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**Unaudited
Consolidated
Financial Statements**

January-March 2016

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

Management Board of Gorenje, d. d.
Velenje, May 2016

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PERFORMANCE HIGHLIGHTS OF THE GORENJE GROUP

CORE FINANCIAL INDICATORS FOR Q1 2016

- **Sound business operations** recorded in the last quarter of 2015 **continued also in the first quarter of 2016.**
- **EUR 285.5m** of revenue was generated, showing an increase of 6.5% over the Q1 2015 balance.
- Volume and growth in revenue **comply with the planned sales** of the Group for the first quarter of 2016.
- Revenue generated by the Core activity **Home** was recorded at **EUR 242.7m** (8.4% more than in Q1 2015) and is on **levels comparable with the projected dynamics** in revenue.
- **EBITDA was EUR 18.5m** and shows a 17.1% increase over the previous year's result. EBITDA margin of 6.5% grew by 0.6 p.p. if compared to the first quarter of 2015.
- **EBIT was recorded at EUR 6.8m** indicating an increase of over 50%. EBIT margin grew to 2.4%, which is 0.7 p.p. more than in the same period in 2015.
- **Operations in the first quarter of 2016 were marked by successful operations of the Core activity Home as a result of:**
 - **high growth in sales** of both **large** as well as **small household appliances,**
 - achieved **favourable geographical sales structure;** higher sales in markets **outside Europe, Benelux, and East Europe,**
 - achieved **favourable sales structure of brands;** higher sales recorded by brands **Asko and Atag brands, Pelgrim and Etna,**
 - achieved **favourable product sales structure;** stronger sales of **premium appliances (11.6 percent** growth in terms of volume), **innovative appliances (26.5 percent** growth in terms of quantity), **cooking appliances (9.6 percent** growth in terms of quantity), and **dishwashers (25.6 percent** growth in terms of quantity),
 - **well-managed costs of material and raw materials, logistics,** repairs in the warranty period, and employee benefits expense.
- We have **increased investments in marketing and development** in the first quarter of 2016. The Group made **development-related investments** in the amount of **EUR 8.8m** or a **3.1% Group's revenue** (increase of 0.1 p.p. over the Q1 2015). **Investments in the marketing amounted to EUR 6.2m** or **2.2% share of revenue** generated by the Group (indicating an increase of 0.5 p.p. relative to the Q1 2015 balance).
 - The negative result in financing activities recorded at EUR 5.1m remained on the level of the previous year's same period. This result is primarily attributable to **interest expenses that declined by 9.6%** if compared to the same period in 2015. We recorded a **positive result of foreign exchange rate differences in the amount of EUR 1.3m** on the Group level in Q1 2016, which shows an improvement of EUR 0.8m if compared to Q1 2015.
- Group recorded in the first quarter **profit of EUR 0.6m** showing an improvement over the Q1 2015 balance, when we generated a loss of EUR 2.1m.

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- If compared to Q1 2015, we have reduced the net financial debt by EUR 6.7m and improved the rate between the net financial debt and EBITDA by 0.1.

EURm	Q1 2015	Q1 2016	Index	Plan 2016*	Q1 2016/ Plan 2016
Revenue	268.0	285.5	106.5	1.201.0	23.8
EBITDA	15.8	18.5	117.1	84.9	21.8
<i>EBITDA margin (%)</i>	5.9%	6.5%	/	7.1%	/
EBIT	4.4	6.8	151.8	37.6	18.1
<i>EBIT margin (%)</i>	1.7%	2.4%	/	3.1%	/
Profit or loss before tax	-0.8	1.6	/	11.2	14.3
Profit or loss for the period	-2.1	0.6	/	7.6	7.9
<i>ROS (%)</i>	-0.8%	0.2%	/	0.6%	/
Net financial debt¹	402.5	395.9	98.3	319.0	124.1
Net financial debt / EBITDA	4.9	4.8	/	3.8	/

*Business Plan 2016 is exclusive of the companies of the Ecology segment, which are in the process of disposal (Gorenje Surovina d.o.o., Maribor, Kemis-BH, d.o.o., BiH, Kemis Valjevo d.o.o., Serbia, Cleaning System S, d.o.o., Serbia, PUBLICUS, d.o.o., Ljubljana, EKOGOR, d.o.o., Jesenice). The aforementioned companies recorded in Q1 2016 revenue at EUR 14.2m and an EBIT of EUR 0.8m. If the companies are excluded, the Group would generate 22.6% of the planned annual revenue and 16% of the planned EBIT, which is in accordance with the projected trend for the first quarter.

¹ Financial debt - cash

MANAGEMENT REPORT

OPERATING PERFORMANCE OF THE GORENJE GROUP

EURm	Q1 2015	Q1 2016	Index
Revenue	268,0	285,5	106,5
Contribution margin ²	118,2	120,0	101,6
Contribution margin (%)	44,1%	42,0%	/
EBIT	4,4	6,8	151,8
EBIT margin (%)	1,7%	2,4%	/
Profit or loss for the period	-2,1	0,6	/
ROS (%)	-0,8%	0,2%	/

The Group generated EUR 285.5m of **revenue**, indicating an increase of 6.5% over the Q1 2015 balance. The Core activity Home recorded an 8.4 percent increase in revenue. **Without the impact of exchange rate fluctuations, the Core activity Home would have exceeded the revenue balance of Q1 2015 by 10.1%.**

The generated contribution margin in the amount of EUR 120m was improved based on:

- **higher sales by the Core activity Home,**
- favourable **geographical sales structure** of the Core activity Home; the largest sales growth was recorded on markets **outside Europe (8.4% growth), Benelux (8.1% growth), East Europe (4.7% growth), where higher contribution levels were recorded,**
- favourable **sales structure of brands**, where we have increased primarily the sale of brands: **Asko (14.1% growth) and Atag brands, Pelgrim and Etna (8.1% growth); growth was also recorded by the Gorenje brand,**
- favourable **product sales structure;** reinforce the sales of **premium appliances (11.6% growth in terms of quantity), innovative appliances (26.5% growth in terms of quantity), cooking appliances (9.6 growth in terms of quantity), dishwashers (25.6% growth in terms of quantity);** the stated product groups of appliances are significant in view of the achieved contribution levels, and
- **successful management of input prices of material and raw materials.**

² Contribution margin at the level of difference between revenue and cost of goods and material.

Foreign currency fluctuations significantly affected revenue mostly in Eastern Europe, partly also on markets outside Europe. Without considering other categories (i.e. exchange rate hedging, adjusting prices to markets, product structure, etc.), the impact of foreign currency fluctuations on the Group's organic growth in revenue of the Core activity Home on key markets was as follows:

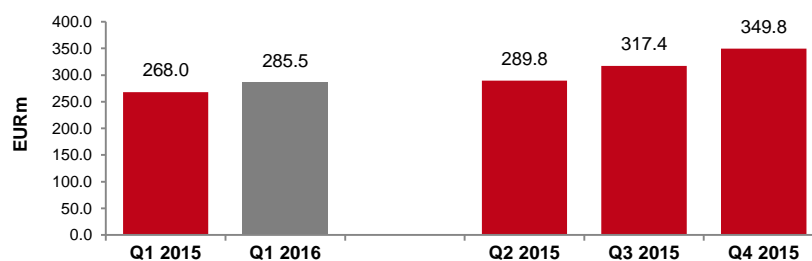
Foreign currency fluctuations and impact on organic growth of revenue generated by the Core activity Home

Home	Currency impact on revenue Q1 2015	Actual revenue Q1 2016	Actual revenue Q1 2016 valued at exchange rate Q1 2015	Impact of currency on revenue	Actual growth (%)	Organic growth (%)
EURm						
West	109.6	115.5	115.6	- 0.1	+ 5.4 %	+ 5.5 %
East	93.9	104.1	107.1	- 3.0	+ 10.8 %	+ 14.0 %
Other	20.5	23.2	23.9	- 0.7	+ 13.0 %	+ 16.5 %
TOTAL	224.0	242.8	246.6	- 3.8	+ 8.4 %	+ 10.1 %

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 the euro, which is the Group's main functional currency. This exposure is measured and managed in connection with cash flows planned in the annual period, and the revaluation of balance sheet items expressed in local currencies. The fundamental goal of currency risk management lies in hedging against the business plan's exposure by minimising the adverse impact of exchange rate fluctuations on the Group's net profit or loss and cash flows. In order to hedge against currency risks, we primarily apply the balancing of cash flows and the balance sheet items and entering into derivatives (particularly forward exchange contracts) for the currencies to which the Group is exposed.

SALES

Revenue of the Gorenje Group



- **Growth in revenue was recorded in all Group's geographical regions** in the first quarter of 2016 with respect to the sales results recorded in the Q1 2015.

Revenue by geographical segment

EURm	Q1 2015	%	Q1 2016	%	Change (%)
West Europe	111.8	41.7	119.0	41.7	+ 6.5
East Europe	135.7	50.6	143.3	50.2	+ 5.6
Other	20.5	7.7	23.2	8.1	+ 13.0
Total Group	268.0	100.0	285.5	100.0	+ 6.5
West Europe	109.6	48.9	115.5	47.6	+ 5.4
East Europe	93.9	41.9	104.1	42.9	+ 10.8
Other	20.5	9.2	23.2	9.5	+ 13.0
Total Home	224.0	100.0	242.8	100.0	+ 8.4

- **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.

DEVELOPMENT AND NEW PRODUCTS

- Pursuant to the Group's strategic goal, we have **increased investments in product development to 3.1% in the Group's revenue structure** (0.1 p.p. more than in Q1 2015).
- Key innovations that were launched in the first quarter of 2016:
 - the upgraded **built-in undercounter refrigerators (600 mm)**,
 - **the 10 kg washing machine** for the strategic partner Panasonic,
 - **Asko Craft premium built-in ovens** programme,
 - the new programme of **mid-price range dishwashers**, whose production is planned to start in Q2 2016.

MARKETS OF THE CORE ACTIVITY HOME

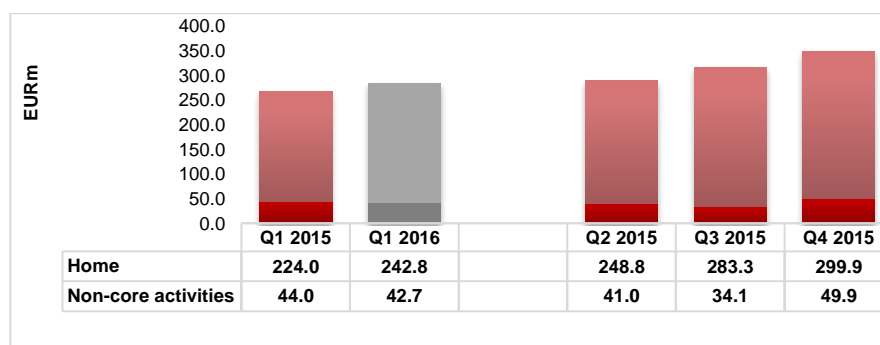
- The Core activity Home recorded **higher sales** in all geographical regions in Q1 2016 relative to the same period in 2015.
- Sales growth was recorded on individual markets of **Eastern Europe i.e. Slovenia, Hungary, Slovakia, Romania, Bulgaria, Montenegro and Macedonia**.
- A significant growth was achieved also on the markets of **Russia and Ukraine (by more than 30%)**, where we also **exceed the revenue planned for Q1 2016**. The market position was thereby strengthened.
- As for **Western Europe**, sales growth was recorded on the **markets of Benelux**, mostly in **the Netherlands** where our market shares are growing. If compared to Q1 2015, **sales increased in Germany and Great Britain** but lagged behind the revenue level planned for Q1 2016. Lower sales are still recorded in **Scandinavia and France (Gorenje brand)**.
- By increasing the sales **outside Europe**, we **diminish the dependency on European markets and improve our sales structure** (increasing the share of premium appliances, premium brands). **Significant growth**, with respect to markets outside Europe, was recorded in **Northern America, Caucasus, Asia and Brazil**. **An equal volume of sales** was achieved on markets of **Australia**. **A slight decline in sales** was recorded on markets

of Near and Far East, whereby sales to industrial partners materially decreased. The sales structure of the Core activity Home outside Europe represents a 9.5% share (0.3 p.p. more than in Q1 2015).

