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# Unaudited Interim Report

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January – March 2015

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

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Management Board of Gorenje, d.d.  
Velenje, May 2015

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## Performance Highlights of the Gorenje Group

### CORE FINANCIAL INDICATORS FOR Q1 2015

- The Group recorded EUR 266.4m of revenue or 8.4% less if compared to the same period in 2014. The revenue's decline in Q1 2015 was planned.
- Revenue generated through the Home segment's core activity amounted to EUR 222.5m (8.2% less than in the equivalent period in 2014, which is attributable mostly to lower sales in Russia and Ukraine; if the impact of exchange rate fluctuations is not taken into account, the Home segment's organic decline in revenue amounts 5.3% with respect to the Q1 2014 balance).
- EBITDA was EUR 16.2m (indicating a decrease of 22.0% over the previous year's same period). The EBITDA margin at 6.1% shows a decline of 1.1 p.p.
- EBIT was recorded at EUR 4.9m and indicates a downward trend of 51.9%, whereas the EBIT margin has dropped to 1.8%, which is 1.7 p.p. less than in Q1 2014.
- Group's operations recorded in the first quarter of the year a loss of EUR - 2.1m.
- Cash flows from operating and investing activities were negative in the amount of EUR 55.2m or worsened by EUR 23.4m if compared to the Q1 2014 balance.

EURm	Q1 2014	Q1 2015	Index	Plan 2015	Q1 2015/ Plan 2015
<b>Revenue</b>	290.7	266.4	91.6	1,216.1	21.9
<b>EBITDA</b>	<b>20.8</b>	<b>16.2</b>	<b>78.0</b>	<b>92.9</b>	<b>17.5</b>
<i>EBITDA margin (%)</i>	7.2%	6.1%	/	7.6%	/
<b>EBIT</b>	<b>10.2</b>	<b>4.9</b>	<b>48.1</b>	<b>43.1</b>	<b>11.4</b>
<i>EBIT margin (%)</i>	3.5%	1.8%	/	3.5%	/
<b>Profit or loss before tax</b>	<b>2.5</b>	<b>-0.3</b>	/	<b>10.8</b>	/
<b>Profit or loss without discontinued operation</b>	<b>1.4</b>	<b>-1.6</b>	/	<b>7.6</b>	/
<b>Profit or loss of discontinued operation</b>	<b>-0.4</b>	<b>-0.5</b>	<b>105.6</b>	<b>-1.5</b>	<b>30.0</b>
<b>Profit or loss for the period</b>	<b>1.0</b>	<b>-2.1</b>	/	<b>6.1</b>	/
<i>ROS (%)</i>	0.3%	-0.8%	/	0.5%	/
<b>Net financial debt<sup>1</sup></b>	<b>392.6</b>	<b>403.0</b>	<b>102.6</b>	<b>321.2</b>	<b>125.5</b>
<b>Net financial debt / EBITDA</b>	<b>4.7</b>	<b>4.9</b>	/	<b>3.5</b>	/

### MARKETS

- Sales growth within the Business Segment Home was achieved in the markets of the Czech Republic, Slovakia, Poland, Hungary, Slovenia, Bosnia and Herzegovina, Bulgaria, Romania, Australia, and the Netherlands. Sales to industrial partners have increased as well.
- The decline in revenue within the Home segment is primarily the result of the downward sales spiral in Russia. Despite the price increase, the sales on this market doubled in December 2014 if compared to the December 2013 balance. In fear of the Russian rouble's further fall, the purchases of durable goods has increased. The exceptionally high consumption in December 2014 was followed by the expected decline in sales in Q1 2015, which was however higher than projected. The decrease in sales is the result of the deteriorating macroeconomic conditions in this market. Lower

<sup>1</sup> Financial debt - cash

sales were also recorded in Ukraine, where the political and macroeconomic situation in the first two months of 2014 was, in spite of protests that raged throughout the country, more stable than in rest of 2014, when war conditions prevailed in the eastern part of the region, and in the first quarter of 2015. The shrinkage of euro-sales in Russia and Ukraine had also an adverse effect on the Group's profitability.

- Lower sales volume was recorded also in markets of Western Europe (Germany, Austria, Scandinavia, Greece, France, Great Britain), which is also in compliance with the planned price repositioning for these markets. Notwithstanding, revenue recorded in the Western European markets comply with the sales dynamics as set out in the annual business plan.
- In the markets outside Europe, the Business Segment Home incurred an 18.4 percent decline in sales as a result of optimising inventories at the distributor for the North American markets. Within the Home segment's sales structure, sales made outside European markets accounted for 9.2% of total sales in Q1 2015 (1.2 p.p. less than in the equivalent period in 2014). Volume of sales increased, however, in Australia and with individual industrial customers in North America.
- The sales volume of small household appliances recorded a decrease of 1.9%, which is attributable to lower sales in Ukraine, whereas on other markets, the sales of small household appliances increased.
- The Group increased its sale of innovative<sup>2</sup> appliances. The share of these appliances within the total sales structure grew to 8.2% (0.8 p.p. more if compared to the previous year's same period). Volume of premium appliances<sup>3</sup> is on the same level as comparable period last year, their share within the total sales structure was recorded at 16.0%.

## **COST MANAGEMENT**

- The Group effectively managed the purchase prices of material and raw materials, which is not only the result of lower raw material prices on global markets but also activities of optimising the purchase chain (particularly transport costs). Effects of lower purchase prices would be even higher if the USD against EUR would not strengthen. The previously mentioned strengthening also adversely affected the purchase values of appliances that are not manufactured in-house (small household appliances and appliances of the supplementary programme).
- Costs of fuels were successfully also adjusted to the lower volume of production.
- Costs of services were reduced by 9.1% or EUR 4.5m (and decreased in terms of percentage by 0.7 p.p., which exceeds the decline in revenue), which is also attributable to a systematic monitoring of measures that were introduced to achieve cost-effectiveness. The decrease in costs of services was predominantly impacted by costs of logistics that declined as a result of lower transport prices achieved.
- Employee benefits expense decreased by 0.6% or EUR 0.4m. In spite of lowering the average number of employees in the Group by 209, the employee benefits expense could not entirely be adjusted to the lower revenue balance in such a short period due to the rigid work legislation in Slovenia. Gorenje is together with social partners preparing certain measures based on which the number of staff in the production in Slovenia will be adjusted in Q2 2015 with respect to actual requirements.

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<sup>2</sup> Innovative appliances: appliances within individual group of products with the so-called »innovative functionalities« are more energy efficient (efficient storage, lower energy and water consumption).

<sup>3</sup> Premium appliances: Atag and Asko brands, appliances from the Gorenje Design lines (Gorenje Simplicity, Gorenje Ora Ito, Gorenje Pininfarina, Gorenje Classico, Gorenje One, Gorenje Karim Rashid, Gorenje Color edition, Gorenje +, Gorenje Retro)

## INDEBTEDNESS

- In view of Q1 2014, Gorenje's total financial liabilities (gross indebtedness) grew by EUR 4.3m. The movement of financial liabilities is in line with the interim seasonal dynamics. The Group incurs most of the negative cash flows from operating and investing activities in the first quarter of the year. Compared to the same period last year, the net financial liabilities (net financial debt)<sup>4</sup> increased by EUR 10.3m and thereby resulted in a net financial debt / EBITDA ratio of 4.9.
- EUR 55.2m of negative cash flows from operating and investing activities was recorded, indicating that the result worsened over the Q1 2014 balance by EUR 23.4m. The deterioration is primarily the result of higher inventories of finished products and merchandise due to the sudden recall of orders by customers in Russia, Ukraine and the markets of Caucasus, and due to the seasonally lower balance of trade payables.

## DEVELOPMENT AND NEW PRODUCTS

- Pursuant to the Group's strategic goal, we have increased investments in development costs, which account for 3.0% in the Group's revenue structure (0.6 p.p. more than in the same period in 2014).
- Key innovations that were launched comprise:
  - a new generation of built-in ovens under the Gorenje trademark that were launched on most of the markets,
  - the new Essential washing machine,
  - preparations for the launch of the new Magna premium collection of cooking appliances.

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<sup>4</sup> Sum of the Group's current and non-current financial liabilities less cash and cash equivalents as at the end of the reporting period.

## MANAGEMENT REPORT

### Operating Performance of the Gorenje Group

EURm	Q1 2014	Q1 2015	Index
Revenue	290.7	266.4	91.6
CM <sup>5</sup>	127.0	118.0	92.9
CM (%)	43.7%	44.3%	/
EBIT	10.2	4.9	48.1
EBIT margin (%)	3.5%	1.8%	/
Profit or loss for the period	1.0	-2.1	/
ROS (%)	0.3%	-0.8%	/

The Group generated EUR 266.4m of **revenue** showing a decline of 8.4% over the 2014 balance. The Home segment recorded an 8.2 percent fall in revenue. If the impact of exchange rate fluctuations is not taken into account, the Home segment's organic decline in revenue amounts to 5.3%. The relative contribution margin was improved by means of partial price increases in individual markets and by improving the sales structure. The absolute amount of the generated contribution margin has decreased mostly due to the major decline in revenue on markets of Russia and Ukraine. The strengthening of the USD against EUR had also an adverse effect on the contribution margin. The previously mentioned strengthening had a negative impact on the profitability of the small household appliances programme, which is predominantly purchased in USD. A similar trend prevails also in the purchase of large household appliances that are not manufactured in-house. The relevant strengthening of USD compared to EUR also adversely affected the input prices of material and raw materials purchased in USD.

Foreign currency fluctuations significantly affected sales mostly in the markets of Eastern Europe. Without considering other categories (i.e. exchange rate hedging, adjusting prices to markets, product structure, etc.), the impact of foreign currency fluctuations<sup>6</sup> on the Group's organic growth in revenue in key markets was as follows:

Business Segment Home	Currency impact on revenue	Actual revenue Q1 2015	Actual revenue Q1 2015 valued at exchange rate Q1 2014	Actual revenue Q1 2014	Actual growth (%)	Organic Growth (%)
EURm						
West	-0.3	108.1	108.4	114.4	-5.6	-5.3
East	-7.6	93.9	101.5	102.8	-8.7	-1.3
Other	0.8	20.5	19.7	25.2	-18.4	-21.6
<b>TOTAL</b>	<b>-7.1</b>	<b>222.5</b>	<b>229.6</b>	<b>242.4</b>	<b>-8.2</b>	<b>-5.3</b>

The Group applies a centralised policy of exchange rate hedging within the policy of its currency risk management. The Group is exposed to changes in local currencies against EUR, which is the Group's functional currency. The respective exposure is measured and managed in connection with cash flows planned in the annual period, and the revaluation of balance sheet items

<sup>5</sup> Contribution margin at the level of difference between revenue and cost of goods and material.

<sup>6</sup> While calculating the impacts of foreign currency fluctuations on the sale's organic growth, we take into account revenue generated in the local currency in Q1 2015, which are evaluated with the average exchange rates achieved in each currency in Q1 2014. The calculated revenue in EUR is thereupon compared with the actual generated revenue in EUR recorded in the observed period.

expressed in local currencies. The fundamental goal of currency risk management lies in hedging against the business plan's exposure by minimising the adversely impact of exchange rate fluctuations on the Group's operating result and cash flows. In order to hedge against currency risks, we primarily apply internal methods of currency risk management (balancing of cash flows and balance sheet) and enter into embedded derivatives (particularly forward exchange contracts) for currencies to which the Group is exposed.

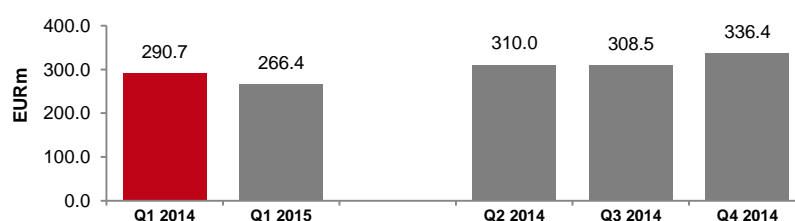
Sales growth within the Business Segment Home was achieved in the markets of the Czech Republic, Slovakia, Poland, Hungary, Slovenia, Bosnia and Herzegovina, Bulgaria, Romania, Australia, and the Netherlands. Sales to industrial partners have increased as well.

