



**Financial report Summary
of Gorenje, d.d., and of the Gorenje Group,
for the period January – March 2006**

Velenje, Slovenia, May 2006

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BUSINESS REPORT

Basic information on Parent Company Gorenje, d.d., and on Gorenje Group

Name	Gorenje, gospodinjski aparati, d.d.
Date of entry in court register	31 December 1997
Abbreviated name	Gorenje, d.d.
Registered office	Partizanska 12, Velenje, Slovenia
Activities	Manufacture, sale, maintenance and repair of electric and non-electric domestic and electro-thermic appliances
Activity code	29.710 Manufacture of electric domestic appliances
Tax number	SI72615320
Registration number	5163676
Issued share capital	SIT12,200,000,000
Shares	12,200,000 ordinary registered shares with a nominal value of SIT 1,000 each; the shares of Gorenje, d.d. are listed on the official market of the Ljubljana Stock Exchange under the trading code GRVG (www.ljse.si).

Organisational Structure of the Gorenje Group:

The companies of the Gorenje Group are organised into three Divisions:

- Household Appliances Division: Manufacture and sales of household appliances of its own production, sales of products from the complementary programme of household appliances of other manufacturers, sales of supplementary programme of home electronics and small household appliances, and the manufacture and sales of heating appliances.
- Home Interior Division: Manufacture and sale of kitchen and bathroom furnishings, bathroom fittings and ceramic tiles.
- Trade and Services Division: Energy and environmental protection, trade, engineering, agency services, restaurant and catering services, tourism and real estate management.

Net revenues from sales

In the 1st Qtr. 2006, consolidated net revenues from sales amounted to SIT 55,301 million, implying a 2.4% increase over 1st Qtr. 2005 and 23% of the 2006 plan. The revenues from sales for the 1st Qtr. 2006 are not entirely comparable with the figures from the 2005 due to the disposal of both Hyundai companies in July 2005. Considering only the comparable figures, the extent of sales for the Group is increased for **SIT 3,732.9 million**, or **7.2%**.

Sales structure by division in SIT m	Plan 2006	1st Qtr. 06	1st Qtr. 05	06/PI.06	QoQ
Household Appliances	219,991	48,306	45,275	22%	7%
+ Home Interior	16,411	3,468	3,704	21%	- 6%
+ Trade and Services	14545	5,445	6,491	37%	- 16%
= Total sales of divisions	250,947	57,219	55,470	23%	3%
- Inter-division sales	- 6,976	- 1,919	- 1,440	28%	33%
= Consolidated net sales revenues	243,971	55,301	54,030	23%	2%

In the period January – March 2006, the net revenues from sales of the main company **Gorenje, d.d.**, amounted to SIT 37,025 million, implying a 4.1% increase over 1st Qtr. 2005 (SIT 35,563 m) and 22% of the 2006 annual plan.

Investments

In the 1st Qtr. 2005 Gorenje Group Invested **SIT 1,953.6 m** in Property, plant and equipment and intangible non-current assets, showing 12% of the plan 2006. The major part were recorded in the household appliances division in amount to SIT 1,884.7 m (mainly mother company Gorenje, d.d).

In SIT m	1 st Qtr. 2005	1 st Qtr. 2006	Plan 2006
Land	1.4	9.2	39.6
Buildings	347.4	535.5	5,314.9
Technical equipment	961.3	879.4	9,046.3
Other equipment	220.0	199.0	1,726.9
Other intangible investments	122.7	330.5	97.2
Total	1,652.8	1,953.6	16,224.9

in SIT m	1 st Qtr. 2005	1 st Qtr. 2006	06/05	Plan 2006	06/PI 2006
Investments	1,653	1,954	+18%	16,225	12.0%
Investment Margin	3.1%	3.5%		6.7%	

Investments by divisions:

in SIT m	Plan 2006	1 st Qtr. 2006	06/PI 2006
Household Appliances	14,799.9	1,884.7	13%
Home Interior	1,055.0	20.7	2%
Trade and Services	370.0	48.2	13%
Gorenje Group Investments	16,224.9	1,953.6	12%

Employees

At the end of March 2006 the number of employees was 10,265, which was 244 employees less (2.3%), than the year-end 2005. **The average number of employees was 10,337** and in the 1st Qtr. 2005 10,590 or 1.5% decrease.