- Higher revenue from sales of **Asko brand appliances increases the overall sales of the premium segment. Sales of Asko brand appliances** accounted within the Core activity Home sales structure a **10.1% share (+ 0.5 p.p. over the Q1 2015 balance)**. Higher sales of the Asko brand products was achieved on the markets of Scandinavia, France, America, Russia and Asia.
- As for sales of **small household appliances³**, the sales recorded an **18.1 percent growth in revenue**. The sale of small household appliances accounted within the Core activity Home sales structure a **share of 3.2% (+ 0.3 p.p. over Q1 2015)**. Growth was recorded on markets of the **Czech Republic, Slovakia, Poland, Hungary, Slovenia, Croatia, and Bosnia and Herzegovina**. Significant growth in sales of small household appliances was recorded in **Russia and Ukraine as well**.
- Sales of innovative⁴ appliances increased**; consequently, the share of these appliances within the total sales structure rose to **10.4% (+ 1.5 p.p.)**. Growth was achieved also within the sale of **premium⁵ appliances** whose share within the Core activity Home sales structure grew to **16.3% (+ 0.4 p.p.)**.

SALES BY GORENJE GROUP'S ACTIVITIES

Revenue by activities



EUR 242.8m of revenue was generated by the **Core activity Home**, which is 8.4% more than in the same period in 2015.

If the impact of exchange rate fluctuations is not taken into account, the Home activity would generate an organic growth in revenue of 10.1% and also exceed the planned sales growth for Q1 2016.

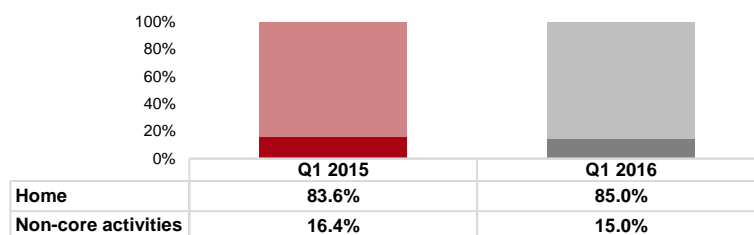
EUR 42.7m of revenue was generated by the **Non-core activities**, which is 2.7% or EUR 1.3m less if compared to Q1 2015. The decline in revenue is the result of lower sales generated within the Ecology segment. Revenue growth was, however, achieved through the sale of coal, machine and tool manufacture, and ceramics.

³ Since 1 January 2016, free-standing microwaves are classified among large household appliances. Consequently, the sales share of small household appliances within the total structure is lower than in previous years.

⁴ 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).

⁵ Premium appliances or higher class 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, and Gorenje by Starck).

Group's revenue structure by activity



The achieved **revenue structure by activity** indicates that the Core activity Home generated 85.0% of Group's total revenue (+ 1.4 p.p.). The change in the share is the result of a faster growth in revenue generated by the Core activity Home, as well as through Non-core activities, where lower revenue was recorded within the Ecology activity due to lower prices of secondary raw materials.

PROFITABILITY OF THE GORENJE GROUP

Movement of profitability of the Group at the EBIT level

EURm	Development
EBIT January-March 2015	4.4
Contribution margin at the level of cost of goods and material	1.8
Cost of services	-0.5
Employee benefits expense	-1.2
Amortisation and depreciation expense	-0.3
Other operating expenses	-0.3
Other operating income	2.9
EBIT January-March 2016	6.8

- **Earnings before interest and taxes (EBIT):** we achieved an EBIT of EUR 6.8m. With respect to Q1 2015, the EBIT was higher by EUR 2.4m or 51.8%, which is primarily attributable to the **higher contribution margin at the level of cost of goods and material**, as outlined on page 5 of the relevant material (i.e. higher sales volume, favourable geographical sales structure, favourable sales structure of brands and product groups).

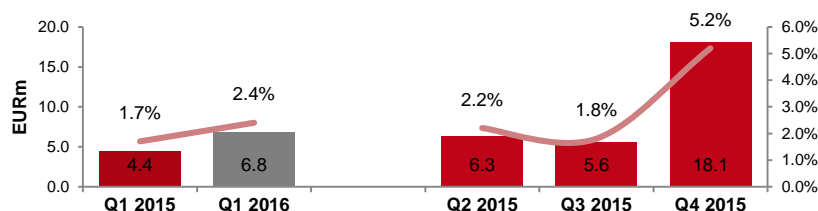
COST MANAGEMENT

- By means of successful work in the field of supply and production based on:
 - **managing the purchase prices of global material and raw materials** and activities for **optimising costs of transportation**,
 - **activities related to optimising the use of material** in direct production, and
 - **supply with components** from the best competitive countries,

we have **adjusted the costs of material and raw materials** with respect to the volume of sales and production. The latter is attributable also to activities related to **optimising the supply**.

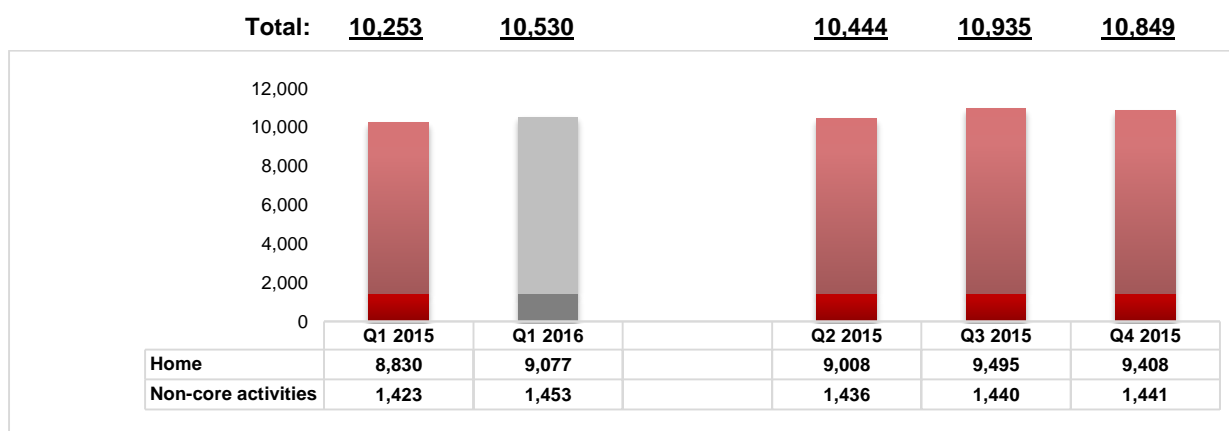
- **Costs of services increased by 1.0% or EUR 0.5m in comparison to Q1 2015.** We have increased investments in marketing by 36.3% and thereby increased the **share of marketing costs within revenue to 2.2% (+ 0.5 p.p.)**. Based on **optimising the logistics, developing a new logistics model** for small household appliances, purchasing of material and raw material components, and **reducing retail price fuels**, we have increased the **costs of logistics by 5.2%** or by 1.3 p.p., which is below the growth in revenue. **Quality-related costs arising in connection with repairs in warranty periods have declined by EUR 0.5m or by 36.2% if compared to the Q1 2015 balance**, which is attributable to the improved quality of products. It should be emphasised that costs of services have with respect to revenue increased slower (by 5.5 p.p.).
- **Employee benefits expense increased by 2.1% or EUR 1.2m.** In addition to planned promotions and wage adjustments pursuant to provisions of the collective agreement, the employee benefits expense increased due to retirement benefits that were higher in the observed period if compared to Q1 2015. Nonetheless, it is essential that the increase of employee benefits expense lags behind the growth in revenue, which is higher by 6.5%.

EBIT and EBIT margin



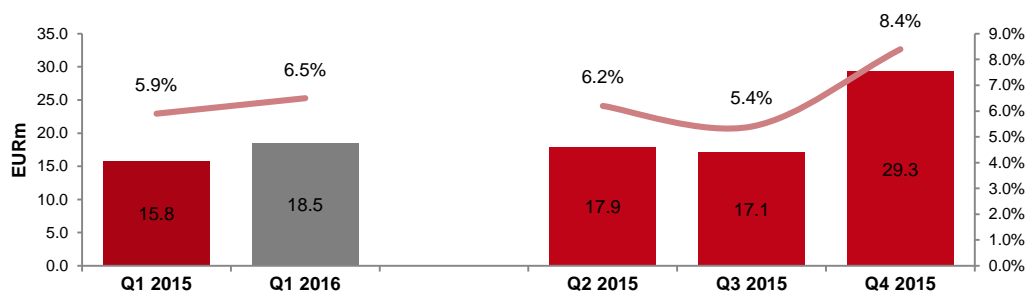
The Gorenje Group's average number of employees was **10,530** or 277 more than in the last year's same period. The average number of employees in the Core activity Home manufacturing companies grew by 174 (mostly in Valjevo and Stara Pazova due to higher production activities), whereby in the Core activity Home trading companies the number of employees increased by 71 due to the changed business model in the retail studios in Eastern Europe (employment of staff that was previously employed via employment agencies). The number of employees in Non-core activities grew by 30 persons, primarily due to increased sales volume in the area of catering, machine and tool manufacture.

Average number of employees by activity



The Group recorded **earnings before interest, taxes, depreciation and amortisation (EBITDA)** of EUR 18.5m, which is EUR 2.7m or 17.1% more than in Q1 2015.

EBITDA and EBITDA margin



The Group's result from financing activities was negative in the amount of EUR 5.1m and thus remained on the previous year's level. The negative result from financing activities was primarily impacted by interest expenses that in Q1 2016 amounted to EUR 3.8m and show a decline by 9.6% in comparison to the same period in 2015. A positive result of foreign exchange rate differences on the Group level were recorded at EUR 1.3m in Q1 2016, showing an improvement of EUR 0.8m over the Q1 2015 balance.

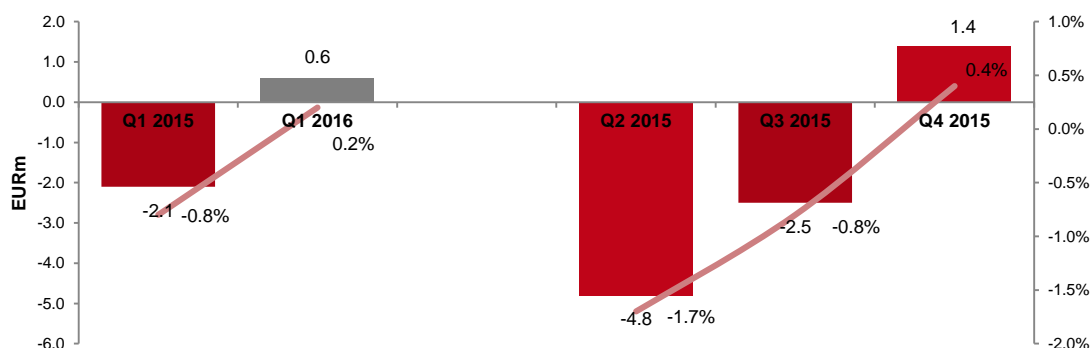
Income tax expense, disclosed at EUR 1.1m and lower by EUR 0.3m in comparison to Q1 2015, includes current and deferred income tax.