The decline in revenue within the Home segment is primarily the result of the downward sales spiral in Russia. Despite the price increase, the sales on this market doubled in December 2014 if compared to the December 2013 balance. In fear of the Russian rouble's further fall, the purchases of durable goods has increased. The exceptionally high consumption in December 2014 was followed by the expected decline in sales in Q1 2015, which was however higher than projected. The decrease in sales is the result of the deteriorating macroeconomic conditions in this market. Lower sales were also recorded in Ukraine, where the political and macroeconomic situation in the first two months of 2014 was, in spite of protests that raged throughout the country, more stable than in rest of 2014, when war conditions prevailed in the eastern part of the country, and in the first quarter of 2015.

Lower sales volume was recorded also in markets of Western Europe (Germany, Austria, Scandinavia, Greece, France, Great Britain), which is also in compliance with the price repositioning that is projected for these markets. Notwithstanding, revenue recorded in the Western European markets comply with the sales dynamics as set out in the annual business plan.

In the markets outside Europe, the Business Segment Home recorded an 18.4 percent decline in sales as a result of optimising inventories at the distributor for the North American market. Within the Home segment's sales structure, sales made outside European markets account for 9.2% of total sales (1.2 p.p. less than in Q1 2014). Volume of sales increased, however, in Australia and with individual industrial customers in North America.

#### **Revenue of the Gorenje Group**



**Revenue by geographical segment**

EURm	Q1 2014	%	Q1 2015	%	Change (%)
Western Europe	116.3	40.0	110.2	41.4	-5.2
Eastern Europe	149.2	51.3	135.7	50.9	-9.1
Other	25.2	8.7	20.5	7.7	-18.4
<b>Total Group</b>	<b>290.7</b>	<b>100.0</b>	<b>266.4</b>	<b>100.0</b>	<b>-8.4</b>
Western Europe	114.4	47.2	108.1	48.6	-5.6
Eastern Europe	102.8	42.4	93.9	42.2	-8.7
Other	25.2	10.4	20.5	9.2	-18.4
<b>Total Home</b>	<b>242.4</b>	<b>100.0</b>	<b>222.5</b>	<b>100.0</b>	<b>-8.2</b>

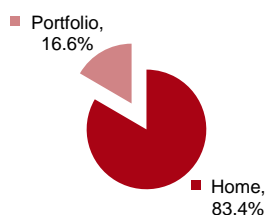
- **Western Europe** includes Austria, Germany, Italy, France, Denmark, Sweden, Belgium, Finland, Great Britain, Greece, Norway, the Netherlands, Spain, Switzerland, Ireland, Luxembourg, Malta, Portugal;
- **Eastern Europe** includes Ukraine, Russia, Macedonia, Croatia, Serbia, Montenegro, Albania, Bosnia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

**Geographical sales structure** of the Business Segment Home shows that:

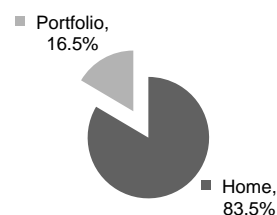
- our sales in Western Europe decreased by 5.6%, whereby lower revenue was planned.
- our sales in Eastern Europe generated 8.7% less revenue. The said decline is the result of lower sales in the markets of Russia and Ukraine. Higher sales were recorded in markets of the Czech Republic, Slovakia, Hungary, Bosnia and Herzegovina, Romania, Bulgaria, and Poland. If the impact of exchange rate fluctuations is not taken into account, our organic decline in revenue in Eastern Europe amounts to 1.3%.

The achieved **revenue structure by business segment** shows that the Home segment generated 83.5% of the Group's total revenue (an increase of 0.1 p.p.; the share's change is attributable to lower revenue generated through the sale of coal within portfolio-related activities, and the changed dynamics in the medical-related field of business).

**Group's revenue structure by business segment**

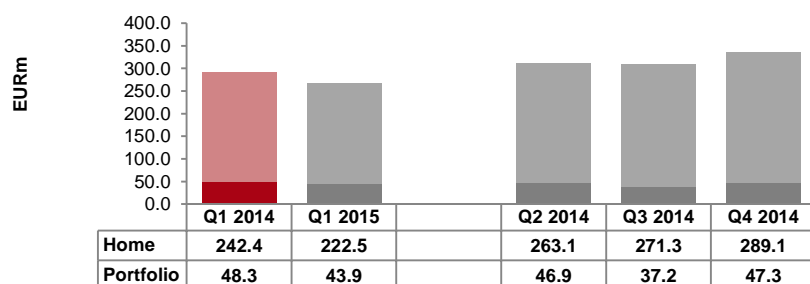


Q1 2014



Q1 2015

**Revenue by business segment**





EUR 222.5m of revenue was recorded within the **Business Segment Home** indicating an 8.2 percent decrease.

EUR 43.9m of revenue was generated in the **Business Segment Portfolio Investments**, which is 9.1% or EUR 4.4m less if compared to 2014. The decrease is the result of lower income generated on the sale of coal and medical equipment.

**Movement of profitability of the Group** at the EBIT level:

EURm	Development
<b>EBIT January – March 2014</b>	<b>10.2</b>
Contribution margin at the level of cost of goods and material	-9.0
Cost of services	4.5
Employee benefits expense	0.4
Amortisation and depreciation expense	-0.7
Other operating expenses	-0.1
Other operating income	-0.4
<b>EBIT January – March 2015</b>	<b>4.9</b>

**Earnings before interest and taxes (EBIT):** we achieved a positive EBIT in the amount of EUR 4.9m. With respect to 2014, EBIT was EUR 5.3m or 51.9% lower, which is mostly the result of the lower contribution margin at the level of cost of goods and material due to:

- political instability and the exceptionally deteriorating macroeconomic situation in markets of Russia and Ukraine;
- strengthening of the USD against EUR that adversely affected the profitability of the small household appliances programme, mostly purchased in USD;
- strengthening of the USD compared to EUR that, however, negatively impacted the input prices of material and raw materials.

The above-stated adverse effects were mitigated by:

- successful management of prices of material and raw materials purchased in EUR (including successful management of transport prices, which are reflected in the purchase prices of material and raw materials),
- successful management of fuel costs with respect to lower volume of production,
- lower cost of services (they decreased by 9.1% or EUR 4.5m and decreased in terms of percentage by 0.7 p.p., which exceeds the decline in revenue), which decreased mostly due to cost of logistics (lower transport prices agreed),
- partial hedging the net currency exposure to USD on the purchase side.

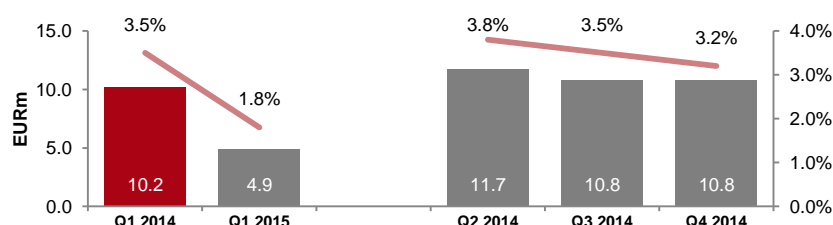
In spite of lowering the average number of employees in the Group by 209, the employee benefits expense could not entirely be adjusted to the lower revenue balance in such a short period due to the rigid work legislation in Slovenia. Gorenje is together with social partners preparing certain measures based on which the number of staff in the production in Slovenia will be adjusted in Q2 2015 with respect to actual requirements.

In addition, we have adjusted the sales price policy in individual markets of Western and Eastern Europe for the purpose of price repositioning. The adjusting of price policy had a short-term impact on the lower sales volume planned. Positive impacts of this price policy adjustment are expected in future periods in form of improving the sales profitability.

We succeeded in increasing the sale of innovative<sup>7</sup> appliances. The share of these appliances within the total sales structure grew to 8.2% (0.8 p.p. more if compared to the previous year's equivalent period). We kept the share of premium<sup>8</sup> appliances on the same level, which accounted for 16.0%.

Other operating income decreased due to lower amount of subsidies received, and lower income generated on reversal of provisions. Other operating income equalled the balance of the same period in 2014.

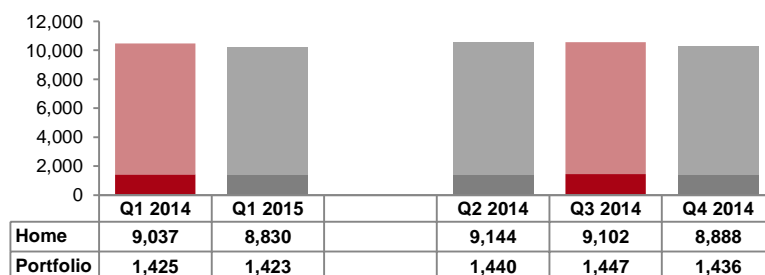
**EBIT and EBIT margin**



**Gorenje Group's average number of employees was 10,253** or 209 employees less than in Q1 2014. The number of employees was partly adjusted to the lower sales volume in production companies (in the parent company and in Valjevo, Serbia) and also in individual companies within the Home segment (Scandinavia, Russia, Croatia, and Ukraine). The number of employees in the Business Segment Portfolio Investments was kept on the same level.

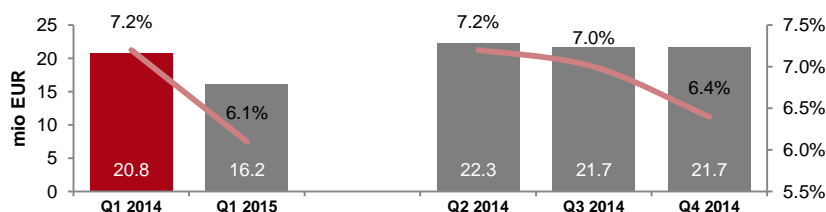
**Average number of employees by business segment**

**Total:** 10,462 10,253 10,584 10,549 10,324



The Group generated **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of EUR 16.2m, which is EUR 4.6m or 22.0% less than in the same period in 2014.

**EBITDA and EBITDA margin**



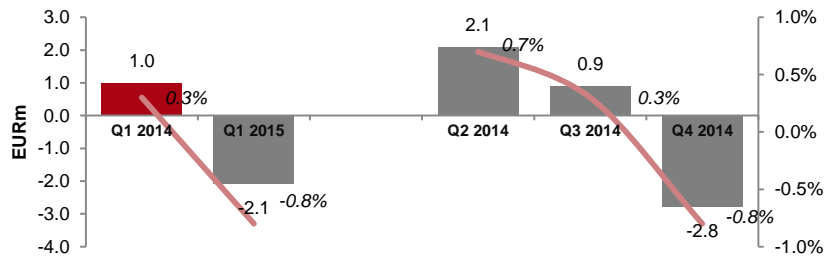
<sup>7</sup> Innovative appliances: appliances within individual group of products with the so-called »innovative functionalities« are more energy efficient (efficient storage, lower energy and water consumption).  
<sup>8</sup> Premium appliances: Atag and Asko brands, appliances from the Gorenje Design lines (Gorenje Simplicity, Gorenje Ora Ito, Gorenje Pininfarina, Gorenje Classico, Gorenje One, Gorenje Karim Rashid, Gorenje Color edition, Gorenje +, Gorenje Retro)

**The result from financing activities was negative** in the amount of EUR 5.1m. The previously mentioned result signifies an improvement of EUR 2.5m. The improvement of the result from financing activities is attributable to revaluation of balance sheet items as most of currencies strengthened in view of EUR.