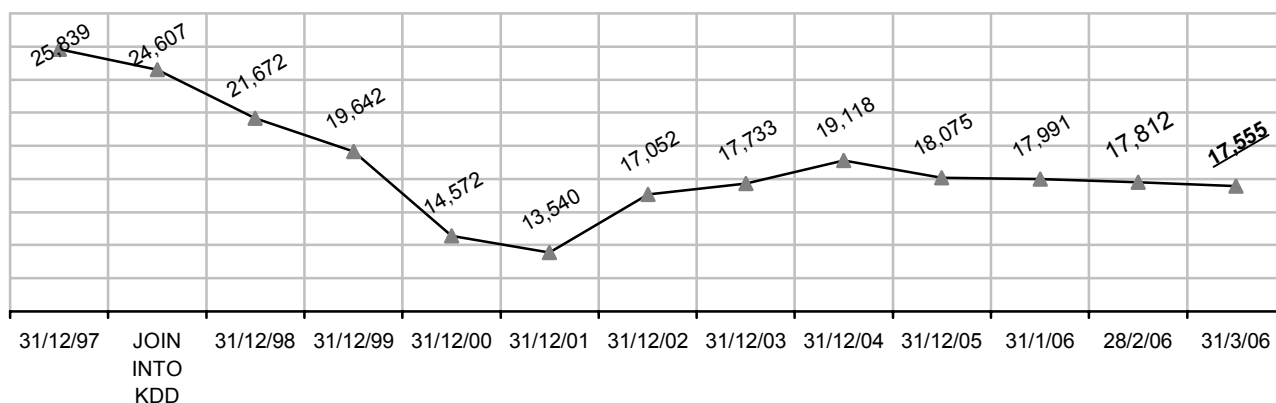
Average number of employees by divisions:

	1 st Qtr. 2005	1 st Qtr. 2006	06/ 05
Household appliances	8,972	8,805	-1.3%
domestic companies	7,282	7,215	-0.6%
foreign companies	1,690	1,590	-4.2%
Home Interior	1,211	1,170	-1.8%
domestic companies	1,068	1,044	-1.4%
foreign companies	143	126	-5.3%
Trade and Services	407	362	-5.0%
domestic companies	332	346	2.7%
foreign companies	75	16	-63.6%
Gorenje Group	10,590	10,337	-1.5%
domestic companies	8,682	8,605	-0.6%
foreign companies	1,908	1,732	-5.7%

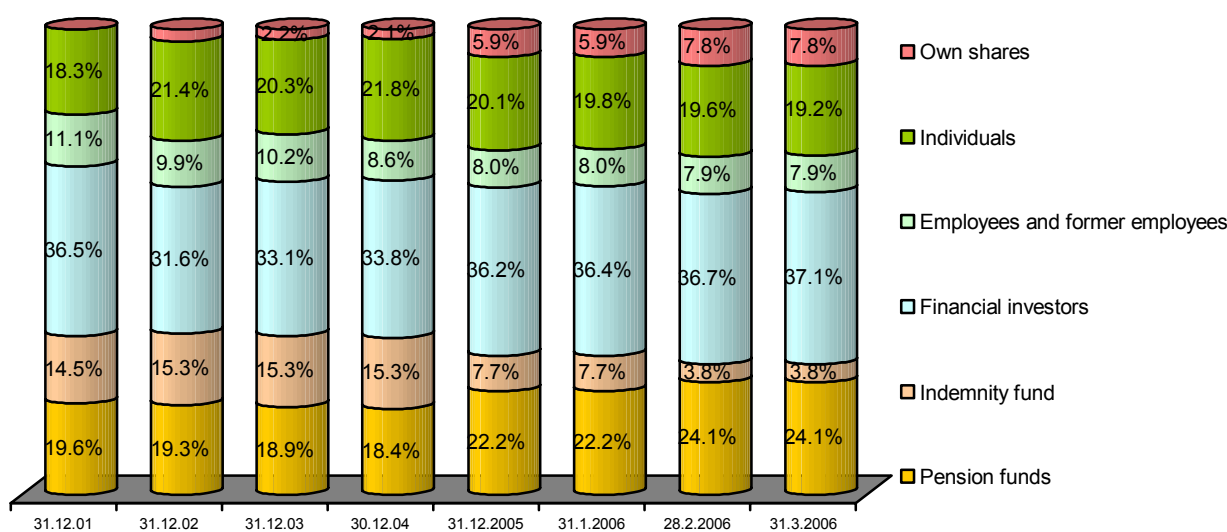
Shareholder Structure and Share Price

Information about issued shares and capital: The Company Gorenje, d.d. became a joint-stock company in 1997 after successful completion of ownership transformation. The **Company's share capital**, with **nominal value of SIT 12,200,000,000**, is divided into **12,200,000 ordinary registered shares** with trading code **GRVG** and nominal value of **SIT 1,000 per share**.

On 31 March 2006 the number of shareholders of Gorenje, d.d., was **17,555**, which was a decrease of 2.9%, compared with the figure on 31 December 2005 (18,075).