Current tax refers to the tax that will be paid on profit for the period per individual Group companies. Deferred tax is disclosed upon the 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 through deferred tax assets and liabilities the biggest impact on deferred taxes, are tax relief amounts that are disclosed 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.

OPERATING RESULT OF THE REPORTING PERIOD

Operating profit of the Gorenje Group amounted to EUR 0.6m.

Operating profit for the period and ROS



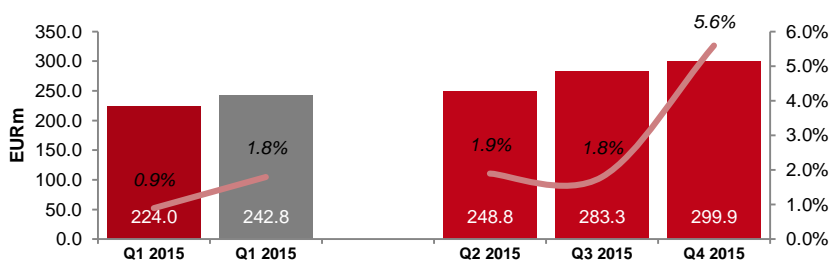
OPERATING PERFORMANCE BY ACTIVITY

Comments to the operating performance by individual activity are provided within the section Gorenje Group's operating performance.

CORE ACTIVITY HOME

EURm	Q1 2015	Q1 2016	Index
Revenue	224.0	242.8	108.4
Contribution margin ⁶	97.9	99.9	102.0
Contribution margin (%)	43.7%	41.2%	/
EBIT	2.0	4.5	223.3
EBIT margin (%)	0.9%	1.8%	/

Revenue and the EBIT margin of the Core activity Home



Movement of profitability at the EBIT level

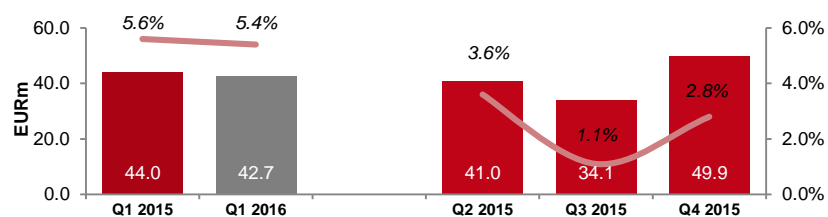
EURm	Development
EBIT January-March 2015	2.0
Contribution margin at the level of cost of goods and material	2.0
Cost of services	-0.2
Employee benefits expense	-1.0
Amortisation and depreciation expense	-0.3
Other operating expenses	-0.8
Other operating income	2.8
EBIT January-March 2016	4.5

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

NON-CORE ACTIVITIES

EURm	Q1 2015	Q1 2016	Index
Revenue	44.0	42.7	97.3
Contribution margin ⁷	20.3	20.1	99.4
Contribution margin (%)	46.1%	47.1%	/
EBIT	2.4	2.3	93.4
EBIT margin (%)	5.6%	5.4%	/

Revenue and the EBIT margin of Non-core activities



Movement of profitability at the EBIT level

EURm	Development
EBIT January-March 2015	2.4
Contribution margin at the level of cost of goods and material	-0.1
Cost of services	-0.3
Employee benefits expense	-0.1
Amortisation and depreciation expense	-0.1
Other operating expenses	0.4
Other operating income	0.1
EBIT January-March 2016	2.3

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

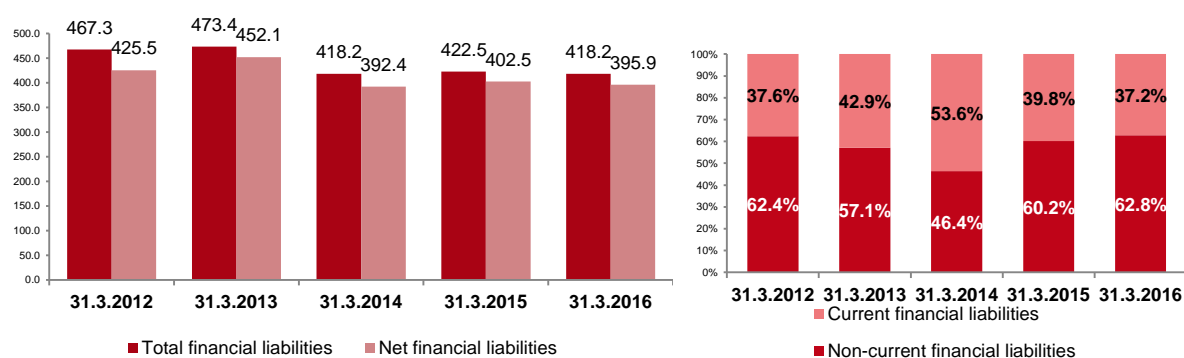
FINANCIAL OPERATIONS OF THE GORENJE GROUP

GROUP'S FINANCIAL PERFORMANCE

The primary source of the Group's liquidity for servicing financial and other liabilities is provided through operative sales activities in the Core activity Home and Non-core activities, and within these the free cash flow generated. The Group observes the policy of replacing currently due long-term financial sources by raising new long-term financial sources, based on which we strive to improve the relevant maturity structure. In addition, we are constantly renewing current loans or increasing them for the purpose of increasing the liquidity reserve.

In the first quarter of 2016, the Group repaid EUR 7.6m of short term portion of long term borrowings. The fourth issue of commercial paper in the total par value of EUR 28.9m was carried out in early February, with the start of its interest accrual period on 3 February 2016 and date of maturity on 22 December 2016. The borrowings bear the hitherto lowest interest rate i.e. 2.00% p.a. The issue of commercial paper aims at balancing the interim dynamics of generating cash flows, hence the respective issue is performed at the start of the year. Prolonging the average maturity of financial sources and more than one fourth of borrowing on the capital market are reflected in a considerable lower level of alternative borrowing required for settling short term portion of long-term financial liabilities in 2016, which is recorded at EUR 81.5m or less if compared to previous years.

Movement of total and net financial liabilities in Q1 for the period 2012-2016 (EURm) and the maturity structure of financial liabilities



As at 31 March 2016, **total financial liabilities** amounted to EUR 418.2m, showing a decline of EUR 4.3m in comparison to the equivalent period in 2015. The movement of financial liabilities complies with the interim seasonal dynamics when most of the Group's negative cash flows from operating and investing activities are generated in the first six months of the financial year. As for the **maturity structure of financial liabilities**, 62.8% refer to non-current sources whereby the remaining stake represents current sources. Compared to the same period in 2015, the maturity structure improved by 2.6 p.p.

As at 31 March 2016, **net financial liabilities** (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 395.9m and indicate a decrease of EUR 6.7m over the same period in 2015.

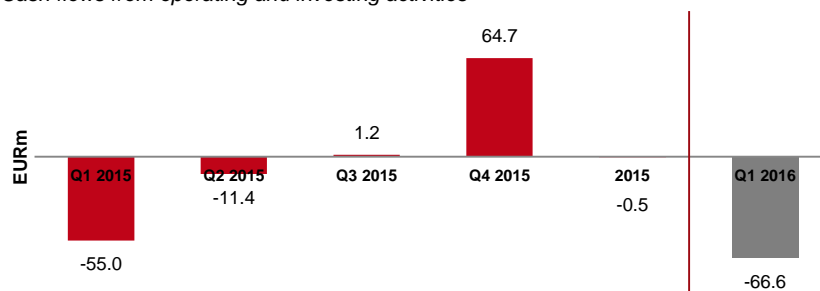
As at 31 March 2016, the Group disposed with a liquidity reserve in the amount of EUR 70.1m in the form of approved but undrawn current and non-current borrowings in addition to bank balances, which may also be used to bridge payments on currently due liabilities.

Together with existing and new bank partners, the Group is engaged in activities to further servicing due financial liabilities and optimising the costs of

financing, to an additional maintaining of the loans' maturity structure, and balancing the amount of the liquidity reserve. Results of these activities already at present significantly ensure sources of financing for servicing short term portion of long term borrowings for 2016 and current balancing of cash flow requirements.

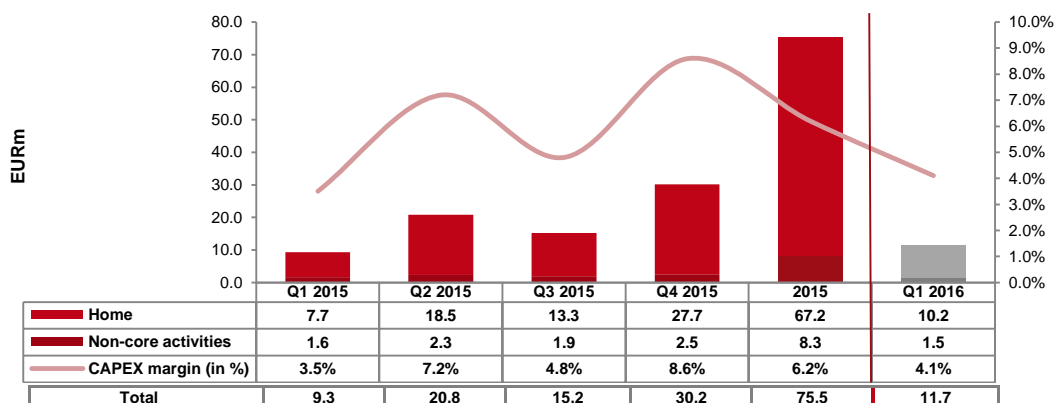
In the first quarter of 2016, the Group incurred EUR 66.6m of negative cash flow from operating and investing activities. This result worsened by EUR 11.6m over the Q1 2015 balance and largely refers to the very positive cash flow from Q4 2015 and the very low level of net working capital recorded as at 31 December 2015. These dynamics are typical, as the Group generates most of its negative cash flows from operating and investing activities in the first six months of the year.

Cash flows from operating and investing activities



Investments amounted to EUR 11.7m in Q1 2016 and indicate an increase of EUR 2.3m over the same period in 2015. Investments in property, plant and equipment amounted to EUR 6.7m, the largest portion thereof in the amount of EUR 5.6m refers to investments in technological equipment, mostly for developing new products. The largest portion of investments recorded at EUR 10.2m refers to the Core activity Home. As for the total investments structure, EUR 4.9m relates to non-material investments which comprise capitalised costs of developing new products. Investments recorded by the Non-core activities amounted to EUR 1.5m in Q1 2016, and the largest portion thereof was invested in tool manufacture (EUR 0.9m).

Investments by activities



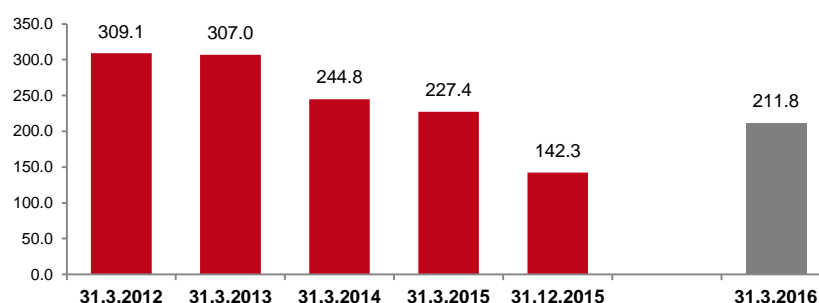
WORKING CAPITAL

As at 31 March 2016, Group's investments in net working capital⁸ amounted to EUR 211.8m and, compared to 31 December 2015 balance that is used as the basis for calculating the trends in cash flows from operating and investing activities for 2016, indicates an increase of EUR 69.5m. In comparison to Q1 2015, the relevant investments declined by EUR 15.6m.