**Income tax expense** disclosed at EUR 1.3m includes current and deferred income tax. Current tax refers to the tax that will be paid on profit for the period per individual Group companies. Deferred tax is disclosed upon accounting of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for tax reporting purposes. Temporary differences, which generally have the biggest impact on deferred taxes, are tax relief amounts in connection with investments, investments relating to research and development, and amounts of tax losses from previous periods, which largely refer to the parent company.

Gorenje Group's **loss for the period** amounted to EUR -2.1m.

**Profit or Loss for the period and ROS**

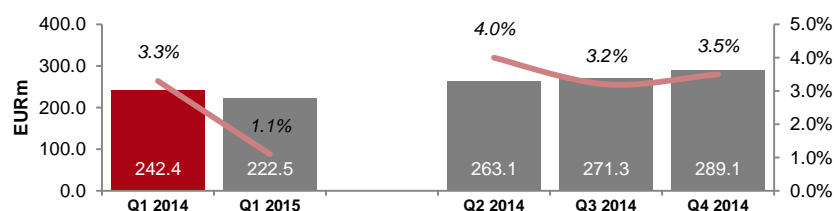


## Operating Performance by Business Segment

### Home

EURm	Q1 2014	Q1 2015	Index
Revenue	242.4	222.5	91.8
CM <sup>9</sup>	105.8	97.7	92.4
CM (%)	43.7%	43.9%	/
EBIT	8.1	2.5	30.4
EBIT margin (%)	3.3%	1.1%	/

#### Revenue and the EBIT margin of the Business Segment Home



The Home segment's movement of revenue growth by individual market is presented in previous pages of this report.

Our Home segment records a positive **EBIT** in the amount of EUR 2.5m. With respect to the equivalent period in 2014, the EBIT shows a decline by EUR 5.6m and is mostly the result of the lower contribution margin at the level of cost of goods and material. In addition, the Home's lower EBIT is attributable to higher amortisation and depreciation expense arising in connection with completing development-related projects that were activated at the year-end of 2014.

We successfully curbed the purchase prices for material and raw materials and adjusted the cost of fuels in view of the lower volume of production. We were also successful at adjusting cost of services (which were lower by EUR 3.3m and have a large positive impact on the profitability at the EBIT level), in particular the cost of logistics (lower transport prices agreed).

#### Movement of profitability at the EBIT level:

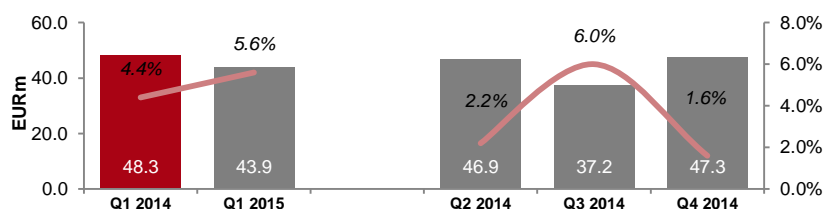
EURm	Development
<b>EBIT January - March 2014</b>	<b>8.1</b>
Contribution margin at the level of cost of goods and material	-8.1
Cost of services	3.3
Employee benefits expense	0.4
Amortisation and depreciation expense	-0.7
Other operating expenses	-0.1
Other operating income	-0.4
<b>EBIT January - March 2015</b>	<b>2.5</b>

<sup>9</sup> Contribution margin at the level of difference between revenue and cost of goods and material.

## Portfolio Investments

EURm	Q1 2014	Q1 2015	Index
Revenue	48.3	43.9	90.9
CM <sup>10</sup>	21.2	20.3	95.6
CM (%)	43.9%	46.1%	/
EBIT	2.1	2.4	114.7
EBIT margin (%)	4.4%	5.6%	/

### Revenue and the EBIT margin of the Business Segment Portfolio Investments



Our Portfolio Investments segment recorded a 9.1 percent decline in revenue as a result of lower income generated through the sale of coal, which pertains to the uneven dynamics in sales of coal. Less revenue was also generated through the sale of medical equipment, where an increase in revenue is expected in the second half-year. Lower prices of waste raw materials have adversely affected the revenue balance within the Ecology segment, and affected the costs of this segment.

Regardless of the lower revenue, we achieved an **EBIT** of EUR 2.4m or EUR 0.3m more than Q1 2014. Lower cost of services in the amount of EUR 1.3m had a large **positive** impact on the profitability of EBIT.

Lower contribution margin is attributable to the lower volume of sales. Considering the lower level of sales, the cost of services decreased relatively even more which, on the other hand, had a positive impact on EBIT. The EBIT and the EBIT margin were fundamentally improved, which is mostly attributable to the Ecology segment (waste management).

Other categories of **operating expenses** or **income** had no material impact on profitability at the level of EBIT.

### Movement of profitability at the EBIT level:

EURm	Development
<b>EBIT January - March 2014</b>	<b>2.1</b>
Contribution margin at the level of cost of goods and material	-0.9
Cost of services	1.3
Employee benefits expense	-0.1
Amortisation and depreciation expense	0.0
Other operating expenses	0.0
Other operating income	0.0
<b>EBIT January - March 2015</b>	<b>2.4</b>

<sup>10</sup> Contribution margin at the level of difference between revenue and cost of goods and material.

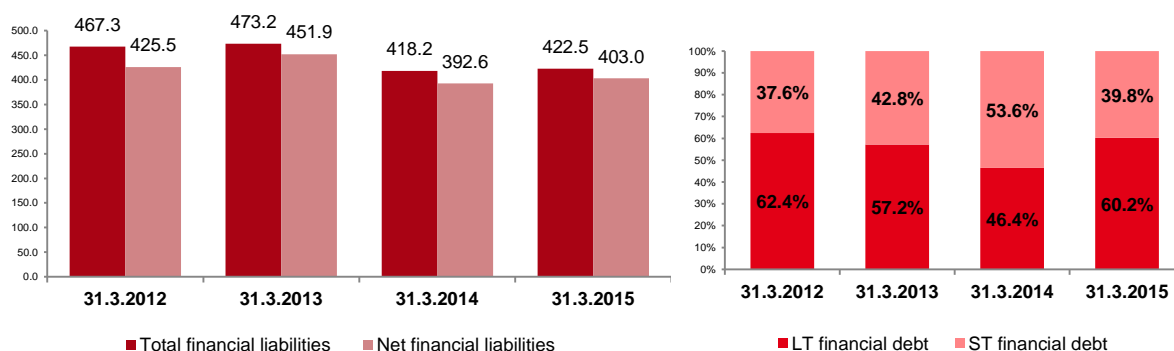
## Financial Performance of the Gorenje Group

### Group's financial operations

The primary source of Group's liquidity for servicing financial and other liabilities is provided through operative sales activities in the segments Home and Portfolio Investments, and within these the free cash flow generated. The policy of replacing due non-current financial sources with raising new ones is hereby observed, based on which we strive to preserve or improve the relevant maturity structure. In addition, we are constantly renewing current loans or increase them for the purpose of increasing the liquidity reserve (primarily through revolving loans and bank overdrafts).

In Q1 2015, the Group repaid EUR 12.7m of currently due long-term borrowings. As of 20 February 2015, we have issued 10-month commercial papers bearing an interest rate of 2.20% p.a., in the total par value of EUR 27m or 35% more than initially planned. Sizeable interest in the third issue of commercial papers is proof of investor confidence in the Gorenje Group. With the last year's issue of 5-year bonds and the issue of 10-month commercial papers, Gorenje has raised EUR 100m of funds in no more than four months. Thus, we are sourcing over a quarter of our financing through capital markets, which is providing for an appropriate financial stability and competitiveness in providing sources of finance.

### Movement of total and net financial liabilities in Q1 for the period 2012-2015 (EURm)<sup>11</sup> and maturity structure of financial liabilities



As at 31 March 2015, **total financial liabilities** amounted to EUR 422.5m and show an increase over the last year's equivalent period by EUR 4.3m. Movements in financial liabilities comply with interim seasonal dynamics as the Group generates most of negative cash flows from operating and investing activities in the first three months of the fiscal year. The dynamics in Q1 2015 was less favourable than in the equivalent period last year, which is primarily the result of negative changes in the working capital and higher other operating liabilities. Financial liabilities comprise also liabilities under the fair value of forward contracts used for hedging against interest rate and currency fluctuations. As for the **maturity structure of financial liabilities**, 60.2% refer to non-current sources whereby the remaining stake denotes current sources. Compared to the 31 March 2014 balance, the maturity structure improved by 13.8 p.p.

By the end of March 2015, **net financial liabilities** (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 403.0m and show an increase of EUR 10.3m over the same period in 2014.

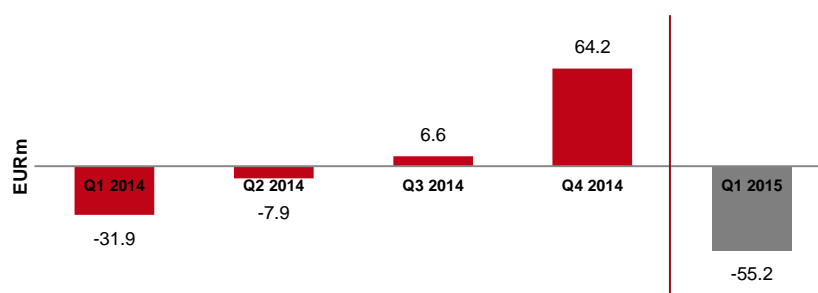
<sup>11</sup> Accounting view

As at 31 March 2015, the Group disclosed a liquidity reserves in the amount of EUR 67.3m in form of approved but undrawn current borrowings and bank balances, which may also be used to bridge payments on currently due liabilities. The Group is together with existing and new bank partners engaged in activities to further servicing due liabilities and optimising costs of financing, to additional improvement of the loans' maturity structure and balancing the amount of the liquidity reserve. At the end of April, Gorenje, d.d., concluded a contract on raising a non-current borrowing in the amount of EUR 65m with one of the already existing bank partners of the Gorenje Group. The loan was drawn in the first half of May. Thus, the requirement of servicing currently due long-term borrowings by means of alternative financing was thereby met for the entire year 2015, the maturity structure of sources of financing improved, and an additional possibility of optimising cost of financing ensured.

### Cash flows of the Gorenje Group

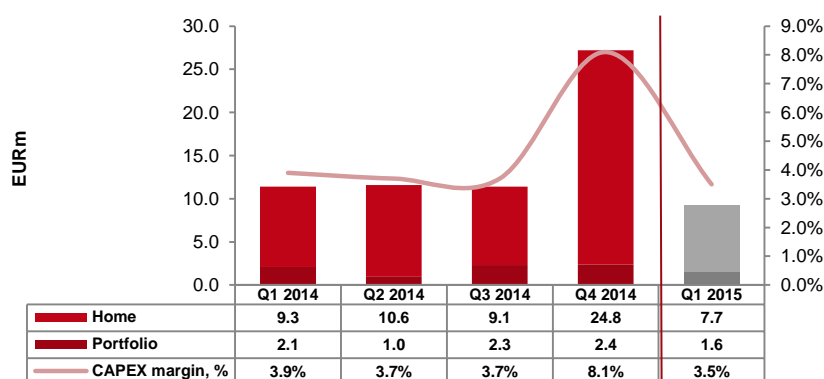
In Q1 2015, the Group recorded EUR 55.2m of negative cash flows from operating and investing activities, which is EUR 23.4m worse than in the Q1 2014. This dynamics is typical, as the Group generates most of negative cash flows from operating and investing activities in the first quarter of the year.

#### Cash flows from operating and investing activities



**Investments** amounted to EUR 9.3m in Q1 2015 or EUR 2.0m less than in the equivalent period in 2014. The largest portion in the amount of EUR 7.7m relates to the Home segment. The largest share of investments refers to continuation and completion of previous year's projects, particularly to the development of washing machines and the new generation of Asko dishwashers, as well as certain other minor projects. Investments recorded by the segment Portfolio Investments amounted to EUR 1.6m and the largest portion thereof was invested in ecology, tool manufacturing and ceramics.

