer's Articles of Association do not include any more stringent conditions than required by law in respect of the actions that are necessary to change the rights of holders of the shares.

24.2.5. Conditions governing the manner in which general meetings and general meetings of shareholders are called

The Shareholders Assembly shall be convened by the Management Board pursuant to the relevant legislation.

The Management Board shall be obliged to convene the Shareholders Assembly upon request by the Supervisory Board or upon a written request by shareholders whose combined total shareholding is equivalent to at least one twentieth of the total share capital. The request by the shareholders shall include the purpose and the reason for the Shareholders Assembly convocation.

The Shareholders Assembly is presided over by a chairperson elected by the simple majority of shareholders upon a proposal by the convening party.

The Shareholders Assembly shall, as a rule, be convened once per year. The Shareholders Assembly shall take place at the company headquarters, or elsewhere based on a decision of the company Management Board.

The convocation of the Assembly shall be announced at least one month before the Assembly session in the DELO daily paper. Convocation of the Shareholders Assembly shall include the agenda and resolution proposals to each agenda item. Documentation for the Shareholders Assembly shall be available at the company headquarters.

Prerequisite for attendance at the shareholders assembly and exercising the voting right is that the shareholder confirms her or his attendance in writing to the company Management Board no less than four days before the Shareholders Assembly session.

The shareholders shall exercise their voting rights themselves or through a legal representatives directly, or through a proxy, for which a written authorization shall be required. Each share bears one vote to the shareholder.

The Shareholders Assembly shall adopt the resolutions with majority of the votes cast, except in cases where qualified majority of the votes cast or the share capital represented in the decision-making process is required pursuant to relevant legislation or the company Articles of Association.

The Shareholders Assembly may adopt Rules of Procedure to specify the details regarding the decision-making process.

The Shareholders Assembly is authorized to adopt decision in particular on the following issues:

- Articles of Association and changes and amendments thereto;
- allocation of distributable profit and granting discharge – relief of duty to Management Board and Supervisory Board members;
- Annual Report, in cases specified by the relevant legislation;
- measures for increase and decrease of share capital,
- appointment of the auditor;
- appointment and relief of duty of the Supervisory Board members;
- status changes and winding up / dissolution of the company;
- other issues as specified by the legislation or the company Articles of Association.

The decision of the Shareholders Assembly regarding the allocation of distributable profit shall be consistent with the adopted annual report.

The Shareholders Assembly shall decide with regard to the adoption of the annual report only if the Supervisory Board has not approved the annual report or in case that Management Board and the Supervisory Board have ceded the decision on annual report adoption to the Shareholders Assembly.

If the Shareholders Assembly makes any changes to the annual report, which is to be audited pursuant to relevant legislation, such annual report shall be audited by an auditor within two weeks following the adoption at the Shareholders Assembly.

24.2.6. Brief description of any provision of the Issuer’s Memorandum and Articles of Association, statutes, charters or bylaws that would have an effect of delaying, deferring or preventing a change in control of the Issuer

The Issuer’s Articles of Association do not include any provision that would determine or have an effect of delaying, deferring or preventing a change in control of the Issuer.

24.2.7. Indication of the Memorandum and Articles of Association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed

The Issuer’s Articles of Association do not include any provision that would govern the ownership threshold above which shareholder ownership must be disclosed.

24.2.8. Description of the conditions imposed by the Memorandum and Articles of Association, statutes, charters or bylaws governing changes in the capital, where such conditions are more stringent than is required by law

The Issuer’s Articles of Association do not include any provisions governing changes in the capital, where conditions are more stringent than is required by law.

25. Material Contracts

The issuer signed on July 5, 2013 with the Panasonic Corporation an agreement on long-term strategic partnership in production, development, research, and sales. In addition to this agreement, the issuer signed with the Panasonic Corporation an agreement based on which Panasonic Corporation obliged to pay EUR 10,000,000.00, subject to adoption of the relevant resolution by the company Shareholders Assembly, to become a shareholder of the issuer. The issuer and the Panasonic Corporation also signed a standstill agreement according to which the Panasonic Corporation shall not increase without consent of the issuer's Management Board and Supervisory Board within five years from the signing of the agreements, i.e. until July 5, 2017, its interest held in the issuer.

Upon entry into the ownership structure of Gorenje, Panasonic will be a strategic shareholder with whom an agreement on a long-term strategic partnership has already been signed. Panasonic is certainly one of the most recognized and reputable companies in the white goods industry, especially in Asia. Cash contribution in the approximate amount of EUR 10,000,001.66 which is to be invested into Gorenje by Panasonic represents an upgrade to the agreed strategic partnership and consolidation of long-term cooperation.

In the stringent conditions that dominate the current business and economic landscape, every increase in share capital with new cash contributions is of critical importance to the company and the shareholders. The issue of new shares and the inflow of cash would allow the company to invest in the development of new products and services, step up the investment activity in the business field Home, and especially by repaying a part of its debt to improve capital stability and performance, and therefore meet the financial covenants specified in the loan agreements signed with creditor banks. Gorenje Group's updated strategic plan for the period until 2018 includes a decrease of the net-debt-to-EBITDA ratio to no more than 3 starting in the year 2015 and beyond. Increase of capital would contribute to the pursuit of this goal.

26. Third Party Information and Statement by Experts and Declarations of any Interest

The Prospectus does not include any third party information or statements by experts or declarations of any interest.