Investments in net working capital

EURm	31 Mar 2012	31 Mar 2013	31 Mar 2014	31 Mar 2015	31 Dec 2015	31 Mar 2016
+ Inventories	246.2	265.3	238.0	238.1	225.9	238.1
+ Trade receivables	259.3	241.9	214.3	193.4	161.0	177.6
+ Other current assets	45.6	67.2	47.7	52.0	52.2	49.0
- Trade payables	-153.9	-178.9	-168.3	-171.1	-221.0	-169.1
- Other current liabilities	-88.1	-88.5	-86.9	-85.0	-75.8	-83.8
= Net working capital	309.1	307.0	244.8	227.4	142.3	211.8

Movement of net working capital in the 2012-2016 period (EURm)



As at 31 March 2016, **trade receivables** were recorded at EUR 177.6m and show an increase of EUR 16.6m if compared to the 31 December 2015 balance, which is used as the basis for calculating the trends in cash flow. If compared the Q1 2015 balance, the trade receivables declined by EUR 15.8m. The average turnover of receivables was 53 days, which is ten days shorter than the average turnover of receivables in the previous year's equivalent period.

Inventories amounted in Q1 2016 to EUR 238.1m and with respect to 31 December 2015 show an increase of EUR 12.2m. With respect to the same period in 2015, inventories remained on the same level. Inventory turnover amounted to 73 days, which is shorter by 4 days if compared to the Q1 2015 balance.

Trade payables amounted to EUR 169.1m as at 31 March 2016 and indicate a decline of EUR 51.9m over the 31 December 2015 balance. With respect to Q1 2015, trade payables were reduced by EUR 2.0m. Turnover of liabilities was 79 days or 4 days more than in the equal period in 2015.

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

The Group pays ongoing special attention to managing **financial risks**, in particular an efficient **credit risk** management. Credit risk is balanced through regular control of credit limits approved by credit insurance companies, the appropriate collection of receivables, and regular communication with credit

⁸ Net working capital = inventories + trade receivables + other current assets – trade payables – other current liabilities

insurance companies and business partners. The Group has also launched the system of permanent recourse-free factoring, which is carried out when costs of such activities do not exceed the Group's average costs of financing. 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 to individual companies, customers, etc.

Currency risks are to the widest possible extent hedged and minimised by natural cash flow balancing for each currency that, in the majority of 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.

In the first quarter of 2016, the Group recorded a positive result of foreign exchange rate differences in the amount of EUR 1.3m or an improvement of EUR 0.8m if compared to the same period in 2015.

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 31 March 2016, the undrawn part of current and non-current credit lines amounted to EUR 47.8m and bank balances to an additional EUR 22.3m.

OPERATING PERFORMANCE OF GORENJE, D. D.

Operating performance of Gorenje, d.d.

EURm	Q1 2015	Q1 2016	Index
Revenue	160.5	170.9	106.5
Contribution margin⁹	50.1	54.1	108.0
<i>Contribution margin (%)</i>	<i>31.2%</i>	<i>31.6%</i>	<i>/</i>
EBITDA	7.9	10.1	127.8
<i>EBITDA margin (%)</i>	<i>4.9%</i>	<i>5.9%</i>	<i>/</i>
EBIT	2.0	4.1	204.1
<i>EBIT margin (%)</i>	<i>1.2%</i>	<i>2.4%</i>	<i>/</i>
Profit before tax	1.3	1.6	119.3
Profit for the period	1.1	1.3	115.2
<i>ROS (%)</i>	<i>0.7%</i>	<i>0.8%</i>	<i>/</i>
<i>ROA (%)</i>	<i>0.5%</i>	<i>0.6%</i>	<i>/</i>
<i>ROE (%)</i>	<i>1.2%</i>	<i>1.5%</i>	<i>/</i>
Employee / end of period	4,077	4,130	101.3
Employee / average	4,079	4,130	101.3

Revenue generated by the parent company amounted to EUR 170.9m in the first quarter of 2016 and show an increase over the Q1 2015 balance by EUR 10.4m or 6.5%.

Revenue generated through the Core activity Home within the parent company amounted to EUR 157.0m and show an increase of 6.6% over the Q1 2015 balance, which is primarily the result of higher sales of home appliances via dealers (by 22.7%), which includes also the supplementary, complementary and Mora programme, as well as the heater system programme, and higher sales of product manufactured in-house (by 1.7%).

Revenue generated through sales beyond the Core activity Home was recorded at EUR 12.7m and increased by 7.7% relative to the Q1 2015. The increase is attributable mostly to the sale of coal and frames for gaming machines.

In comparison to Q1 2015, the contribution margin (gross margin) increased by EUR 4.0m mainly as the result of higher revenue (6.5%) in view of higher direct costs of goods and material (5.8%).

Costs of services increased by EUR 0.4m or 2.2% if compared to the same period in 2015, whereby revenue was higher by 6.5%. Most of the increase relates to the costs for accelerating sales (by nearly EUR 1m or 51.0%), whereas costs in connection with ensuring quality declined (by EU 0.7m or by 45.1%).

Employee benefits expense increased by 2.1% if compared to the Q1 2015 balance, in line with production requirements (number of employees increased in Q1 2016 relative to the same period in 2015).

In comparison to Q1 2015, amortisation and depreciation expense grew in 2016 by 2.4% mainly due to the lines of the washing-dryer appliances capitalised in the first months of 2015.

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

The result from financing activities worsened by EUR 1,848k, which is primarily the result of lower income on exchange differences if compared to the Q1 2015 balance.

The improved EBIT and profit for the period is mostly the result of higher income, which grew faster than direct costs of goods and material.

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

EURm	Development
Profit for January-March 2015	1.1
Contribution margin at the level of cost of goods and material	4.4
Cost of services	-0.4
Employee benefits expense	-0.5
Amortisation and depreciation expense	-0.1
Other operating expenses	-1.5
Other operating income	0.2
Financial result	-1.8
Income tax expense and deferred taxes	-0.1
Profit for January-March 2016	1.3

As at 31 March 2016, **trade receivables** were recorded at EUR 154.4m and show a decrease of EUR 14.5m in comparison to 31 March 2015. The average turnover of receivables was 79 days, which is 15 days shorter than the average turnover of receivables in the previous year's equivalent period. Most of the receivables refer to related entities (73.0%).

Inventories amounted to EUR 94.1m and with respect to 31 March 2015 show an increase of EUR 2.3m. Inventory turnover amounted to 49 days, which is 4 days shorter than in Q1 2015.

As at 31 March 2016, **trade payables** amounted to EUR 124.4m and show a decline of EUR 9.4m in comparison to 31 March 2015. Turnover of liabilities equalled the level of the same period in 2015 and was 95 days.

As at 31 March 2016, **total financial liabilities** amounted to EUR 420.1m, showing an increase of EUR 53.3m in comparison to the equivalent period in 2015. The respective increase is attributable to the ever growing centralised financial debt management by the Group's parent company. As for the **maturity structure of financial liabilities**, 58.2% refer to non-current sources whereby the remaining stake represents current sources. Compared to the same period in 2015, the maturity structure worsened by 2.1 p.p.

As at 31 March 2016, **net financial liabilities** (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 418.3m and indicate an increase of EUR 52.2m over the 31 March 2015 balance.

EUR 43.8m of negative cash flows from operating and investing activities was recorded in Q1 2016, showing that the result worsened by EUR 38.5m over the comparable period in 2015. The negative cash flow complies with the interim dynamics, as the cash flow generated in the first months of the year is always poor in view of the seasonal trend.

Investments amounted to EUR 7.2m in Q1 2016. Overall investments in property, plant and equipment amounted to EUR 3.4m, the largest portion thereof in the amount of EUR 3.2m refers to investments in technological equipment, mostly for developing new products. As for the total investments structure, EUR 3.8m refers to non-material investments which comprise capitalised costs of developing new products.

OWNERSHIP STRUCTURE AND THE GRVG SHARE

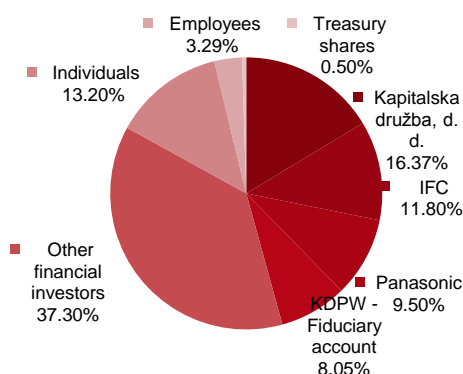
OWNERSHIP STRUCTURE

As at **31 March 2016**, **16,030 shareholders** were entered in the share register, indicating that the number of shareholders declined by 1.3% over the year-end balance of 2015 (16,248).

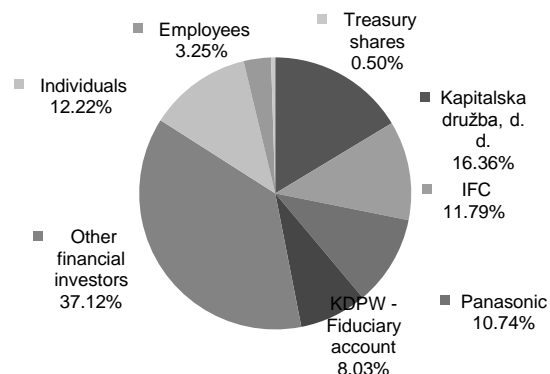
Gorenje's ten major shareholders and owners

Ten major shareholders	No. of shares (31 Mar 2016)	Share in %
KAPITALSKA DRUŽBA, D. D.	3,998,653	16.37%
IFC	2,881,896	11.80%
PANASONIC CORPORATION	2,623,664	10.74%
KDPW – FIDUCIARY ACCOUNT	1,961,735	8.03%
HOME PRODUCTS EUROPE B.V.	1,069,450	4.38%
Alpen.SI, mixed flexible sub-fund	981,188	4.02%
ZAGREBAČKA BANKA D.D. – FIDUCIARY ACCOUNT	760,094	3.11%
AUERBACH GRAYSON & COMPANY LLC	647,165	2.65%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT	629,805	2.58%
BNP PARIBAS SECURITIES SERVICES S.C.A.	558,989	2.29%
Total major shareholders	16,112,639	65.97%
Other shareholders	8,311,974	34.03%
Total	24,424,613	100%

Ownership structure as at 31 March 2015



Ownership structure as at 31 March 2016



The number of own shares or treasury shares equals the 2015 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 Mar 2015		31 Mar 2016	
Total:	3,508	0.0144%	3,508	0.0144%
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%

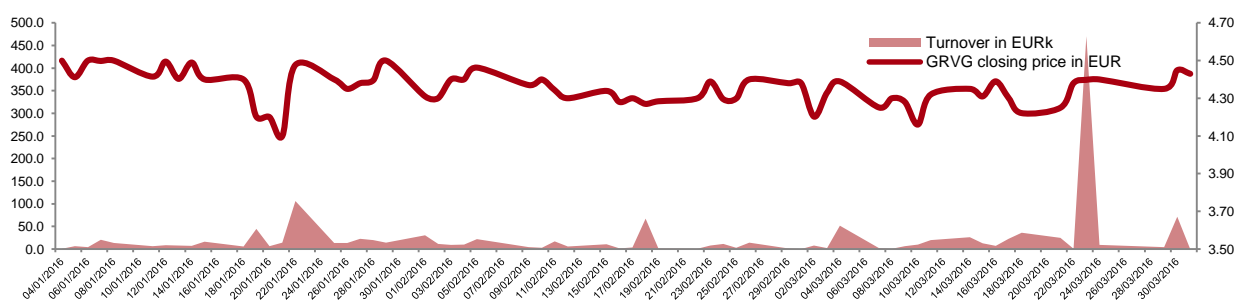
Management Board	31 Mar 2015		31 Mar 2016	
Total:	21,394	0.0876%	20,944	0.08575%
Franc Bobinac	4,096	0.0168%	4,096	0.0168%
Branko Apat	626	0.0026%	626	0.0026%
Drago Bahun	9,082	0.0372%	9,082	0.0372%
Marko Mrzel	450	0.0018%		
Peter Groznik	7,140	0.0292%	7,140	0.0292%

The number of the company's shares held by Supervisory Board and Management Board members has not changed in the period from 31 March 2016 to the date of this public announcement. As from 29 February 2016, Marko Mrzel no longer performs his duties as Management Board member and Chief Sales Officer, thus the total number of shares held by the Management Board declined to 20,944 shares.