#### Investments by business segment



As at 31 March 2015, the Group's investments in net working capital amounted to EUR 228.5m and compared to 31 December 2014 – date from which the cash flow movement for 2015 is calculated – indicates an increase by EUR 52.6m. Investments in net working capital decreased by EUR 17.1m if compared to the previous year's equivalent period. The working capital's

increase in view of the 2014 year-end balance was mostly impacted by lower trade payables and higher amount of inventories.

At the end of Q1 2015, **trade receivables** were recorded at EUR 191.4m and compared to 31 December 2014 – date from which the cash flow movement for 2015 is calculated – show an increase of EUR 11.1m. Trade receivables declined by EUR 20.1m if compared to Q1 2014. The average turnover of receivables in Q1 2015 was 63 days, which is shorter from the average turnover of receivables in Q1 2014 by 2 days. The decline in receivables is the result of the common annual dynamics, lower sales (mostly in Russia), and the proper credit risk management.

At the end of Q1 2015, **inventories** amounted to EUR 237.8m and with respect to 31 December 2014 – date from which the cash flow movement for 2015 is calculated – show a growth by EUR 18.5m. Inventories decreased by EUR 0.4m over the last year's equivalent period. Inventory turnover amounted in Q1 2015 to 77 days and increased by 4 days if compared to the same period in 2014. This setback is primarily the result of higher inventories of finished products and merchandise due to the sudden recall of orders by customers in Russia, Ukraine and the markets of Caucasus. For this purpose, the orders in the production have already been adjusted in view of the altered circumstances. Particular account shall be taken of the slow-moving inventories, both finished products and merchandise, as well material and raw materials.

**Trade payables** amounted to EUR 171.1m in Q1 2015 and compared to 31 December 2014 – date from which the cash flow movement for 2015 is calculated – show a decline of EUR 31.4m. Trade payables grew by EUR 2.9m with respect to the equivalent period in 2014.

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

With regard to the category of **financial risks**, the fierce macroeconomic situation and political risks in certain markets led the Group to pay special attention to an efficient **credit risk** management. Credit risk is thereby balanced through the on-going control of credit limits approved by credit insurance companies, appropriate collection of receivables, and regular communication with credit insurance companies and business partners. The balance of bad debts is reviewed and analysed on an on-going basis and proper measures are implemented (e.g. collection, mortgage collections, suspension of supplies to customers with weak credit ratings, etc.). We have a strict set of rules on what is deemed suitable collateral for the sale of goods, and a defined level of the maximum possible exposure by individual companies, customers, etc.

**Currency risks** are to the widest possible extent hedged and minimised by natural cash flow balancing for each currency that, mostly in case of sales companies, is impossible to be fully implemented. The Group systematically applies forward exchange contracts for most of the currencies that are not part of the euro zone in order to hedge against currency risk. In addition, we are seeking additional possibilities for increasing the scope of natural hedging. In the medium term, we hedge against currency risk by adjusting sales prices on an on-going basis, by applying cost optimisation and by means of increasing natural hedging on the purchase/sale side.

The biggest exchange gains were in Q1 2015 recorded with the US dollar as a result of forward exchange contracts concluded for hedging against cash flow exposure on the purchase side, whereas exchange losses with the Russian rouble and the Ukrainian hryvnia.

We are managing the **risk of short-term liquidity** by means of approved revolving credit lines per Group companies, approved bank account overdrafts, and bank balances. As at the end of Q1 2015, the undrawn part of current and non-current credit lines amounted to EUR 47.7m and bank balances to an additional EUR 19.6m.



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

### Operating performance of Gorenje, d.d.

EURm	Q1 2014	Q1 2015	Index
<b>Revenue</b>	<b>178.7</b>	<b>160.5</b>	<b>89.9</b>
<b>CM<sup>12</sup></b>	55.8	50.1	89.8
CM (%)	31.2%	31.2%	/
<b>EBITDA</b>	<b>12.2</b>	<b>7.9</b>	<b>64.8</b>
EBITDA margin (%)	6.8%	4.9%	/
<b>EBIT</b>	<b>7.0</b>	<b>2.0</b>	<b>28.7</b>
EBIT margin (%)	3.9%	1.2%	/
<b>Profit before tax</b>	<b>4.2</b>	<b>1.3</b>	<b>31.8</b>
<b>Profit for the period</b>	<b>4.2</b>	<b>1.1</b>	<b>27.3</b>
ROS (%)	2.3%	0.7%	/
ROA (%)	1.9%	0.5%	/
ROE (%)	4.7%	1.2%	/
<b>Employee / end of period</b>	<b>4,174</b>	<b>4,077</b>	<b>97.7</b>
<b>Employee / average</b>	<b>4,146</b>	<b>4,079</b>	<b>98.4</b>

**Revenue** generated by the parent company amounted to EUR 160.5m and show a decline of EUR 18.2m or 10.1% over the Q1 2014 balance.

The Business Segment Home recorded revenue in the amount of EUR 147.3m or 9.8% less than in the same period last year, which is mostly due to:

- lower volume of products manufactured in-house by 7.6%,
- lower volume of production by 8.1%,
- lower sale of home appliances via dealers by 3.3%.

Revenue generated through sales beyond the Business Segment Home amounted to EUR 11.8m and indicate a decrease over the Q1 2014 balance by 14.6%, which is attributable mostly to lower income from sale of coal.

The contribution margin (gross margin) at the level of the difference between revenue, cost raw materials, material, and purchase cost of goods sold, including related change in inventories, declined by EUR 5.7m over the previous year. The gross margin decreased mostly because of the sharp fall in sales in markets of Russia and Ukraine. The strengthening of the USD against EUR had also an adverse effect on the contribution margin. The previously mentioned strengthening had a negative impact on the profitability of the small household appliances programme, which is predominantly acquired in the USA. A similar trend prevails also in the purchase of large household appliances that are not manufactured in-house. The relevant strengthening of USD compared to EUR had also an adverse effect on the input prices of material and raw materials acquired in the USA.

Employee benefits expense grew by 1.1% with regard to the equivalent period in 2014, which is the result of adjusting the said expenses with the collective agreement and the employment legislation.

In view of Q1 2014, amortisation and depreciation expense increased by 12.7%, largely as a result of completing development projects that were activated at the end of 2014.

Compared to last year's same period, the parent company's result from financing activities improved by 75.8% or by EUR 2,155k, which is mostly

<sup>12</sup> Contribution margin at the level of difference between revenue and cost of goods and material.

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attributable to positive valuation of derivatives used in hedging against currency risks, and to exchange gains arising on operating activities.

The above-mentioned elements had an adverse effect on EBIT and the profit or loss for the period.

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

<b>EURm</b>	<b>Development</b>
<b>Profit for the period January - March 2014</b>	<b>4.2</b>
Contribution margin at the level of cost of goods and material	-5.5
Cost of services	0.5
Employee benefits expense	-0.3
Amortisation and depreciation expense	-0.7
Other operating expenses	1.1
Other operating income	-0.2
Financial result	2.2
Income tax expense and deferred taxes	-0.2
<b>Profit for the period January - March 2015</b>	<b>1.1</b>

## Ownership Structure and the GRVG Share

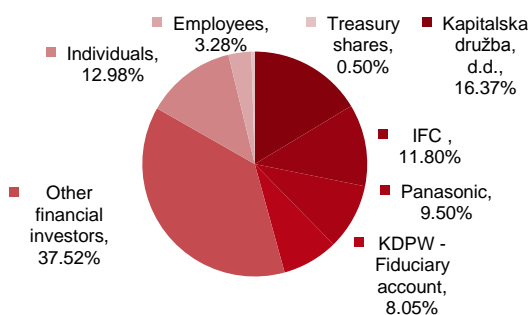
### Ownership structure

As of **31 March 2015**, **16,862 shareholders** were entered in the share register indicating that the number of shareholders declined by 0.8% over the year-end balance of 2014 (17,000).

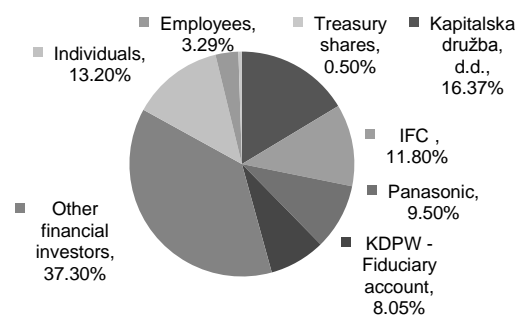
#### Gorenje's ten major shareholders and owners

Ten major shareholders	No. of shares (31 Dec 2014)	Equity interest in %	No. of shares (31 Mar 2015)	Equity interest in %
KAPITALSKA DRUŽBA, D.D.	3,998,653	16.37%	3,998,653	16.37%
IFC	2,881,896	11.80%	2,881,896	11.80%
PANASONIC CORPORATION	2,320,186	9.50%	2,320,186	9.50%
KDPW – FIDUCIARY ACCOUNT	1,965,628	8.05%	1,965,628	8.05%
Alpen.SI, mixed flexible subfund	1,179,102	4.83%	1,179,102	4.83%
HOME PRODUCTS EUROPE B.V.	1,070,000	4.38%	1,070,000	4.38%
BNP PARIBAS SECURITIES SERVICES S.C.A.	464,732	1.90%	479,732	1.96%
ZAGREBAČKA BANKA D.D. – FIDUCIARY ACCOUNT	456,399	1.87%	455,693	1.87%
EECF AG	411,727	1.69%	411,727	1.69%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT	395,944	1.62%	501,444	2.05%
<b>Total major shareholders</b>	<b>15,144,267</b>	<b>62.00%</b>	<b>15,264,061</b>	<b>62.49%</b>
Other shareholders	9,280,346	38.00%	9,160,552	37.51%
<b>Total</b>	<b>24,424,613</b>	<b>100%</b>	<b>24,424,613</b>	<b>100%</b>

Ownership structure at 31 December 2014



Ownership structure at 31 March 2015



The number of own shares or treasury shares equals the 2014 year-end balance i.e. at **121,311 treasury shares**, which accounts for **0.4967%** of total share capital.

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

Supervisory Board	31 Dec 2014		31 Mar 2015	
<b>Total:</b>	<b>3,508</b>	<b>0.0144%</b>	<b>3,508</b>	<b>0.0144%</b>
Peter Kobal	1,355	0.0055%	1,355	0.0055%
Krešimir Martinjak	115	0.0005%	115	0.0005%
Jurij Slemenik	2,038	0.0083%	2,038	0.0083%

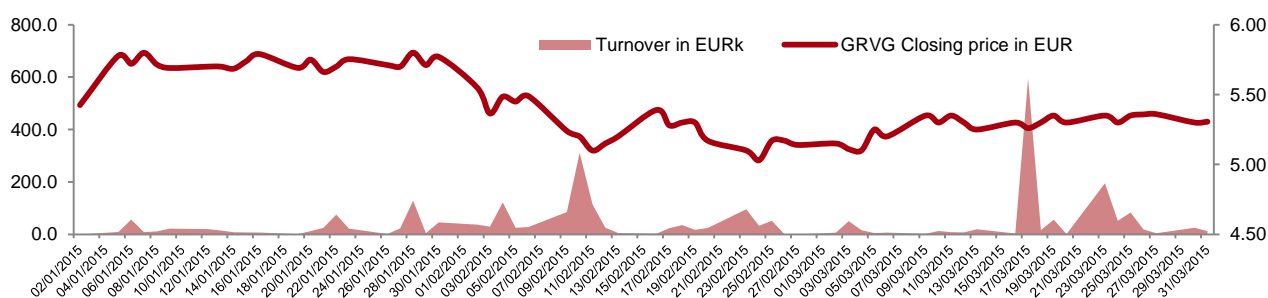
Management Board	31 Dec 2014		31 Mar 2015	
<b>Total:</b>	<b>21,394</b>	<b>0.0876%</b>	<b>21,394</b>	<b>0.0876%</b>
Franc Bobinac	4,096	0.0168%	4,096	0.0168%
Branko Apat	626	0.0026%	626	0.0026%
Drago Bahun	9,082	0.0372%	9,082	0.0372%
Marko Mrzel	450	0.0018%	450	0.0018%
Peter Groznik	7,140	0.0292%	7,140	0.0292%

The number of company's shares held by Supervisory Board and Management Board members has not changed in the period from 31 March 2015 to the date of this public announcement.