Shareholders structure:

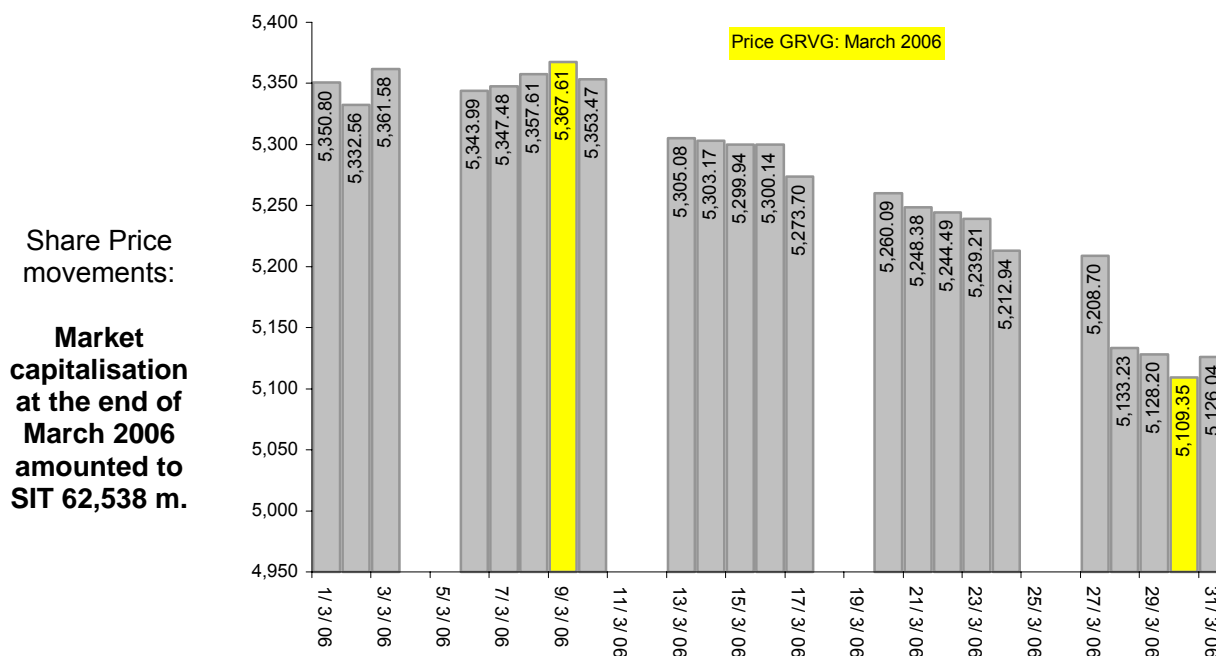


Foreign investors participation increased from 3.19% (389,549 shares) at the end of December 2005 to 4.37% (532,599 shares), of which foreign legal entities held 508,599 shares or 4.17% (362,934 on Dec. 2005, 2.97%) and foreign individuals 23,992 or 0.20%.

Slovenska odškodninska družba, d.d. (Slovenian Compensation Fund, d.d.), has in accordance with the Contract on establishing put and call option, which was concluded on 21 June 2004 with the company Gorenje, d.d., informed on 5. January 2006 the company Gorenje, d.d., about the realization of the option for the sale of **233,075 shares** (1.9105% of Gorenje, d.d., capital) of the company Gorenje, d.d., at the sales price of **SIT 6,321.84**. The company Gorenje, d.d., has in accordance with the as per agreement payment conditions paid the shares and gained them on 3. February 2006. The total number of own shares after the transaction is **950,267** or **7.7891%** of Gorenje, d.d., capital.

The sales price was defined in accordance with the Contract, so that the origin price amounted to SIT 6,200 per share plus net profit per share in the year 2004 and minus dividend from the accumulated profit 2004.

The **share price GRVG** of Gorenje, d.d., reached SIT 5,421.45 at the end of the year 2005 and **at the end of the March 2006 SIT 5,126.04**.



Business Outlook for the Year 2006

According to analysts, it is unlikely that we will see a significant improvement in business conditions in 2006. The prices of **commodities** remain the biggest uncertainty, in particular of sheet metal and other metals, plastics, and components made of these materials. The other major factor affecting the achievability of planned business performance in 2006 is the application of the **WEEE Directive**, which entered into force in Slovenia in August 2005.

The negative impacts of adversary economic elements will have to be neutralized as much as possible during the year 2006 above all by the optimization and search for cheaper alternative supply sources, selective price increases of household appliances and enhancement of their sales structure, and rationalization of costs in all segments of operations. The Management Board will continue to carry out all business operations which are expected to contribute to the final achievement of forecast business objectives for the year 2006.