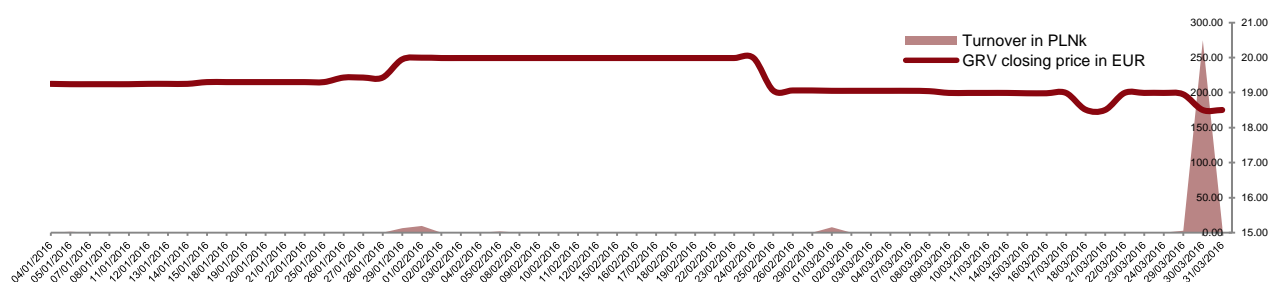
GRVG SHARE IN Q1 2016

As at the last trading day in March 2016, the **closing price per share** on the Ljubljana Stock Exchange as the primary market was recorded at EUR 4.43 and shows a decline of 3.7% in comparison to the last trading day in 2015 (EUR 4.60). The prime market index SBITOP increased in the same period by 4.3%. Total turnover on the Ljubljana and Warsaw Stock Exchanges was 339,243 shares, indicating that the average daily turnover on the Ljubljana Stock Exchange was 5,279 shares and 282 shares on the Warsaw Stock Exchange. Compared to the year-end balance of 2015, the closing price of the share on the Warsaw Stock Exchange decreased by 19.2% (from PLN 19.25/EUR 4.51 to PLN 18.50/EUR 4.30).

Movement of the GRVG share and daily turnover on the Ljubljana Stock Exchange in January-March 2016



Movement of the GRV share and daily turnover on the Warsaw Stock Exchange in January-March 2016



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 0.02 (2015: EUR -0.34).

The book value of the GRVG share as at 31 March 2016 amounted to EUR 15.10 (EUR 15.14 as at 31 December 2015). 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 March 2016 (24,303,302 shares).

The ratio between the market value and the book value of the GRVG share is recorded at 0.29 (0.30 as at 31 December 2015).

Dividend policy: A dividend payout of EUR 0.06 gross per share was carried out for the 2014 financial year. Due to the economic crisis, which has 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. As for the 2011 fiscal year, dividends were paid in the amount of EUR 0.15 gross per share. The parent company disclosed no accumulated profit in 2015 and the Shareholders' Meeting will be informed in this respect on 8 July 2016.

The Group's new strategy for the period of up to 2020 is together with the dividend policy considered the generator of added value for all stakeholders: Gorenje generates added value for all its participants and enables its stakeholders a dividend yield in accordance with the results (dividends up to 1/3 of net profit). We provide for our employees and implement the corporation's sustainable development.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

16 May 2016 - The European Investment Bank (EIB) is lending EUR 50 million to Gorenje Gospodinjski aparati d.d., one of the leading European traditional manufacturer of household electrical appliances. The EIB loan will have a maturity of up to 7 years and will finance the company's 4-year research, development and innovation expenditure programme aimed at strengthening its innovative capacity by developing new domestic appliances and upgrading its existing product range.

Gorenje launched on 12 May 2016 the production of its first dishwashers under the Gorenje brand. This will considerably extend their offer of major home appliances. Innovative SmartFlex dishwashers are a result of several years of development and an EUR 8 million investment that includes a new automated assembly line.

The company Gorenje, d.d., was informed on 25 April 2016 about the statement of resignation handed in by the Supervisory Board member Keith Charles Miles. Keith Charles Miles is a Gorenje Supervisory Board member a second term. During last six years he has contributed to the development and transformation of the Gorenje Group with his professional and international experience. His resignation, with effect from the date of the AGM on July 8, 2016, is based on personal reasons. He will support the company and its further development also in the future.

The Supervisory Board approved on 21 April 2016 the audited Annual Report of the Gorenje Group and its parent company for the year 2015. For the first time, the Report is drawn up in compliance with the GRI (Global Reporting Initiative) international sustainability reporting guidelines. The Supervisory Board was also presented the sales growth figures for the first quarter of 2016.

No other significant events occurred after the date of compiling the balance sheet as at 31 March 2016.

SIGNIFICANT BUSINESS EVENTS IN 2016

JANUARY

Gorenje Projekt aims high with a warehouse commission in Russia



By the end of April, Gorenje Projekt will build and launch an automated high-bay warehouse for an investor in Tver, 150 kilometres from Moscow. The project, worth EUR 11.65m, will involve some pioneering work as it will result in the tallest self-supporting crate system in the market.

Peter Prevc, the leading ski jumper in the world



Gorenje Group being a general sponsor of the Slovenian Nordic teams for as long as 25 golden and less golden years and we are proud to be supporting Peter and his team colleagues on their way to success. We are happy that on every ski jumping competition with Peter and the team our name flies high and far.

Gorenje with ambitious plans in Iran



Gorenje opened on 11 January 2016 a new showroom in Tehran, located in a prestigious and very busy location in the centre of the Iranian capital. In the 350-square-meter showroom we will be presenting our entire range of the upper middle and premium class major household appliances.

Choice magazine recommends Asko dryer

Asko dryer got the highest ranking among 22 dryers tested by the biggest Australian consumer magazine Choice.

FEBRUAR

The fourth issue of GRV04 commercial paper

As at 12 February 2016, Gorenje, d. d. successfully completed its fourth consecutive issue of commercial paper in the amount of EUR 28.9m. The commercial paper, with the start of its interest accrual period on 3 February 2016 and date of maturity on 22 December 2016, has the lowest interest rate to date i.e. 2.00% p.a. The purpose of the commercial paper's issue is to disperse sources of short-term financing, mostly to obtain funds for seasonal financing of its operations, in compliance with the interim dynamics of the cash flow movement and optimizing costs of financing.

Resignation of a Management Board member

At the 17th correspondence session, the Supervisory Board of Gorenje, d.d., was informed about the statement of resignation handed in by the Management Board member and Chief Sales Officer Marko Mrzel. The Supervisory Board accepted his resignation. The Management Board will temporarily continue to work with five members. Until the appointment of a new Chief Sales Officer, sales will be managed by Suad Hadžić, executive director of the Eastern European region.

Atag the most successful company of the Netherlands in 2015

Gorenje Group's daughter company Atag Netherland was chosen by the National Business Success Awards Institute as the most successful company of the Netherlands in 2015.



Gorenje a symbol of quality for Slovenians in 2016

The QUDAL – Quality Medal research, performed in Slovenia in January 2016 by the Zürich based international organization Icertas, shows that in terms of quality Slovenians see Gorenje home appliances as the best. In the QUDAL – Quality Medal research Slovenians were asked which white goods and home appliance manufacturers in their opinion guarantees the absolute highest level of quality. In this category Slovenians have placed Gorenje on the top of the list. The Slovenians placed Gorenje on the first place, whereby they recognise the quality of domestic brands also in other research sub-groups.



Gorenje Create Academy brings together business and universities to develop innovative products

Gorenje Group presented diplomas to the first generation of graduates of the Gorenje Create Academy – Gorenje's academy for new product development. This is a unique international educational program, a part of the Gorenje Corporate University, designed to encourage innovation at the company and upgrade and extend knowledge and skills for new product development. The program had Gorenje Group working with renowned universities from Ljubljana, the Netherlands, and Sweden.



MARCH

Gorenje the most trusted brand in Slovenia for a decade



It has been ten years since Slovenia first took part in the Trusted Brand research - one of the most extensive European consumer researches and Gorenje won the cherished title of the most trusted home appliance brand in Slovenia for the 10th consecutive time. The research, organized all over the world by the Reader's Digest magazine, aims to establish which brands earn the most trust with the Europeans; which are the most trusted domestic

and foreign brands, the most trusted brands in ecology and the most trusted public figures.

Information regarding the process of Gorenje Surovina divestment

As of 24 July 2015, Gorenje, d.d., signed with the company Tesla Recycling, spolka z ograniczona odpowiedzialnoscia spolka komandytowa, a contract on selling an equity interest in the company Gorenje Surovina, d.o.o. The contracting parties have undertaken to complete the relevant transaction not later than by 31 March 2016 (transaction's deadline). The procedures on meeting the preconditions take longer than expected during the contract's signing, therefore Gorenje and Tesla agreed on 4 March 2016 to extend the deadline for completing the transaction i.e. by 31 May 2016. Any other elements of the respective contract on selling the equity interest in Gorenje Surovina, d.o.o., and its subsidiaries, remain unaffected.

The Gorenje by Starck design line fascinated Zagreb



In the company of numerous architects, interior designers and eminent Croatians, Gorenje presented its new designer collection created in cooperation with the French design star Philippe Starck, in the gorgeous ambiance of the French Pavilion in Zagreb.

APRIL

Gorenje Group presenting its premium brand Asko for the first time at the EuroCucina fair

Gorenje Group is for the first time presenting its premium home appliance brand ASKO at the EuroCucina fair in Milan which specialises in built-in appliances for the high end kitchen. This is a promising step for the Asko brand into the high end kitchen market in Italy.



» The decision to present Gorenje Group on EuroCucina for the first time with our premium brand Asko was well thought out and considering the first enthusiastic responses of business visitors also a very justified one. Acquiring the Asko brand we gained a brand with tradition in Scandinavia, Australia and the USA, specialised for

dishwasher and laundry appliances, which we upgraded with premium cooking appliances. Doing so we built a firm foundation for a gradual but bold global growth of Asko as a full range supplier of the highest price segment, «
Franjo Bobinac, President of the Management Board.

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 2016 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 22 April 2016.

(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, income 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 2015.

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 2015.