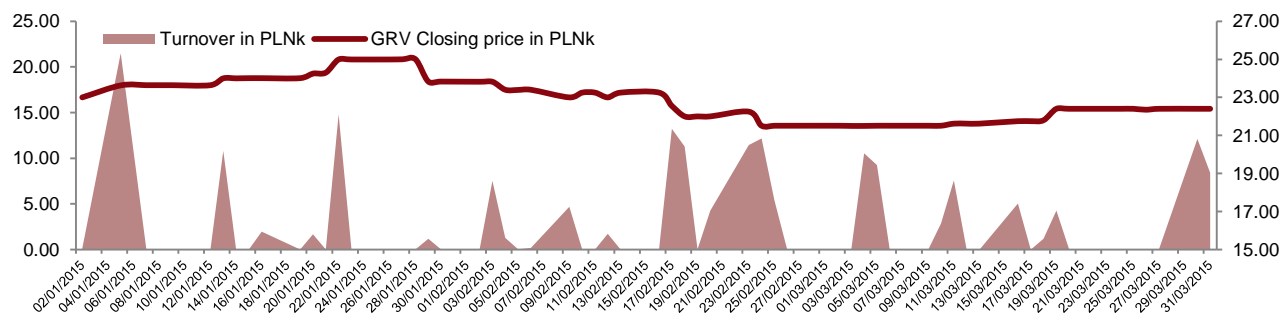
**GRVG share**

As at the last trading day in March 2015, the **closing price per share** on the Ljubljana Stock Exchange as the primary market was recorded at EUR 5.31 and shows a decline 5.6% if compared to the last trading day in 2014 (EUR 5.62). The prime market index SBITOP increased in the same period by 1.5%. Total turnover on the Ljubljana and Warsaw Stock Exchange was recorded in the first quarter at 528,228 shares, indicating that the average daily turnover on the Ljubljana Stock Exchange was 8,252 shares and 134 shares on the Warsaw Stock Exchange. Compared to the year-end balance of 2014, the closing price of the share on the Warsaw Stock Exchange decreased by 6.0% (from PLN 23.82/EUR 5.58 to PLN 22.40/EUR 5.47).

**Movement of the GRVG share and daily turnover on the Ljubljana Stock Exchange in the period January - March 2015**



**Movement of the GRV share and daily turnover on the Warsaw Stock Exchange in the period January – March 2015**



**Basic and diluted earnings per share** are calculated as the ratio between the profit or loss of the parent company's owners and the average number of shares issued, less the average balance of treasury shares (24,303,302 shares) amounts to EUR -0.09 (2014: EUR 0.04).

**Book value of the GRVG share** as at 31 March 2015 amounted to EUR 15.03 (EUR 15.65 as at 31 March 2014). It is calculated as the ratio between the book value of the Group's ordinary share capital and the number of issued shares, exclusive of the number of treasury shares as at 31 December 2014 (24,303,302 shares).

**The ratio between the market value and the book value of the GRVG share** is recorded at 0.35 (0.36 as at 31 March 2014).

#### **Dividend policy**

Due to the economic crisis that had a fundamental impact on Gorenje Group's operations since the last quarter of 2008, no dividends were paid out for the years 2008, 2009, 2010, 2012 and 2013. A dividend payout in the amount of EUR 0.15 gross per share was carried out for the financial year 2011. The proposal of the distribution of the accumulated profit shall be discussed at the Shareholders' Meeting on 3 July 2015.

#### **Significant Events after the Balance Sheet Date**

Gorenje, d.d., started negotiations on 3 April 2015 with the Polish company Elemental Holding SA regarding the possible sale of the controlling interest in the subsidiary Gorenje Surovina, d.o.o. The relevant talks refer also to certain subsidiaries of Gorenje Surovina and aim to define the scope, value and terms of sale. Managements of Gorenje, d.d., and Elemental Holding SA expect to conclude these negotiations by the end of Q2 2015.

No other significant events occurred after the date of compiling the balance sheet as of 31 March 2015.

#### **Significant Business Events in 2015**

##### **JANUARY**

##### **Gorenje presenting advanced solutions for more cooking pleasure at LivingKitchen in Cologne**



We have again taken part in the biennial LivingKitchen show, a part of the globally renowned furniture fair IMM in Cologne, Germany. Gorenje presented customers and fair visitors its new generation of cooking built-in appliances and other novelties.

##### **FEBRUARY**

As of 20 February 2015, we have issued 10-month commercial papers bearing an interest rate of 2.20% p.a., in the total par value of EUR 27m or 35% more than initially planned. The respective issue of commercial papers is a part of our strategy to disperse financial sources in pursuance of which we have in 2014 issued bonds worth EUR 73m.

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## ACCOUNTING REPORT

### Reporting entity

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

Consolidated financial statements of Gorenje, d.d., for the period January-March that ended 31 March 2015 include the parent company and its subsidiaries (hereinafter jointly referred to as 'the Group'), equity interests in jointly controlled companies, and equity interests in associated companies. The Group's core activity is manufacturing and sale of home appliances.

### Basis of preparation

#### (a) Statement of compliance

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

The Management Board of Gorenje, d.d., confirmed these interim financial statements on 20 April 2015.

#### (b) Use of estimates and judgements

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

Material estimates of uncertainty and critical judgements or evaluations made by the management in the process of pursuing the accounting policies, which have the strongest effect on the amounts in the financial statements are similar to those used by the management when drawing up the consolidated financial statements as at 31 December 2014.

### Fundamental Accounting Policies and Significant Notes to the Financial Statements

Accounting policies applied in these interim financial statements are identical to those used in the consolidated financial statements compiled as at 31 December 2014.

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

## Changes in the Composition of the Gorenje Group

Changes that occurred in the composition of the Gorenje Group up to and including 31 March 2015 were as follows:

- As of 11 February 2015, the parent company Gorenje, d.d., acquired from GEOPLIN d.o.o. Ljubljana an equity interest in the company GGE družba za izvajanje energetske storitve, d.o.o., and thereby became its 50% owner.

In addition to the parent company Gorenje, d.d., the following companies were included in the consolidated financial statements of the Gorenje Group:

Companies operating in Slovenia		Equity interest in %	Business segment
1.	Gorenje I.P.C., d.o.o., Velenje	100.00	BSH
2.	Gorenje GTI, d.o.o., Velenje	100.00	BSPI
3.	Gorenje Gostinstvo, d.o.o., Velenje	100.00	BSPI
4.	Energygor, d.o.o., Velenje	100.00	BSPI
5.	Kemis, d.o.o., Vrhnika	100.00	BSPI
6.	Gorenje Orodjarna, d.o.o., Velenje	100.00	BSPI
7.	ZEOS, d.o.o., Ljubljana	51.00	BSPI
8.	Gorenje Surovina, d.o.o., Maribor	100.00	BSPI
9.	Indop, d.o.o., Šoštanj	100.00	BSPI
10.	ERICo, d.o.o., Velenje	51.00	BSPI
11.	Gorenje design studio, d.o.o., Velenje	52.00	BSH
12.	PUBLICUS, d.o.o., Ljubljana	51.00	BSPI
13.	EKOGOR, d.o.o., Jesenice	51.00	BSPI
14.	Gorenje GAIO, d.o.o., Šoštanj	100.00	BSPI
15.	Gorenje GSI, d.o.o., Ljubljana	100.00	BSH
16.	Gorenje Keramika, d.o.o., Velenje	100.00	BSPI
17.	Gorenje Surovina Fotoreciklaža, d.o.o., Maribor	51.00	BSPI
18.	Gorenje Studio, d.o.o., Ljubljana	100.00	BSH
Foreign operations		Equity interest in %	Business segment
1.	Gorenje Beteiligungs GmbH, Austria	100.00	BSH
2.	Gorenje Austria Handels GmbH, Austria	100.00	BSH
3.	Gorenje Vertriebs GmbH, Germany	100.00	BSH
4.	Gorenje Körting Italia S.r.l., Italy	100.00	BSH
5.	Gorenje France S.A.S., France	100.00	BSH
6.	Gorenje Belux S.a.r.l., Belgium	100.00	BSH
7.	Gorenje Espana, S.L., Spain	100.00	BSH
8.	Gorenje UK Ltd., Great Britain	100.00	BSH
9.	Gorenje Group Nordic A/S, Denmark	100.00	BSH
10.	Gorenje AB, Sweden	100.00	BSH
11.	Gorenje OY, Finland	100.00	BSH
12.	Gorenje AS, Norway	100.00	BSH
13.	Gorenje spol. s r.o., Czech Republic	100.00	BSH

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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	100.00	BSPI
29.	Kemis - BH, d.o.o., Bosnia and Herzegovina	100.00	BSPI
30.	Gorenje Studio, d.o.o., Serbia	100.00	BSH
31.	Gorenje Gulf FZE, United Arab Emirates	100.00	BSH
32.	Gorenje Tiki, d.o.o., Serbia	100.00	BSH
33.	Gorenje Istanbul Ltd., Turkey	100.00	BSH
34.	Gorenje TOV, Ukraine	100.00	BSH
35.	ST Bana Nekretnine, d.o.o., Serbia	100.00	BSPI
36.	Kemis Valjevo, d.o.o, Serbia	100.00	BSPI
37.	Kemis – SRS, d.o.o., Bosnia and Herzegovina	100.00	BSPI
38.	ATAG Nederland BV, the Netherlands	100.00	BSH
39.	ATAG België NV, Belgium	100.00	BSH
40.	Intell Properties BV, the Netherlands	100.00	BSH
41.	Gorenje Nederland BV, the Netherlands	100.00	BSH
42.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	BSH
43.	»Euro Lumi & Surovina« SH.P.K., Kosovo	51.00	BSPI
44.	OOO Gorenje BT, Russia	100.00	BSH
45.	Gorenje GTI, d.o.o., Beograd, Serbia	100.00	BSPI
46.	Asko Appliances AB, Sweden	100.00	BSH
47.	Gorenje North America, Inc., USA	100.00	BSH
48.	Asko Appliances Pty, Australia	100.00	BSH
49.	Asko Appliances OOO, Russia	100.00	BSH
50.	»Gorenje Albania« SHPK, Albania	100.00	BSH
51.	Gorenje Home d.o.o., Zaječar, Serbia	100.00	BSH
52.	ORSES d.o.o., Beograd, Serbia	100.00	BSPI
53.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	100.00	BSPI
54.	Gorenje Corporate GmbH, Austria	100.00	BSH
55.	Cleaning system S, d.o.o., Serbia	100.00	BSPI
56.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	49.45	BSPI
57.	Gorenje Solarna energija Solago, d.o.o., Serbia	100.00	BSPI



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58.	Gorenje Sola - Home, d.o.o., Serbia	100.00	BSPI
59.	Gorenje do Brasil Ltda., Brasil	100.00	BSH
60.	Gorenje Asia Ltd., China	100.00	BSH
61.	Gorenje MDM d.o.o. Kragujevac, Serbia	100.00	BSPI

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BSH – Business Segment Home  
BSPI – Business Segment Portfolio Investments

Associates:

- Gorenje Projekt, d.o.o., Velenje
- GGE družba za izvajanje energetske storitve, 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, Serbia
- Gorenje Electronics Trading LLC, Dubai, United Arab Emirates
- Gorenje Projekt, d.o.o., Belgrade, Serbia
- Tosidos, d.o.o., Ljubljana