27. Documents on Display

The following documents may be inspected by shareholders in the registered office of the Company every working day from 9 a.m. to 12 a.m., on SEOnet, the electronic information system of the Ljubljana Stock Exchange, and on the Company's website www.gorenje.com:

1. the Articles of Association of the Issuer;
2. the historical annual reports and audited financial statements of the Issuer

28. Information on interests

Companies	Share capital (in EUR thousand))	Number of employees
Gorenje, d.d., Slovenija	92,240	4,112
Gorenje I.P.C., d.o.o., Slovenija	93	806
Gorenje GTI, d.o.o., Slovenija	3,769	43
Gorenje Gostinstvo, d.o.o., Slovenija	3,790	166
Energygor, d.o.o., Slovenija	9	0
Kemis, d.o.o., Slovenija	2,650	34
Gorenje Orodjarna, d.o.o., Slovenija	927	216
Indop, d.o.o., Slovenija	1,000	12
ZEOS, d.o.o., Slovenija	477	4
Gorenje Surovina, d.o.o., Slovenija	9,402	327
ERICo, d.o.o., Slovenija	278	52
Gorenje design studio, d.o.o., Slovenija	500	21
PUBLICUS, d.o.o., Slovenija	897	100
EKOGOR, d.o.o., Slovenija	200	1
Gorenje GAIO, d.o.o., Slovenija	1,800	85
Gorenje GSI, d.o.o., Slovenija	4,657	119
Gorenje Keramika, d.o.o., Slovenija	3,069	112
Gorenje Surovina Fotoreciklaža, d.o.o., Slovenija	8	1
Gorenje Studio, d.o.o., Slovenija	8	54
Gorenje Beteiligungs GmbH, Avstrija	26,600	4
Gorenje Austria Handels GmbH, Avstrija	3,275	55
Gorenje Vertriebs GmbH, Nemčija	5,700	67
Gorenje Körting Italia S.r.l., Italija	90	6
Gorenje France S.A.S., Francija	5,225	14
Gorenje Belux S.a.r.l., Belgija	19	5
Gorenje UK Ltd., Velika Britanija	360	16
Gorenje Group Nordic A/S, Danska	2,389	60
Gorenje AB, Švedska	226	5
Gorenje spol. S r.o., Češka republika	4,472	42
Gorenje real spol. S r.o., Češka republika	9,480	27
Gorenje Slovakia s.r.o., Slovaška republika	1,892	20
Gorenje Magyarország Kft., Madžarska	2,407	17
Gorenje Polska Sp. Z o.o., Poljska	8,364	36
Gorenje Bulgaria EOOD, Bolgarija	3,175	20
Gorenje Zagreb, d.o.o., Hrvaška	14,822	97
Gorenje Skopje, d.o.o., Makedonija	247	19
Gorenje Commerce, d.o.o., Bosna in Hercegovina	1	75
Gorenje, d.o.o., Srbija	3,386	57
Gorenje Studio, d.o.o., Srbija	885	0
Gorenje Podgorica, d.o.o., Črna gora	2,800	16
Gorenje OY, Finska	115	15
Gorenje AS, Norveška	263	6

Gorenje Romania S.r.l., Romunija	365	11
Gorenje aparati za domaćinstvo, d.o.o., Srbija	26,948	1,318
Mora Moravia s r.o., Češka republika	9,980	623
Gorenje – kuchyně spol. S r.o., Češka republika	1,531	2
ST Bana Nekretnine, d.o.o., Srbija	2,087	0
KEMIS – Termoclean, d.o.o., Hrvaška	810	62
Kemis – BH, d.o.o., Bosna in Hercegovina	210	11
Gorenje Gulf FZE, Združeni arabski emirati	200	10
Gorenje Espana S.L., Španija	3	0
Gorenje Tiki, d.o.o., Srbija	18,995	429
Gorenje Istanbul Ltd., Turčija	6,380	1
Gorenje TOV, Ukrajina	247	20
Gorenje kuhinje, d.o.o., Ukrajina	877	0
Kemis – SRS, d.o.o., Bosna in Hercegovina	72	3
ATAG Nederland BV, Nizozemska	16	370
ATAG België NV, Belgija	248	48
ATAG Financiele Diensten BV, Nizozemska	200	0
Intell Properties BV, Nizozemska	45	0
ATAG Europe BV, Nizozemska	18	0
ATAG Special Products BV, Nizozemska	18	0
Gorenje Nederland BV, Nizozemska	20,796	1
Gorenje Kazakhstan, TOO, Kazahstan	1,125	12
OOO Gorenje BT, Rusija	640	103
»Euro Lumi & Surovina« SH.P.K., Kosovo	431	7
Kemis Valjevo, d.o.o., Srbija	1,225	34
Gorenje GTI, d.o.o., Beograd, Srbija	1	19
Asko Appliances AB, Švedska	24,269	69
Asko Appliances Inc, ZDA	1	31
Asko Appliances Pty, Avstralija	6,484	73
Asko Appliances OOO, Rusija	194	13
»Gorenje Albania« SHPK, Albanija	1	4
Gorenje Home d.o.o. Zaječar, Srbija	2,812	120
Gorenje Ekologija, d.o.o., Stara Pazova, Srbija	1,315	0
ORSES d.o.o., Beograd, Srbija	495	1
Gorenje Corporate GmbH, Avstrija	35	1
ZEOS eko-sistem d.o.o., Bosna in Hercegovina	420	2
Cleaning sistem S, d.o.o. , Srbija	924	16
Gorenje Solarna energija Solago, d.o.o., Valjevo, Srbija	0	0
Gorenje Sola-Home, d.o.o., Valjevo, Srbija	0	0
Gorenje Asia Ltd., Kitajska	193	0
Gorenje do Brasil Ltda., Brazilija	188	4
Gorenje MDM d.o.o.,Kragujevac, Srbija	101	12