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 Gorenje Group

Changes that occurred in the composition of the Gorenje Group up to and including 31 March 2016 were as follows:

- As at 5 February 2016, the company Gorenje EKOINVEST, d.o.o., Velenje sold its investment in Gorenje Surovina Fotoreciklaža, d.o.o., Maribor.
- As at 16 February 2016, the company Kemis SRS, d.o.o., Bosnia and Herzegovina started liquidation procedures.

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	CAH
2.	Gorenje GTI, d.o.o., Velenje	100.00	NCA
3.	Gorenje Gostinstvo, d.o.o., Velenje	100.00	NCA
4.	Energygor, d.o.o., Velenje	100.00	NCA
5.	Kemis, d.o.o., Vrhnika	100.00	NCA
6.	Gorenje Orodjarna, d.o.o., Velenje	100.00	NCA
7.	ZEOS, d.o.o., Ljubljana	51.00	NCA
8.	Gorenje Surovina, d.o.o., Maribor	100.00	NCA
9.	Indop, d.o.o., Šoštanj	100.00	NCA
10.	ERICo, d.o.o., Velenje	51.00	NCA
11.	Gorenje design studio, d.o.o., Velenje	52.00	CAH
12.	PUBLICUS, d.o.o., Ljubljana	64.99	NCA
13.	EKOGOR, d.o.o., Jesenice	64.99	NCA
14.	Gorenje GAIO, d.o.o., Šoštanj	100.00	NCA
15.	Gorenje GSI, d.o.o., Ljubljana	100.00	CAH
16.	Gorenje Keramika, d.o.o., Velenje	100.00	NCA
17.	Gorenje Studio, d.o.o., Ljubljana	100.00	CAH
18.	Gorenje EKOINVEST, d.o.o., Velenje	100.00	NCA

Foreign operations		Equity interest in %	Business segment
1.	Gorenje Beteiligungs GmbH, Austria	100.00	CAH
2.	Gorenje Austria Handels GmbH, Austria	100.00	CAH
3.	Gorenje Vertriebs GmbH, Germany	100.00	CAH
4.	Gorenje Körting Italia S.r.l., Italy	100.00	CAH
5.	Gorenje France S.A.S., France	100.00	CAH
6.	Gorenje Espana, S.L., Spain	100.00	CAH
7.	Gorenje UK Ltd., Great Britain	100.00	CAH
8.	Gorenje Group Nordic A/S, Denmark	100.00	CAH
9.	Gorenje OY, Finland	100.00	CAH
10.	Gorenje spol. s r.o., Czech Republic	100.00	CAH

Unaudited Consolidated Financial Statements
January-March 2016

11.	Gorenje real spol. s r.o., Czech Republic	100.00	CAH
12.	Gorenje Slovakia s.r.o., Slovakia	100.00	CAH
13.	Gorenje Magyarország Kft., Hungary	100.00	CAH
14.	Gorenje Polska Sp. z o.o., Poland	100.00	CAH
15.	Gorenje Bulgaria EOOD, Bulgaria	100.00	CAH
16.	Gorenje Zagreb, d.o.o., Croatia	100.00	CAH
17.	Gorenje Skopje, d.o.o., Macedonia	100.00	CAH
18.	Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00	CAH
19.	Gorenje, d.o.o., Serbia	100.00	CAH
20.	Gorenje Podgorica , d.o.o., Montenegro	99.975	CAH
21.	Gorenje Romania S.r.l., Romania	100.00	CAH
22.	Gorenje aparati za domaćinstvo, d.o.o., Serbia	100.00	CAH
23.	Mora Moravia s r.o., Czech Republic	100.00	CAH
24.	Gorenje - kuchyně spol. s r.o., Czech Republic	100.00	CAH
25.	KEMIS-Termoclean, d.o.o., Croatia	100.00	NCA
26.	Kemis - BH, d.o.o., Bosnia and Herzegovina	100.00	NCA
27.	Gorenje Studio, d.o.o., Serbia	100.00	CAH
28.	Gorenje Gulf FZE, United Arab Emirates	100.00	CAH
29.	Gorenje Tiki, d.o.o., Serbia	100.00	CAH
30.	Gorenje Istanbul Ltd., Turkey	100.00	CAH
31.	Gorenje TOV, Ukraine	100.00	CAH
32.	ST Bana Nekretnine, d.o.o., Serbia	100.00	NCA
33.	Kemis Valjevo, d.o.o, Serbia	100.00	NCA
34.	ATAG Nederland BV, the Netherlands	100.00	CAH
35.	ATAG België NV, Belgium	100.00	CAH
36.	Intell Properties BV, the Netherlands	100.00	CAH
37.	Gorenje Nederland BV, the Netherlands	100.00	CAH
38.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	CAH
39.	»Euro Lumi & Surovina« SH.P.K., Kosovo	51.00	NCA
40.	OOO Gorenje BT, Russia	100.00	CAH
41.	Gorenje GTI, d.o.o., Beograd, Serbia	100.00	NCA
42.	Asko Appliances AB, Sweden	100.00	CAH
43.	Gorenje North America, Inc., USA	100.00	CAH
44.	Asko Appliances Pty, Australia	100.00	CAH
45.	Asko Appliances OOO, Russia	100.00	CAH
46.	»Gorenje Albania« SHPK, Albania	100.00	CAH
47.	Gorenje Home d.o.o., Zaječar, Serbia	100.00	CAH
48.	ORSES d.o.o., Beograd, Serbia	100.00	NCA
49.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	100.00	NCA
50.	Gorenje Corporate GmbH, Austria	100.00	CAH
51.	Cleaning system S, d.o.o., Serbia	100.00	NCA
52.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	49.45	NCA
53.	Gorenje do Brasil Ltda., Brasil	100.00	CAH
54.	Gorenje Asia Ltd., China	100.00	CAH

55.	Gorenje MDM d. o. o. Kragujevac, Serbia	100.00	NCA
56.	Gorenje Chile SpA, Chile	100.00	CAH

CAH – Core activity Home
NCA – Non-core activities

Associates:

- Gorenje Projekt, d.o.o., Velenje
- GGE družba za izvajanje energetske storitve, d.o.o. (GGE, d.o.o.), Ljubljana
- 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
- EKON ELEKTRON Ltd. Skopje, Macedonia

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

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

Planned changes in the Gorenje Group composition

*In 24 July 2015, Gorenje, d.d. signed with the Polish company Tesla Recycling S.K.A., a contract on selling its majority holding in the subsidiary Gorenje Surovina, d.o.o., including the latter's subsidiaries Kemis Valjevo, d.o.o., Kemis BH, d.o.o., and Cleaning System S, d.o.o., Šabac. Signing the contract on the disposal of the majority holding in Gorenje Surovina is the next step to enhancing the core activity, whereby the sale will also have a material impact on Group's further deleveraging and its financial stability. **Once the transaction is completed, with 31 May 2016 being its final deadline, the stated companies will become Gorenje Group's associated companies.** In the period since the contract's signing, we are engaged in implementing activities related to contractual provisions, whose realisations is required by the completion of the transaction.*

In August 2015, Gorenje, d.d. and Gorenje Surovina, d.o.o. signed an agreement with the company HIS gradbeništvo in inženiring, d.o.o., which holds a 49 percent stake in the company Publicus, d.o.o., to divest their majority holding in their subsidiary Publicus, d.o.o., Ljubljana, including the subsidiary Ekogor, d.o.o., Jesenice. The relevant agreement is the first step of signing a contract on selling an equity interest, which the new company, within the framework of Gorenje Group, and the company HIS, d.o.o. will conclude should the agreed preconditions be met. Key preconditions are bound by the withdrawal of own shares in Gorenje Surovina, the change of legal form of the company Gorenje Surovina, within which Gorenje Surovina's investments will be split off, including the investment in Publicus, to the new company, and the assurance of refinancing the existing financial liabilities of Publicus and Ekogor, which are supported by Gorenje Group's guarantees. Since the agreement's signing, both Gorenje and HIS are engaged in activities that are required for meeting the preconditions as defined. Once the transaction is complete, the companies Publicus, d.o.o., and Ekogor, d.o.o., will no longer be part of the Gorenje Group.

Unaudited Condensed Consolidated Financial Statements of the Gorenje Group

Condensed Consolidated Balance Sheet of the Gorenje Group

EURk	Balance at 31 Mar 2015	%	Balance at 31 Dec 2015	%	Balance at 31 Mar 2016	%
ASSETS	1,120,894	100.0%	1,101,274	100.0%	1,110,938	100.0%
Non-current assets	594,679	53.1%	614,125	55.8%	610,365	55.0%
Intangible assets	183,467	16.4%	196,032	17.8%	198,425	17.9%
Property, plant and equipment	353,019	31.5%	366,210	33.3%	361,769	32.6%
Investment property	18,940	1.7%	17,148	1.6%	16,624	1.5%
Non-current investments	5,964	0.5%	2,942	0.3%	2,941	0.3%
Investments in associates	1,198	0.1%	1,570	0.1%	1,433	0.1%
Non-current trade receivables	7,382	0.7%	5,743	0.5%	4,796	0.4%
Deferred tax assets	24,709	2.2%	24,480	2.2%	24,377	2.2%
Current assets	526,215	46.9%	487,149	44.2%	500,573	45.0%
Non-current assets held for sale	1,651	0.1%	309	0.0%	310	0.0%
Inventories	238,129	21.2%	225,906	20.5%	238,129	21.4%
Current investments	22,750	2.0%	16,370	1.5%	13,561	1.2%
Trade receivables	193,409	17.3%	161,020	14.6%	177,602	16.0%
Other current assets	50,295	4.5%	51,934	4.7%	48,624	4.4%
Cash and cash equivalents	19,981	1.8%	31,610	2.9%	22,347	2.0%
EQUITY AND LIABILITIES	1,120,894	100.0%	1,101,274	100.0%	1,110,938	100.0%
Equity	365,387	32.6%	368,062	33.4%	366,865	33.0%
Share capital	101,922	9.1%	101,922	9.2%	101,922	9.2%
Share premium	175,698	15.7%	174,502	15.8%	174,502	15.7%
Revenue reserves	99,301	8.8%	99,301	9.0%	99,301	8.9%
Treasury shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Retained earnings	8,202	0.7%	1,943	0.2%	2,421	0.2%
Translation reserve	-12,627	-1.1%	-19,049	-1.7%	-19,080	-1.7%
Fair value reserve	-6,839	-0.6%	9,485	0.9%	7,728	0.7%
Equity of holders of the parent	362,487	32.3%	364,934	33.1%	363,624	32.7%
Equity of non-controlling interests	2,900	0.3%	3,128	0.3%	3,241	0.3%
Non-current liabilities	331,201	29.5%	345,298	31.4%	335,776	30.2%
Provisions	62,753	5.5%	62,269	5.7%	61,418	5.5%
Deferred income	5,371	0.5%	5,350	0.5%	5,298	0.5%
Non-current operating liabilities	5,777	0.5%	4,178	0.4%	3,650	0.3%
Deferred tax liabilities	2,984	0.3%	2,515	0.2%	2,587	0.2%
Non-current financial liabilities	254,316	22.7%	270,986	24.6%	262,823	23.7%
Current liabilities	424,306	37.9%	387,914	35.2%	408,297	36.8%
Current financial liabilities	168,208	15.0%	91,038	8.2%	155,403	14.0%
Trade payables	171,108	15.3%	221,027	20.1%	169,092	15.2%
Other current liabilities	84,990	7.6%	75,849	6.9%	83,802	7.6%