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

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

**Unaudited Condensed Consolidated Financial Statements of the  
Gorenje Group**

**Condensed Consolidated Balance Sheet of the Gorenje Group**

EURk	Balance at 31 Mar 2014	%	Balance at 31.12.2014	%	Balance at 31 Mar 2015	%
<b>ASSETS</b>	<b>1,134,482</b>	<b>100.0%</b>	<b>1,102,398</b>	<b>100.0%</b>	<b>1,120,894</b>	<b>100.0%</b>
<b>Non-current assets</b>	<b>589,654</b>	<b>52.0%</b>	<b>593,281</b>	<b>53.8%</b>	<b>593,387</b>	<b>52.9%</b>
Intangible assets	170,289	15.0%	181,597	16.5%	183,464	16.4%
Property, plant and equipment	350,016	30.8%	355,962	32.3%	352,897	31.5%
Investment property	27,835	2.5%	18,931	1.7%	18,940	1.7%
Non-current investments	5,521	0.5%	4,145	0.4%	4,984	0.4%
Investments in associates	641	0.1%	1,122	0.1%	1,198	0.1%
Non-current trade receivables	10,719	0.9%	6,801	0.6%	7,195	0.6%
Deferred tax assets	24,633	2.2%	24,723	2.2%	24,709	2.2%
<b>Current assets</b>	<b>544,828</b>	<b>48.0%</b>	<b>509,117</b>	<b>46.2%</b>	<b>527,507</b>	<b>47.1%</b>
Non-current assets held for sale	1,423	0.1%	1,648	0.1%	1,651	0.2%
Inventories	237,480	20.9%	219,389	19.9%	237,841	21.2%
Current investments	17,572	1.6%	20,461	1.9%	22,729	2.0%
Trade receivables	211,564	18.6%	180,380	16.4%	191,445	17.1%
Other current assets	45,473	4.0%	46,250	4.2%	49,383	4.4%
Cash and cash equivalents	25,606	2.3%	35,843	3.2%	19,573	1.8%
Assets included in disposal groups	5,710	0.5%	5,146	0.5%	4,885	0.4%
<b>EQUITY AND LIABILITIES</b>	<b>1,134,482</b>	<b>100.0%</b>	<b>1,102,398</b>	<b>100.0%</b>	<b>1,120,894</b>	<b>100.0%</b>
<b>Equity</b>	<b>380,067</b>	<b>33.5%</b>	<b>380,267</b>	<b>34.5%</b>	<b>365,387</b>	<b>32.6%</b>
Share capital	92,240	8.1%	101,922	9.2%	101,922	9.1%
Share premium	175,568	15.5%	175,698	15.9%	175,698	15.7%
Revenue reserves	95,818	8.4%	99,301	9.0%	99,301	8.8%
Treasury shares	-3,170	-0.3%	-3,170	-0.2%	-3,170	-0.3%
Retained earnings	13,831	1.2%	10,365	0.9%	8,202	0.7%
Translation reserve	-6,405	-0.5%	-17,600	-1.6%	-12,627	-1.1%
Fair value reserve	9,284	0.8%	10,912	1.0%	-6,839	-0.6%
<b>Equity of holders of the parent</b>	<b>377,166</b>	<b>33.2%</b>	<b>377,428</b>	<b>34.2%</b>	<b>362,487</b>	<b>32.3%</b>
<b>Equity of non-controlling interests</b>	<b>2,901</b>	<b>0.3%</b>	<b>2,839</b>	<b>0.3%</b>	<b>2,900</b>	<b>0.3%</b>
<b>Non-current liabilities</b>	<b>274,340</b>	<b>24.2%</b>	<b>347,693</b>	<b>31.5%</b>	<b>330,557</b>	<b>29.5%</b>
Provisions	66,723	5.9%	63,453	5.7%	62,134	5.5%
Deferred income	5,244	0.5%	5,270	0.5%	5,371	0.5%
Non-current operating liabilities	5,530	0.5%	5,912	0.5%	5,752	0.5%
Deferred tax liabilities	2,643	0.2%	2,988	0.3%	2,984	0.3%
Non-current financial liabilities	194,200	17.1%	270,070	24.5%	254,316	22.7%
<b>Current liabilities</b>	<b>480,075</b>	<b>42.3%</b>	<b>374,438</b>	<b>34.0%</b>	<b>424,950</b>	<b>37.9%</b>
Current financial liabilities	224,011	19.8%	97,536	8.8%	168,208	15.0%
Trade payables	168,225	14.8%	202,473	18.4%	171,075	15.3%
Other current liabilities	85,425	7.5%	72,316	6.6%	83,778	7.5%
Liabilities included in disposal groups	2,414	0.2%	2,113	0.2%	1,889	0.1%

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

EURk	Jan - Mar	%	Jan - Mar	%
	2014		2015	
<b>Revenue</b>	<b>290,709</b>	<b>93.1%</b>	<b>266,425</b>	<b>89.4%</b>
Change in inventories	17,850	5.7%	28,068	9.4%
Other operating income	3,861	1.2%	3,447	1.2%
<b>Gross profit</b>	<b>312,420</b>	<b>100.0%</b>	<b>297,940</b>	<b>100.0%</b>
Cost of goods, materials and services	-231,377	-74.1%	-221,775	-74.5%
Employee benefits expense	-55,558	-17.8%	-55,213	-18.5%
Amortisation and depreciation expense	-10,594	-3.4%	-11,313	-3.8%
Other operating expenses	-4,681	-1.5%	-4,731	-1.6%
<b>Operating profit</b>	<b>10,210</b>	<b>3.2%</b>	<b>4,908</b>	<b>1.6%</b>
Finance income	1,237	0.4%	4,535	1.5%
Finance expenses	-8,859	-2.8%	-9,679	-3.2%
<b>Net finance expenses</b>	<b>-7,622</b>	<b>-2.4%</b>	<b>-5,144</b>	<b>-1.7%</b>
Share in profits or losses in associates	-70	0.0%	-92	0.0%
<b>Profit or loss before tax</b>	<b>2,518</b>	<b>0.8%</b>	<b>-328</b>	<b>-0.1%</b>
Income tax expense	-1,076	-0.3%	-1,319	-0.4%
<b>Profit or loss without discontinued operation</b>	<b>1,442</b>	<b>0.5%</b>	<b>-1,647</b>	<b>-0.5%</b>
<b>Profit or loss of discontinued operation</b>	<b>-431</b>	<b>-0.2%</b>	<b>-455</b>	<b>-0.2%</b>
<b>Profit or loss for the period</b>	<b>1,011</b>	<b>0.3%</b>	<b>-2,102</b>	<b>-0.7%</b>
<b>Attributable to non-controlling interests</b>	<b>9</b>	<b>0.0%</b>	<b>61</b>	<b>0.0%</b>
<b>Attributable to equity holders of the parent</b>	<b>1,002</b>	<b>0.3%</b>	<b>-2,163</b>	<b>-0.7%</b>
Basic and diluted earnings per share without discontinued operation (in EUR)	0.07	/	-0.07	/
Basic and diluted earnings per share (in EUR)	0.05	/	-0.09	/

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

EURk	Jan - Mar	Jan - Mar
	2014	2015
<b>Profit or loss for the period</b>	<b>1,011</b>	<b>-2,102</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>	<b>0</b>	<b>0</b>
Change in fair value of land		
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>-1,693</b>	<b>-12,778</b>
Net change in fair value of available-for-sale financial assets	2	4
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-62	-17,832
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	394	37
Income tax on other comprehensive income	-57	40
Translation reserve	-1,970	4,973
<b>Other comprehensive income for the period</b>	<b>-1,693</b>	<b>-12,778</b>
<b>Total comprehensive income for the period</b>	<b>-682</b>	<b>-14,880</b>
Attributable to equity holders of the parent	-691	-14,941
Attributable to non-controlling interests	9	61

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

EURk	Jan - Mar 2014	Jan - Mar 2015
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit or loss for the period</b>	<b>1,011</b>	<b>-2,102</b>
Adjustments for:		
-Depreciation of property, plant and equipment	8,964	9,154
-Amortisation of intangible assets	1,638	2,164
-Investment income	-1,237	-4,535
-Finance expenses	8,941	9,774
-Gain on sale of property, plant and equipment	-7	-17
-Income tax expense	1,076	1,319
<b>Operating profit before changes in net operating current assets and provisions</b>	<b>20,386</b>	<b>15,757</b>
Change in trade and other receivables	-3,224	-14,518
Change in inventories	-1,697	-18,330
Change in provisions	60	-1,271
Change in trade and other payables	-36,031	-19,802
<b>Cash generated from operations</b>	<b>-40,892</b>	<b>-53,921</b>
Interest paid	-4,835	-4,203
Income tax paid	-944	-1,121
<b>Net cash from operating activities</b>	<b>-26,285</b>	<b>-43,488</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	2,802	46
Interest received	503	408
Dividends received	-70	0
Acquisition of property, plant and equipment	-7,586	-5,256
Other investments	-383	-1,055
Acquisition of intangible assets	-3,780	-4,094
<b>Net cash used in investing activities</b>	<b>-8,514</b>	<b>-9,951</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings / Repayment of borrowings	21,141	37,358
<b>Net cash used in financing activities</b>	<b>21,141</b>	<b>37,358</b>
Net change in cash and cash equivalents	-13,658	-16,081
Cash and cash equivalents at beginning of period	39,500	36,062
Cash and cash equivalents at end of period	25,842	19,981

Unaudited Interim Report  
January – March 2015

Condensed Consolidated Statement of Change in Equity of the Gorenje Group

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

**Unaudited Interim Report**  
January – March 2015

EUR	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					
<b>Opening balance at 1 Jan 2015</b>	101,922	175,698	12,896	7,556	3,170	75,679	-3,170	12,829	-2,464	-17,600	10,912	377,428	2,839	380,267
Total comprehensive income for the period														
Profit or loss for the period									-2,163			-2,163	61	-2,102
Total other comprehensive income										4,973	-17,751	-12,778	0	-12,778
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,163</b>	<b>4,973</b>	<b>-17,751</b>	<b>-14,941</b>	<b>61</b>	<b>-14,880</b>
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								-2,464	2,464			0		0
<b>Total contributions by owners and distributions to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,464</b>	<b>2,464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0		0
<b>Total changes in equity interests in subsidiaries</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,464</b>	<b>2,464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance at 31 March 2015</b>	<b>101,922</b>	<b>175,698</b>	<b>12,896</b>	<b>7,556</b>	<b>3,170</b>	<b>75,679</b>	<b>-3,170</b>	<b>10,365</b>	<b>-2,163</b>	<b>-12,627</b>	<b>-6,839</b>	<b>362,487</b>	<b>2,900</b>	<b>365,387</b>

## Notes to the Condensed Consolidated Financial Statements of the Gorenje Group

### Discontinued Operations

Gorenje is in the process of discontinuing/disposing/restructuring its activities in the business segment Home (furniture programme, sales organisations), which have had a negative impact on the Group's profitability and cash flows 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 at the end of February 2013. The company Gorenje France S.A.S. was classified as a discontinued operation as well. Gorenje concluded a management contract with the company Targos S.A.S. on managing the distribution subsidiary Gorenje France S.A.S. In case of meeting certain terms and conditions, the company Targos S.A.S. has the option to purchase the 100% equity interest in Gorenje France S.A.S. Verifying the aforesaid terms and conditions is carried out on the basis of the audited annual report 2015, hence the technical terms for implementing or not implementing the option have not been met yet. Notwithstanding and based on company's operations to date, the Management Board assesses that the buyer shall not implement the option. All required and necessary activities are therefore in progress within a separate project that focus on further changing the sales and business model for the markets in France.

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 Group's Consolidated Income Statement to a separate item i.e. Profit or loss of discontinued operation. In addition, assets and liabilities of companies classified as discontinued operations were reclassified among assets/liabilities held for sale in the Group's Consolidated Balance Sheet.

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

#### Balance sheet – discontinued operation

EURk	Balance at 31 Mar 2014	Balance at 31 Mar 2015
<b>Assets included in disposal groups</b>	<b>5,710</b>	<b>4,885</b>
Intangible assets	6	3
Property, plant and equipment	133	122
Investment property	0	0
Non-current investments	981	980
Non-current trade receivables	187	187
Deferred tax assets	0	0
Inventories	568	288
Current investments	20	21
Trade receivables	2,724	1,964
Other current assets	855	912
Cash and cash equivalents	236	408
<b>Liabilities included in disposal groups</b>	<b>2,414</b>	<b>1,889</b>
Provisions	792	619
Non-current operating receivables	0	25
Deferred tax liabilities	25	0
Non-current financial liabilities	0	0
Current financial liabilities	0	0
Trade payables	83	33
Other current liabilities	1,514	1,212



**Income statement – discontinued operation**

EURk	Jan - Mar	Jan - Mar
	2014	2015
<b>Revenue</b>	<b>2,008</b>	<b>1,500</b>
Change in inventories	0	0
Other operating income	156	37
<b>Gross profit</b>	<b>2,164</b>	<b>1,537</b>
Cost of goods, materials and services	-2,252	-1,730
Employee benefits expense	-241	-203
Amortisation and depreciation expense	-8	-5
Other operating expenses	-82	-51
<b>Operating loss</b>	<b>-419</b>	<b>-452</b>
Finance income	0	0
Finance expenses	-12	-3
<b>Net finance expenses</b>	<b>-12</b>	<b>-3</b>
<b>Loss before tax</b>	<b>-431</b>	<b>-455</b>
Income tax expense	0	0
<b>Loss for the period</b>	<b>-431</b>	<b>-455</b>

**Statement of cash flows – discontinued operation**

EURk	Jan - Mar	Jan - Mar
	2014	2015
Net cash flow from operating activities	-413	-228
Net cash used in investing activities	-55	-1
Net cash used in financing activities	0	0
<b>Net cash flows of discontinued operation</b>	<b>-468</b>	<b>-229</b>

**Fair value**

**Fair values and book values of assets and liabilities**

EURk	Book value	Fair value	Book value	Fair value
	31 Dec 2014	31 Dec 2014	31 Mar 2015	31 Mar 2015
Available-for-sale investments	3,626	3,626	3,657	3,657
Non-current loans and deposits	3,225	3,225	4,041	4,041
Non-current trade receivables	6,801	6,801	7,195	7,195
Current loans and deposits	12,969	12,969	13,719	13,719
Derivatives	2,393	2,393	-15,733	-15,733
Trade receivables	180,380	180,380	191,445	191,445
Other current assets	36,752	36,752	41,690	41,690
Cash and cash equivalents	35,843	35,843	19,573	19,573
Non-current financial liabilities (variable interest rate)	-203,672	-203,672	-188,247	-188,247
Non-current financial liabilities (fixed interest rate)	-66,398	-55,298	-66,069	-55,521
Non-current trade payables	-5,912	-5,912	-5,752	-5,752
Current financial liabilities	-96,229	-96,229	-168,208	-168,208
Trade payables	-202,473	-202,473	-171,075	-171,075
Other current payables	-37,655	-37,655	-40,029	-40,029
<b>Total</b>	<b>-330,350</b>	<b>-319,250</b>	<b>-373,793</b>	<b>-363,245</b>

### Fair value scale

#### 31 December 2014

(EURk)	Level 1 <sup>13</sup>	Level 2 <sup>14</sup>	Level 3 <sup>15</sup>	Total
Available-for-sale financial assets	675	88	2,863	3,626
Derivatives – assets	-	3,700	-	3,700
Derivatives – liabilities	-	-1,307	-	-1,307
Land and investment property	-	-	60,728	60,728

#### 31 March 2015

(EURk)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	682	92	2,883	3,657
Derivatives – assets	-	4,581	-	4,581
Derivatives – liabilities	-	-20,314	-	-20,314
Land and investment property	-	-	60,808	60,808

### Related party transactions

EURk	Value of transaction		Balance	
	Jan - Mar 2014	Jan - Mar 2015	31 Mar 2014	31 Mar 2015
Revenue				
Gorenje Group companies	97	72	387	822
Costs				
Gorenje Group companies	43	101	588	610

### Significant events after the balance sheet date

Gorenje, d.d., started negotiations on 3 April 2015 with the Polish company Elemental Holding SA regarding the possible sale of the controlling interest in the subsidiary Gorenje Surovina, d.o.o. The relevant talks refer also to certain subsidiaries of Gorenje Surovina and aim to define the scope, value and terms of sale. Managements of Gorenje, d.d., and Elemental Holding SA expect to conclude these negotiations by the end of Q2 2015.

No other significant events occurred after the date of compiling the balance sheet as of 31 March 2015.

<sup>13</sup> Level 1: stock price (unadjusted) on the active market of identical assets and liabilities.

<sup>14</sup> Level 2: data differing from stock price data (these are included in Level 1) monitored with the intention of direct or indirect valuation of assets and liabilities.

<sup>15</sup> Level 3: data on the value of assets and liabilities not based on the active market.

### Business and Geographical Segments of the Gorenje Group

EURk	Business Segment Home		Business Segment Portfolio Investments		Group	
	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar
	2014	2015	2014	2015	2014	2015
Revenue from sales to third parties	242,408	222,504	48,301	43,921	290,709	266,425
Inter-segment sale	1,373	1,210	2,833	2,950	4,206	4,160
Interest income	471	356	32	52	503	408
Interest expenses	4,383	4,046	58	157	4,441	4,203
Amortisation and depreciation expense	9,298	10,034	1,296	1,279	10,594	11,313
Operating profit or loss before tax	468	-2,679	2,050	2,351	2,518	-328
Income tax expense	-914	-1,072	-162	-247	-1,076	-1,319
Profit or loss without discontinued operation	-446	-3,751	1,888	2,104	1,442	-1,647
Profit or loss of discontinued operation	-431	-455	0	0	-431	-455
Profit or loss for the period	-877	-4,206	1,888	2,104	1,011	-2,102
Total assets *	991,668	1,007,834	110,730	113,060	1,102,398	1,120,894
Total liabilities *	669,453	701,612	52,678	53,895	722,131	755,507

\* Note: data as at 31 December 2014 were used for the year 2014

EURk	Western Europe		Eastern Europe		Other		Group	
	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar
	2014	2015	2014	2015	2014	2015	2014	2015
Revenue from sales to third parties	116,324	110,234	149,229	135,658	25,156	20,533	290,709	266,425

## Financial Indicators

	Jan - Mar 2014	Jan - Mar 2015
<b>INDICATORS OF PROFITABILITY</b>		
Net return on sales (ROS)	0.3%	-0.8%
Net return on assets (ROA)	0.4%	-0.8%
Net return on equity (ROE)	1.1%	-2.3%
<b>ASSET INDICATORS</b>		
Asset turnover ratio	1.02	0.96
Inventory turnover ratio	4.91	4.66
Current trade receivables turnover ratio	5.58	5.73
<b>INVESTMENT INDICATORS</b>		
Fixed assets (PPE) to total assets	0.46	0.48
Current assets to total assets	0.52	0.53
<b>INDICATORS OF FINANCIAL COMPOSITION</b>		
Long-term coverage of non-current assets	1.11	1.17
Equity to total liabilities	0.34	0.33
Long-term to total liabilities	0.58	0.62
Equity to fixed assets (carrying value)	0.73	0.68
Quick ratio (liquid assets to current liabilities)	0.09	0.10
(Liquid assets + current receivables) to current liabilities	0.63	0.67
Current ratio	1.13	1.24
Net financial liabilities to equity	0.99	1.04
<b>OPERATING PERFORMANCE INDICATORS</b>		
Operating income to operating expenses	1.03	1.02
Revenue per employee (EUR)	27,824	26,021
Value added per employee (EUR)	7,309	6,977

Unaudited Condensed Financial Statements of Gorenje, d.d.

Condensed Balance Sheet of Gorenje, d.d.

EURk	Balance at 31 Mar 2014	%	Balance at 31 Dec 2014	%	Balance at 31 Mar 2015	%
<b>ASSETS</b>	<b>888,513</b>	<b>100.0%</b>	<b>910,137</b>	<b>100.0%</b>	<b>919,260</b>	<b>100.0%</b>
<b>Non-current assets</b>	<b>473,795</b>	<b>53.3%</b>	<b>487,383</b>	<b>53.6%</b>	<b>487,735</b>	<b>53.1%</b>
Intangible assets	24,003	2.7%	33,247	3.7%	34,971	3.8%
Property, plant and equipment	169,813	19.1%	180,660	19.8%	178,276	19.4%
Investment property	25,115	2.8%	16,729	1.8%	16,729	1.8%
Investments in subsidiaries	235,989	26.6%	238,363	26.2%	238,363	25.9%
Investments in associates	941	0.1%	341	0.1%	509	0.1%
Other non-current investments	690	0.1%	689	0.1%	1,689	0.2%
Deferred tax assets	17,244	1.9%	17,354	1.9%	17,198	1.9%
<b>Current assets</b>	<b>414,718</b>	<b>46.7%</b>	<b>422,754</b>	<b>46.4%</b>	<b>431,525</b>	<b>46.9%</b>
Inventories	83,375	9.4%	96,138	10.6%	91,807	10.0%
Current investments	125,739	14.2%	137,280	15.1%	158,953	17.3%
Trade receivables	180,478	20.3%	167,714	18.4%	168,864	18.3%
Other current assets	17,055	1.9%	11,368	1.2%	11,262	1.2%
Cash and cash equivalents	8,071	0.9%	10,254	1.1%	639	0.1%
<b>EQUITY AND LIABILITIES</b>	<b>888,513</b>	<b>100.0%</b>	<b>910,137</b>	<b>100.0%</b>	<b>919,260</b>	<b>100.0%</b>
<b>Equity</b>	<b>352,333</b>	<b>39.6%</b>	<b>365,910</b>	<b>40.2%</b>	<b>366,847</b>	<b>39.9%</b>
Share capital	92,240	10.4%	101,922	11.2%	101,922	11.1%
Share premium	157,705	17.7%	157,835	17.3%	157,835	17.2%
Revenue reserves	95,818	10.8%	99,301	10.9%	99,301	10.8%
Treasury shares	-3,170	-0.4%	-3,170	-0.3%	-3,170	-0.4%
Retained earnings	5,518	0.6%	4,220	0.5%	5,353	0.6%
Fair value reserve	4,222	0.5%	5,802	0.6%	5,606	0.6%
<b>Non-current liabilities</b>	<b>191,061</b>	<b>21.5%</b>	<b>256,032</b>	<b>28.1%</b>	<b>241,647</b>	<b>26.3%</b>
Provisions	23,132	2.6%	21,929	2.4%	20,438	2.2%
Non-current financial liabilities	167,929	18.9%	234,103	25.7%	221,209	24.1%
<b>Current liabilities</b>	<b>345,119</b>	<b>38.9%</b>	<b>288,195</b>	<b>31.7%</b>	<b>310,766</b>	<b>33.8%</b>
Current financial liabilities	183,417	20.6%	113,990	12.5%	145,578	15.8%
Trade payables	138,187	15.6%	154,786	17.0%	133,769	14.6%
Other current liabilities	23,515	2.7%	19,419	2.2%	31,419	3.4%