Condensed Consolidated Income Statement of the Gorenje Group

EURk	Jan-Mar	%	Jan-Mar	%
	2015		2016	
Revenue	267,925	89.5%	285,461	94.3%
Change in inventories	28,068	9.4%	10,807	3.6%
Other operating income	3,484	1.1%	6,365	2.1%
Gross profit	299,477	100.0%	302,633	100.0%
Cost of goods, materials and services	-223,505	-74.6%	-222,401	-73.5%
Employee benefits expense	-55,416	-18.5%	-56,588	-18.7%
Amortisation and depreciation expense	-11,318	-3.8%	-11,710	-3.9%
Other operating expenses	-4,782	-1.6%	-5,168	-1.7%
Operating profit	4,456	1.5%	6,766	2.2%
Finance income	4,535	1.5%	2,132	0.7%
Finance expenses	-9,682	-3.2%	-7,230	-2.4%
Net finance expenses	-5,147	-1.7%	-5,098	-1.7%
Share in profits or losses in associates	-92	0.0%	-34	0.0%
Profit or loss before tax	-783	-0.3%	1,634	0.5%
Income tax expense	-1,319	-0.4%	-1,064	-0.3%
Profit or loss for the period	-2,102	-0.7%	570	0.2%
Attributable to non-controlling interests	61	0.0%	92	0.0%
Attributable to equity holders of the parent	-2,163	-0.7%	478	0.2%
Basic and diluted earnings per share (in EUR)	-0.09		0.02	

Condensed Consolidated Statement of Other Comprehensive Income of the Gorenje Group

EURk	Jan-Mar	Jan-Mar
	2015	2016
Profit or loss for the period	-2,102	570
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	0	0
Change in fair value of land		
Items that may be reclassified subsequently to profit or loss	-12,778	-1,788
Net change in fair value of available-for-sale financial assets	4	-9
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-17,832	-2,033
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	37	75
Income tax on other comprehensive income	40	210
Translation reserve	4,973	-31
Other comprehensive income for the period	-12,778	-1,788
Total comprehensive income for the period	-14,880	-1,218
Attributable to equity holders of the parent	61	92
Attributable to non-controlling interests	-14,941	-1,310

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

EURk	Jan-Mar 2015	Jan-Mar 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	-2,102	570
Adjustments for:		
-Depreciation of property, plant and equipment	9,154	9,496
-Amortisation of intangible assets	2,164	2,214
-Investment income	-4,535	-2,132
-Finance expenses	9,774	7,264
-Gain on sale of property, plant and equipment	-17	5
-Income tax expense	1,319	1,064
Operating profit before changes in net operating current assets and provisions	15,757	18,481
Change in trade and other receivables	-14,518	-14,679
Change in inventories	-18,330	-12,223
Change in provisions	-1,271	-903
Change in trade and other payables	-19,802	-43,230
Cash generated from operations	-53,921	-71,035
Interest paid	-4,203	-3,874
Income tax paid	-1,121	-691
Net cash from operating activities	-43,488	-57,119
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	46	533
Interest received	408	158
Dividends received	0	-34
Acquisition of property, plant and equipment	-5,256	-6,742
Other investments	-1,055	2,671
Acquisition of intangible assets	-4,094	-4,932
Net cash used in investing activities	-9,951	-8,346
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings/Repayment of borrowings	37,358	56,202
Net cash used in financing activities	37,358	56,202
Net change in cash and cash equivalents	-16,081	-9,263
Cash and cash equivalents at beginning of period	36,062	31,610
Cash and cash equivalents at end of period	19,981	22,347

Condensed Consolidated Statement of Change in Equity of the Gorenje Group

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves		Profit or loss from previous periods	Profit or loss for the period					
Opening balance at 1 Jan 2015	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
Total comprehensive income for the period	0	0	0	0	0	0	0	0	-2,163	4,973	-17,751	-14,941	61	-14,880
Transactions with owners (when acting as owners) recognised directly in equity														
Contributions by owners and distribution to owners														
Transfer of profit or loss from previous period to retained earnings or losses								-2,464	2,464			0		0
Dividend payout												0		0
Total contributions by owners and distributions to owners	0	0	0	0	0	0	0	-2,464	2,464	0	0	0	0	0
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0		0
Total changes in equity interests in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0	-2,464	2,464	0	0	0	0	0
Closing balance at 31 Mar 2015	101,922	175,698	12,896	7,556	3,170	75,679	-3,170	10,365	-2,163	-12,627	-6,839	362,487	2,900	365,387

Unaudited Consolidated Financial Statements
January-March 2016

EURK	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves		Profit or loss from previous periods	Profit or loss for the period					
Opening balance at 1 Jan 2016	101,922	174,502	12,896	7,556	3,170	75,679	-3,170	6,145	-4,202	-19,049	9,485	364,934	3,128	368,062
Total comprehensive income for the period														
Profit or loss for the period									478			478	92	570
Total other comprehensive income										-31	-1,757	-1,788	0	-1,788
Total comprehensive income for the period	0	0	0	0	0	0	0	0	478	-31	-1,757	-1,310	92	-1,218
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								-4,202	4,202			0		0
Total contributions by owners and distributions to owners	0	0	0	0	0	0	0	-4,202	4,202	0	0	0	0	0
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0	21	21
Total changes in equity interests in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	21	21
Total transactions with owners	0	0	0	0	0	0	0	-4,202	4,202	0	0	0	21	21
Closing balance at 31 Mar 2016	101,922	174,502	12,896	7,556	3,170	75,679	-3,170	1,943	478	-19,080	7,728	363,624	3,241	366,865

Notes to the Condensed Consolidated Financial Statements of the Gorenje Group

Fair value

Fair values and book values of assets and liabilities

EURk	Book value	Fair value	Book value	Fair value
	31 Dec 2015	31 Dec 2015	31 Mar 2016	31 Mar 2016
Available-for-sale investments	3,700	3,700	3,694	3,694
Land and investment property	59,418	59,418	58,873	58,873
Non-current loans and deposits	2,063	2,063	2,060	2,060
Non-current trade receivables	5,743	5,743	4,796	4,796
Current loans and deposits	11,688	11,688	9,005	9,005
Derivatives	-296	-296	-1,842	-1,842
Trade receivables	161,020	161,020	177,602	177,602
Other current assets	42,479	42,479	41,021	41,021
Cash and cash equivalents	31,610	31,610	22,347	22,347
Non-current financial liabilities (variable interest rate)	-216,983	-216,983	-210,064	-210,064
Non-current financial liabilities (fixed interest rate)	-54,003	-46,998	-52,759	-47,889
Non-current operating liabilities	-4,178	-4,178	-3,650	-3,650
Current financial liabilities	-89,825	-89,825	-152,718	-152,718
Trade payables	-221,027	-221,027	-169,092	-169,092
Other current payables	-41,727	-41,727	-37,725	-37,725
Total	-310,318	-303,313	-308,452	-303,582

Fair value scale

31 December 2015

(EURk)	Level 1 ¹⁰	Level 2 ¹¹	Level 3 ¹²	Total
Available-for-sale financial assets	663	88	2,949	3,700
Derivatives – assets	-	917	-	917
Derivatives – liabilities	-	-1,213	-	-1,213
Land and investment property	-	-	59,418	59,418

31 March 2016

(EURk)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	650	89	2,955	3,694
Derivatives – assets	-	843	-	843
Derivatives – liabilities	-	-2,685	-	-2,685
Land and investment property	-	-	58,873	58,873

Related Party Transactions

EURk	Value of transaction		Balance	
	Jan-Mar 2015	Jan-Mar 2016	31 Mar 2015	31 Mar 2016
Revenue				
Gorenje Group companies	72	47	822	496
Costs				
Gorenje Group companies	101	36	610	41

¹⁰ Level 1: stock price (unadjusted) on the active market of identical assets and liabilities.

¹¹ 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.

¹² Level 3: data on the value of assets and liabilities not based on the active market.

Significant events after the balance sheet date

16 May 2016 - The European Investment Bank (EIB) is lending EUR 50 million to Gorenje Gospodinjski aparati d.d., one of the leading European traditional manufacturer of household electrical appliances. The EIB loan will have a maturity of up to 7 years and will finance the company's 4-year research, development and innovation expenditure programme aimed at strengthening its innovative capacity by developing new domestic appliances and upgrading its existing product range.

Gorenje launched on 12 May 2016 the production of its first dishwashers under the Gorenje brand. This will considerably extend their offer of major home appliances. Innovative SmartFlex dishwashers are a result of several years of development and an EUR 8 million investment that includes a new automated assembly line.

The company Gorenje, d.d., was informed on 25 April 2016 about the statement of resignation handed in by the Supervisory Board member Keith Charles Miles. Keith Charles Miles is a Gorenje Supervisory Board member a second term. During last six years he has contributed to the development and transformation of the Gorenje Group with his professional and international experience. His resignation, with effect from the date of the AGM on July 8, 2016, is based on personal reasons. He will support the company and its further development also in the future.

The Supervisory Board approved on 21 April 2016 the audited Annual Report of the Gorenje Group and its parent company for the year 2015. For the first time, the Report is drawn up in compliance with the GRI (Global Reporting Initiative) international sustainability reporting guidelines. The Supervisory Board was also presented the sales growth figures for the first quarter of 2016.

No other significant events occurred after the date of compiling the balance sheet as at 31 March 2016.

Business and Geographical Segments of the Gorenje Group

EURk	Core Activity		Non-core activities		Group	
	Home					
	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016
Revenue from sales to third parties	224,004	242,721	43,921	42,740	267,925	285,461
Inter-segment sale	1,210	1,160	2,950	4,356	4,160	5,516
Interest income	356	140	52	18	408	158
Interest expenses	4,046	3,665	157	134	4,203	3,799
Amortisation and depreciation expense	10,039	10,348	1,279	1,362	11,318	11,710
Operating profit or loss before tax	-3,134	-412	2,351	2,046	-783	1,634
Income tax expense	-1,072	-907	-247	-157	-1,319	-1,064
Profit or loss for the period	-4,206	-1,319	2,104	1,889	-2,102	570
Total assets *	991,142	1,001,630	110,132	109,308	1,101,274	1,110,938
Total liabilities *	676,533	690,857	56,679	53,216	733,212	744,073

* Note: data used for 2015 were recorded as at 31 December 2015

EURk	Western Europe		Eastern Europe		Other		Group	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
	2015	2016	2015	2016	2015	2016	2015	2016
Revenue from sales to third parties	111,734	118,992	135,658	143,276	20,533	23,193	267,925	285,461

Financial Indicators

	Jan-Mar 2015	Jan-Mar 2016
INDICATORS OF PROFITABILITY		
Net return on sales (ROS)	-0.8%	0.2%
Net return on assets (ROA)	-0.8%	0.2%
Net return on equity (ROE)	-2.3%	0.6%
ASSET INDICATORS		
Asset turnover ratio	0.96	1.03
Inventory turnover ratio	4.68	4.92
Current trade receivables turnover ratio	5.70	6.74
INVESTMENT INDICATORS		
Fixed assets (PPE) to total assets	0.48	0.50
Current assets to total assets	0.53	0.55
INDICATORS OF FINANCIAL COMPOSITION		
Long-term coverage of non-current assets	1.17	1.15
Equity to total liabilities	0.33	0.33
Long-term to total liabilities	0.62	0.63
Equity to fixed assets (carrying value)	0.68	0.65
Quick ratio (liquid assets to current liabilities)	0.10	0.09
(Liquid assets + current receivables) to current liabilities	0.68	0.64
Current ratio	1.24	1.23
Net financial liabilities to equity	1.04	1.04
OPERATING PERFORMANCE INDICATORS		
Operating income to operating expenses	1.02	1.02
Revenue per employee (EUR)	26,131	27,109
Value added per employee (EUR)	6,943	7,129

Unaudited Condensed Financial Statements of Gorenje, d.d.
Condensed Balance Sheet of Gorenje, d.d.