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

EURk	Q1 2014	%	Q1 2015	%
<b>Revenue</b>	<b>178,646</b>	<b>97.6%</b>	<b>160,539</b>	<b>94.4%</b>
Change in inventories	2,327	1.3%	7,581	4.5%
Other operating income	2,082	1.1%	1,880	1.1%
<b>Gross profit</b>	<b>183,055</b>	<b>100.0%</b>	<b>170,000</b>	<b>100.0%</b>
Cost of goods, materials and services	-146,177	-79.9%	-136,961	-80.6%
Employee benefits expense	-23,468	-12.8%	-23,736	-14.0%
Amortisation and depreciation expense	-5,198	-2.8%	-5,856	-3.4%
Other operating expenses	-1,176	-0.6%	-1,425	-0.8%
<b>Operating profit</b>	<b>7,036</b>	<b>3.9%</b>	<b>2,022</b>	<b>1.2%</b>
Finance income	1,892	1.0%	4,285	2.5%
Finance expenses	-4,737	-2.6%	-4,975	-2.9%
<b>Net finance expenses</b>	<b>-2,845</b>	<b>-1.6%</b>	<b>-690</b>	<b>-0.4%</b>
<b>Profit before tax</b>	<b>4,191</b>	<b>2.3%</b>	<b>1,332</b>	<b>0.8%</b>
Income tax expense	-42	0.0%	-199	-0.1%
<b>Profit for the period</b>	<b>4,149</b>	<b>2.3%</b>	<b>1,133</b>	<b>0.7%</b>
Basic and diluted earnings per share (in EUR)	0.19		0.05	

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

<b>EURk</b>	<b>Q1 2014</b>	<b>Q1 2015</b>
<b>Profit for the period</b>	<b>4,149</b>	<b>1,133</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>	<b>0</b>	<b>0</b>
Change in fair value of land	0	0
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>277</b>	<b>-196</b>
Net change in fair value of available-for-sale financial assets	2	4
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-62	-277
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	394	37
Income tax on other comprehensive income	-57	40
<b>Other comprehensive income for the period</b>	<b>277</b>	<b>-196</b>
<b>Total comprehensive income for the period</b>	<b>4,426</b>	<b>937</b>

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

EURk	Q1 2014	Q1 2015
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit or loss for the period	4,149	1,133
Adjustments for:		
-Depreciation of property, plant and equipment	4,502	4,749
-Amortisation of intangible assets	696	1,107
-Investment income	-1,892	-4,285
-Finance expenses	4,737	4,975
-Gain on sale of property, plant and equipment	-12	-84
-Income tax expense	42	199
<b>Operating profit before changes in net operating assets and provisions</b>	<b>12,222</b>	<b>7,794</b>
Change in trade and other receivables	13,296	-1,193
Change in inventories	12,436	4,331
Change in provisions	-53	-1,491
Change in trade and other payables	-25,355	-10,578
<b>Cash generated from operations</b>	<b>324</b>	<b>-8,931</b>
Interest paid	-4,754	-4,871
<b>Net cash from operating activities</b>	<b>7,792</b>	<b>-6,008</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	2,005	282
Interest received	505	571
Sale of subsidiary	256	0
Acquisition of property, plant and equipment	-3,666	-2,403
Acquisition of investment property	-17	0
Other investments	-34,116	-18,997
Acquisition of intangible assets	-3,047	-2,832
<b>Net cash used in investing activities</b>	<b>-38,080</b>	<b>-23,379</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowing / Repayment of borrowings	23,455	19,772
<b>Net cash used in financing activities</b>	<b>23,455</b>	<b>19,772</b>
Net change in cash and cash equivalents	-6,833	-9,615
Cash and cash equivalents at beginning of period	14,904	10,254
Cash and cash equivalents at end of period	8,071	639



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

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Fair value reserve	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other re-venue reserves		Profit or loss from previous periods	Profit or loss for the period		
<b>Opening balance at 1 Jan 2014</b>	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
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,149</b>	<b>277</b>	<b>4,426</b>
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 from previous periods to retained earnings or losses								1,218	-1,218		0
Capital increase											0
<b>Total contributions by owners and distribution to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,218</b>	<b>-1,218</b>	<b>0</b>	<b>0</b>
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,218</b>	<b>-1,218</b>	<b>0</b>	<b>0</b>
<b>Closing balance at 31 Mar 2014</b>	<b>92,240</b>	<b>157,705</b>	<b>12,896</b>	<b>6,923</b>	<b>3,170</b>	<b>72,829</b>	<b>-3,170</b>	<b>1,369</b>	<b>4,149</b>	<b>4,222</b>	<b>352,333</b>

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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		
<b>Opening balance at 1 Jan 2015</b>	101,922	157,835	12,896	7,556	3,170	75,679	-3,170	1,369	2,851	5,802	365,910
Total comprehensive income for the period											
Profit for the period									1,133		1,133
Total other comprehensive income										-196	-196
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,133</b>	<b>-196</b>	<b>937</b>
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 from previous periods to retained earnings or losses											0
Capital increase											0
Costs of capital increase											0
<b>Total contributions by owners and distribution to owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance at 31 Mar 2015</b>	<b>101,922</b>	<b>157,835</b>	<b>12,896</b>	<b>7,556</b>	<b>3,170</b>	<b>75,679</b>	<b>-3,170</b>	<b>1,369</b>	<b>3,984</b>	<b>5,606</b>	<b>366,847</b>

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

### Fair values and book values of assets and liabilities

EURk	Book value	Fair value	Book value	Fair value
	31 Dec 2014	31 Dec 2014	31 Mar 2015	31 Mar 2015
Available -for-sale investments	2,847	2,847	2,870	2,870
Non-current loans	17	17	19	19
Current loans	131,357	131,357	150,186	150,186
Derivatives	741	741	2,049	2,049
Trade receivables	167,714	167,714	168,864	168,864
Other current assets	9,488	9,488	9,058	9,058
Cash and cash equivalents	10,254	10,254	639	639
Non-current financial liabilities	-168,141	-168,141	-155,245	-155,245
Non-current financial liabilities (fixed interest rate)	-65,962	-54,478	-65,964	-55,460
Current financial liabilities	-112,880	-112,880	-144,256	-144,256
Trade payables	-154,786	-154,786	-133,769	-133,769
Other current liabilities	-10,372	-10,372	-16,275	-16,275
<b>Total</b>	<b>-189,723</b>	<b>-178,239</b>	<b>-181,824</b>	<b>-171,320</b>

### Fair value scale

#### 31 December 2014

EURk	Level 1 <sup>16</sup>	Level 2 <sup>17</sup>	Level 3 <sup>18</sup>	Total
Available-for-sale financial assets	155	-	2,692	2,847
Derivatives - assets	-	1,851	-	1,851
Derivatives - liabilities	-	-1,110	-	-1,110
Land and investment property	-	-	38,023	38,023

#### 31 March 2015

EURk	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	159	-	2,711	2,870
Derivatives - assets	-	3,371	-	3,371
Derivatives - liabilities	-	-1,322	-	-1,322
Land and investment property	-	-	38,023	38,023

### Related party transactions

EURk	Value of transaction		Balance	
	Q1 2014	Q1 2015	31 Mar 2014	31 Mar 2015
Revenue	138,842	124,913		
Trade receivables			147,047	141,375
Trade payables			34,108	32,298
Loans granted			111,989	142,103
Borrowings raised			34,829	52,348

<sup>16</sup> Level 1: stock price (unadjusted) on the active market of identical assets and liabilities.

<sup>17</sup> Level 2: data differing from stock price data (these are included in Level 1) monitored with the intention of direct or indirect valuation of assets and liabilities.

<sup>18</sup> Level 3: data on the value of assets and liabilities not based on the active market.

## Financial Indicators

	Q1	Q1
	2014	2015
<b>INDICATORS OF PROFITABILITY</b>		
Net return on sales (ROS)	2.32%	0.71%
Net return on assets (ROA)	1.87%	0.50%
Net return on equity (ROE)	4.74%	1.24%
<b>ASSET INDICATORS</b>		
Asset turnover ratio	0.80	0.70
Inventory turnover ratio	7.98	6.83
Current trade receivables turnover ratio	3.80	3.82
<b>INVESTMENT INDICATORS</b>		
Fixed assets (PPE) to total assets	0.25	0.25
Current assets to total assets	0.53	0.53
<b>INDICATORS OF FINANCIAL COMPOSITION</b>		
Long-term coverage of non-current assets	1.15	1.25
Equity to total liabilities	0.40	0.40
Long-term to total liabilities	0.61	0.66
Equity to fixed assets (carrying value)	1.61	1.60
Quick ratio (liquid assets to current liabilities)	0.39	0.51
(Liquid assets + current receivables) to current liabilities	0.96	1.09
Current ratio	1.20	1.39
Net financial liabilities to equity	0.62	0.56
<b>OPERATING PERFORMANCE INDICATORS</b>		
Operating income to operating expenses	1.04	1.01
Revenue per employee (EUR)	43,089	39,357
Value added per employee (EUR)	8,611	7,750

## Information Regarding the Report and its Public Announcement

Pursuant to provisions of the Code of Warsaw Stock Exchange, Rules and Regulations of the Ljubljana Stock Exchange and the applicable legislation, the company Gorenje, d.d., Partizanska 12, SI-3320 Velenje, hereby announces the **unaudited non-consolidated financial statements of Gorenje, d.d., and unaudited consolidated financial statements of the Gorenje Group for the period January – March 2015**. The unaudited financial statements of Gorenje, d.d., and the Gorenje Group were presented to the Supervisory Board at its **7<sup>th</sup> regular session** held on 14 May 2015. The financial statements are available for review at the headquarters of Gorenje, d.d., at Partizanska 12, SI-3320 Velenje, whereas announcements shall be available in the Ljubljana Stock Exchange electronic info system, the SEOnet ([www.ljse.si](http://www.ljse.si)), the Warsaw Stock Exchange via the ESPI system ([www.gpw.pl](http://www.gpw.pl)), and the company's web site at [www.gorenjegroup.com](http://www.gorenjegroup.com), **on 15 May 2015**.

### Forward-looking Statements

*This announcement includes forward-looking information and forecasts – i.e. statements regarding the future, rather than the past, and regarding events within the framework and in relation to the currently effective legislation on publicly traded companies and securities and pursuant to the Rules and Regulations of the Ljubljana and Warsaw Stock Exchange. These statements can be identified by the words such as "expected", "anticipated", "forecast", "intended", "planned or budgeted", "probable or likely", "strive/invest effort to", "estimated", "will", "projected", or similar expressions. These statements include, among others, financial goals and targets of the parent company Gorenje, d.d., and the Gorenje Group for the upcoming periods, planned or budgeted operations, and financial plans. These statements are based on current expectations and forecasts and are subject to risk and uncertainty, which may affect the actual results, which may in turn differ from the information stated herein for various reasons. Various factors, many of which are beyond reasonable control by Gorenje, affect the operations, performance, business strategy, and results of Gorenje. Thus actual results, performance, or achievements of Gorenje may differ materially from the expected results, performance, or achievements as stated in these forward-looking statements. These factors include, without prejudice to any not mentioned herein, the following: consumer demand and market conditions in geographical segments or regions and in industries in which the Gorenje Group is conducting its operating activities; effects of exchange rate fluctuations; competitive downward pressure on downstream prices; major loss of business with a major account/customer; the possibility of overdue or late payment on the part of customers; decrease in prices as a result of persistently harsh market conditions, in an extent much higher than currently expected by Gorenje's Management Board; success of development of new products and implementation in the market; development of manufacturer's liability for the product; progress of attainment of operative and strategic goals regarding efficiency; successful identification of opportunities for growth and mergers and acquisitions, and integration of such opportunities into the existing operations; further volatility and aggravation of circumstances in capital markets; progress in attainment of goals regarding structural reorganization and reorganization in purchasing. If one more risks or uncertainties are in fact materialized or if the said assumptions are proven wrong, actual results may deviate materially from those stated as expected, hoped for, forecast, projected, planned, probable, estimated, or anticipated in this announcement. Gorenje does not intend to assume and will not allow for any liability to update or revise these forecasts in light of development differing from the expected events.*