EURk	Balance at 31 Mar 2015	%	Balance at 31 Dec 2015	%	Balance at 31 Mar 2016	%
ASSETS	919,260	100.0%	959,570	100.0%	951,590	100.0%
Non-current assets	487,735	53.1%	520,038	54.2%	520,570	54.7%
Intangible assets	34,971	3.8%	44,509	4.6%	47,267	5.0%
Property, plant and equipment	178,276	19.4%	193,572	20.2%	191,925	20.1%
Investment property	16,729	1.8%	15,276	1.6%	14,769	1.6%
Investments in subsidiaries	238,363	25.9%	246,863	25.7%	246,863	25.9%
Investments in associates	509	0.1%	509	0.1%	509	0.1%
Other non-current investments	1,689	0.2%	1,690	0.2%	1,690	0.2%
Deferred tax assets	17,198	1.9%	17,619	1.8%	17,547	1.8%
Current assets	431,525	46.9%	439,532	45.8%	431,020	45.3%
Inventories	91,807	10.0%	91,986	9.6%	94,128	9.9%
Current investments	158,953	17.3%	182,911	19.1%	169,854	17.8%
Trade receivables	168,864	18.3%	145,322	15.1%	154,388	16.2%
Other current assets	11,262	1.2%	11,714	1.2%	10,922	1.2%
Cash and cash equivalents	639	0.1%	7,599	0.8%	1,728	0.2%
EQUITY AND LIABILITIES	919,260	100.0%	959,570	100.0%	951,590	100.0%
Equity	366,847	39.9%	358,914	37.5%	359,192	37.7%
Share capital	101,922	11.1%	101,922	10.6%	101,922	10.7%
Share premium	157,835	17.2%	156,639	16.4%	156,639	16.5%
Revenue reserves	99,301	10.8%	99,301	10.4%	99,301	10.4%
Treasury shares	-3,170	-0.4%	-3,170	-0.3%	-3,170	-0.3%
Retained earnings	5,353	0.6%	0	0.0%	1,305	0.1%
Fair value reserve	5,606	0.6%	4,222	0.4%	3,195	0.3%
Non-current liabilities	241,647	26.3%	271,101	28.2%	265,019	27.9%
Provisions	20,438	2.2%	21,418	2.2%	20,368	2.2%
Non-current financial liabilities	221,209	24.1%	249,683	26.0%	244,651	25.7%
Current liabilities	310,766	33.8%	329,555	34.3%	327,379	34.4%
Current financial liabilities	145,578	15.8%	144,470	15.1%	175,421	18.4%
Trade payables	133,769	14.6%	167,363	17.4%	124,407	13.1%
Other current liabilities	31,419	3.4%	17,722	1.8%	27,551	2.9%

Condensed Income Statement of Gorenje, d.d.

EURk	Jan-Mar 2015	%	Jan-Mar 2016	%
Revenue	160,539	94.4%	170,934	99.1%
Change in inventories of products and work in progress	7,581	4.5%	-458	-0.3%
Other operating income	1,880	1.1%	2,100	1.2%
Gross profit	170,000	100.0%	172,576	100.0%
Cost of goods, materials and services	-136,961	-80.6%	-137,497	-79.7%
Employee benefits expense	-23,736	-14.0%	-24,228	-14.0%
Amortisation and depreciation expense	-5,856	-3.4%	-5,999	-3.5%
Other operating expenses	-1,425	-0.8%	-725	-0.4%
Operating profit	2,022	1.2%	4,127	2.4%
Finance income	4,285	2.5%	1,929	1.1%
Finance expenses	-4,975	-2.9%	-4,467	-2.6%
Net finance expenses	-690	-0.4%	-2,538	-1.5%
Profit before tax	1,332	0.8%	1,589	0.9%
Income tax expense	-199	-0.1%	-284	-0.2%
Profit or loss for the period	1,133	0.7%	1,305	0.7%
Basic and diluted earnings per share (in EUR)	0.05		0.05	

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

EURk	Jan-Mar 2015	Jan-Mar 2016
Profit for the period	1,133	1,305
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	0	0
Change in fair value of land	0	0
Items that may be reclassified subsequently to profit or loss	-196	-1,027
Net change in fair value of available-for-sale financial assets	4	-9
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge	-277	-1,303
Change in effective portion of gains and losses on hedging instruments in a cash flow hedge, reclassified to profit or loss	37	75
Income tax on other comprehensive income	40	210
Other comprehensive income for the period	-196	-1,027
Total comprehensive income for the period	937	278

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

EURk	Jan-Mar 2015	Jan-Mar 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit or loss for the period	1,133	1,305
Adjustments for:		
-Depreciation of property, plant and equipment	4,749	4,944
-Amortisation of intangible assets	1,107	1,055
-Investment income	-4,285	-1,929
-Finance expenses	4,975	4,467
-Gain on sale of property, plant and equipment	-84	-23
-Income tax expense	199	284
Operating profit before changes in net operating assets and provisions	7,794	10,103
Change in trade and other receivables	-1,193	-8,436
Change in inventories	4,331	-2,142
Change in provisions	-1,491	-1,050
Change in trade and other payables	-10,578	-33,950
Cash generated from operations	-8,931	-45,578
Interest paid	-4,871	-3,817
Net cash from operating activities	-6,008	-39,292
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	282	12
Proceeds from sale of investment property	0	444
Interest received	571	1,216
Acquisition of property, plant and equipment	-2,403	-3,350
Other investments	-18,997	14,539
Acquisition of intangible assets	-2,832	-3,813
Net cash used in investing activities	-23,379	9,048
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing / Repayment of borrowings	19,772	24,373
Net cash used in financing activities	19,772	24,373
Net change in cash and cash equivalents	-9,615	-5,871
Cash and cash equivalents at beginning of period	10,254	7,599
Cash and cash equivalents at end of period	639	1,728

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

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Fair value reserve	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other re-venue reserves		Profit or loss from previous periods	Profit or loss for the period		
Opening balance at 1 Jan 2015	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
Total comprehensive income for the period	0	0	0	0	0	0	0	0	1,133	-196	937
Transactions with owners (when acting as owners) recognised directly in equity											0
Contributions by owners and distribution to owners											0
Transfer of net profit or loss from previous period to retained earnings or losses											0
Capital increase											0
Costs of capital increase											0
Total contributions by owners and distribution to owners	0	0	0	0	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0	0	0	0	0
Closing balance at 31 Mar 2015	101,922	157,835	12,896	7,556	3,170	75,679	-3,170	1,369	3,984	5,606	366,847

Unaudited Consolidated Financial Statements
January-March 2016

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Fair value reserve	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves		Profit or loss from previous periods	Profit or loss for the period		
Opening balance at 1 Jan 2016	101,922	156,639	12,896	7,556	3,170	75,679	-3,170	0	0	4,222	358,914
Total comprehensive income for the period											
Profit for the period									1,305		1,305
Total other comprehensive income										-1,027	-1,027
Total comprehensive income for the period	0	0	0	0	0	0	0	0	1,305	-1,027	278
Transactions with owners (when acting as owners) recognised directly in equity											0
Contributions by owners and distribution to owners											0
Transfer of net profit or loss from previous period to retained earnings or losses											0
Capital increase											0
Costs of capital increase											0
Total contributions by owners and distribution to owners	0	0	0	0	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0	0	0	0	0
Closing balance at 31 Mar 2016	101,922	156,639	12,896	7,556	3,170	75,679	-3,170	0	1,305	3,195	359,192

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 2015	31 Dec 2015	31 Mar 2016	31 Mar 2016
Available-for-sale investments	2,927	2,927	2,924	2,924
Land and investment property	37,078	37,078	36,571	36,571
Non-current loans	1,018	1,018	1,018	1,018
Current loans	178,361	178,361	163,816	163,816
Derivatives	-900	-900	-2,087	-2,087
Trade receivables	145,322	145,322	154,388	154,388
Other current assets	9,863	9,863	9,051	9,051
Cash and cash equivalents	7,599	7,599	1,728	1,728
Non-current financial liabilities	-198,254	-198,254	-193,204	-193,204
Non-current financial liabilities (fixed interest rate)	-51,429	-44,604	-51,447	-46,651
Current financial liabilities	-142,779	-142,779	-172,204	-172,204
Trade payables	-167,363	-167,363	-124,407	-124,407
Other current liabilities	-12,423	-12,423	-11,534	-11,534
Total	-190,980	-184,155	-185,387	-180,591

Fair Value Scale

31 December 2015

EURk	Level 1 ¹³	Level 2 ¹⁴	Level 3 ¹⁵	Total
Available-for-sale financial assets	168	-	2,759	2,927
Derivatives - assets	-	791	-	791
Derivatives - liabilities	-	-1,691	-	-1,691
Land and investment property	-	-	37,078	37,078

31 March 2016

EURk	Raven 1	Raven 2	Raven 3	Total
Available-for-sale financial assets	160	-	2,764	2,924
Derivatives - assets	-	1,130	-	1,130
Derivatives - liabilities	-	-3,217	-	-3,217
Land and investment property	-	-	36,571	36,571

Related Party Transactions

EURk	Value of transaction		Balance	
	Jan-Mar 2015	Jan-Mar 2016	31 Mar 2015	31 Mar 2016
Revenue	124,913	118,528		
Trade receivables			141,375	112,678
Trade payables			32,298	23,895
Loans granted			142,103	159,924
Borrowings raised			52,348	60,795

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

¹⁴ 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.

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

Financial Indicators

	Jan-Mar 2015	Jan-Mar 2016
INDICATORS OF PROFITABILITY		
Net return on sales (ROS)	0.71%	0.76%
Net return on assets (ROA)	0.50%	0.55%
Net return on equity (ROE)	1.24%	1.45%
ASSET INDICATORS		
Asset turnover ratio	0.70	0.72
Inventory turnover ratio	6.83	7.35
Current trade receivables turnover ratio	3.82	4.56
INVESTMENT INDICATORS		
Fixed assets (PPE) to total assets	0.25	0.27
Current assets to total assets	0.53	0.55
INDICATORS OF FINANCIAL COMPOSITION		
Long-term coverage of non-current assets	1.25	1.20
Equity to total liabilities	0.40	0.38
Long-term to total liabilities	0.66	0.66
Equity to fixed assets (carrying value)	1.60	1.41
Quick ratio (liquid assets to current liabilities)	0.51	0.52
(Liquid assets + current receivables) to current liabilities	1.09	1.03
Current ratio	1.39	1.32
Net financial liabilities to equity	0.56	0.69
OPERATING PERFORMANCE INDICATORS		
Operating income to operating expenses	1.01	1.02
Revenue per employee (EUR)	39,357	41,388
Value added per employee (EUR)	7,750	8,318

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 2016**. The unaudited financial statements of Gorenje, d.d., and the Gorenje Group were presented to the Supervisory Board at its **21st regular session** held on **19 May 2016**. 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), the Warsaw Stock Exchange via the ESPI system (www.gpw.pl), and the company's web site at www.gorenjegroup.com, **on 20 May 2016**.

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 but are not necessarily limited to 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 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 their 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 reorganisation and reorganisation in purchasing. If one or more risks or uncertainties are in fact materialised 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 allows any update or revision of these forecasts in light of development differing from the expected events.