FINANCIAL REPORT

Accounting Policies

The non-audited consolidated financial statements of the Gorenje Group have been prepared in accordance with the provisions of the Corporations Act and the International Financial Accounting Standards as published by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reports Interpretation Committee (IFRIC). The Gorenje Group's financial statements have been prepared in line with the international financial accounting standards since 1999, hence for 2006 the continuation of their application has been preserved in all vital respects.

The non-audited non-consolidated financial statements of Gorenje, d.d., have been prepared in accordance with the provisions of the Corporations Act, the Slovenian Accounting Standards and the International Financial Accounting Standards. The Gorenje, d.d., financial statements, including those for the purposes of consolidated financial statements, have been complying with the provisions of the international financial accounting standards since 1999, hence for 2006 the continuation of their application has been preserved in all vital respects.

Group Structure

In accordance with International Financial Reporting Standards, the consolidated financial statements of the Gorenje Group include the financial statements of the holding company Gorenje, d.d., and the financial statements of 49 subsidiaries operating in Slovenia and abroad and two joint venture companies :

The changes of the Gorenje Group structure in the year 2006 were as follows:

- At the beginning of the year 2006 the liquidation process of the company Mora Slovakia s r.o., Slovakia was completed;
- Founding of a subsidiary for the sales of household appliances in Dubai, United Arab Emirates.

The list of the Gorenje Group companies in the year 2006, with the share in capital on 31 March 2006:

	Subsidiaries operating in Slovenia:	Share in capital in %
1.	Gorenje IPC, d.o.o., Velenje	100.00
2.	Biterm, d.o.o., Bistrica ob Sotli	75.00
3.	Gorenje Notranja oprema, d.o.o., Velenje	98.86
4.	Gorenje Orodjarna, d.o.o., Velenje	100.00
5.	Gorenje Indop, d.o.o., Velenje	100.00
6.	Gorenje Tiki d.o.o., Ljubljana	99.795
7.	Gorenje GTI, d.o.o., Velenje	100.00
8.	Gorenje Gostinstvo, d.o.o., Velenje	100.00
9.	LINEA, d.o.o., Velenje	100.00
10.	Energygor, d.o.o., Velenje	100.00
11.	Opte Ptuj, d.o.o., Ptuj	100.00
12.	Kemis, d.o.o., Radomlje	100.00
13.	ZEOS, d.o.o., Ljubljana	58.00
14.	Istrabenz – Gorenje, d.o.o., Ljubljana (Joint Venture)	50.00
15.	IG Prodaja, d.o.o., Nova Gorica (Joint Venture)	50.00

	Subsidiaries operating abroad	Share in capital in %
16.	Gorenje Beteiligungs G.m.b.H., Austria	100.00
17.	Gorenje Austria Handelsgesellschaft m.b.H., Austria	100.00
18.	Gorenje Vertriebsgesellschaft m.b.H., Germany	100.00
19.	Gorenje Körting Italia S.r.l., Italy	100.00
20.	Gorenje France S.A.S., France	100.00
21.	Gorenje BELUX S.a.r.l., Belgium	100.00
22.	Gorenje UK Ltd., Great Britain	100.00
23.	Gorenje Skandinavien A/S, Denmark	100.00
24.	Gorenje AB, Sweden	100.00
25.	Gorenje Spol. s r.o., Czech Republic	100.00
26.	Gorenje Real Spol. s r.o., Czech Republic	100.00
27.	Gorenje Slovakia Spol. s r.o., Slovakia	100.00
28.	Gorenje Budapest Kft., Hungary	100.00

29.	Gorenje Polska sp. z o.o., Poland	100.00
30.	Gorenje Bulgaria EOOD, Bulgaria	100.00
31.	Gorenje Zagreb, d.o.o., Croatia	100.00
32.	Gorenje Skopje, d.o.o., Macedonia	100.00
33.	Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00
34.	Gorenje, d.o.o., Serbia and Montenegro	100.00
35.	Gorenje Podgorica , d.o.o., Serbia and Montenegro	99.972
36.	Gorenje OY, Finland	100.00
37.	Gorenje AS, Norway	100.00
38.	OÜ Gorenje, Estonia	100.00
39.	SIA Gorenje, Latvia	100.00
40.	Gorenje Romania S.R.L., Romania	100.00
41.	Gorenje aparati za domačinstvo, d.o.o., Serbia and Montenegro	100.00
42.	Mora Moravia a.s., Czech Republic	100.00
43.	Gorenje Küchen GmbH, Austria	98.86
44.	Gorenje Kuchyne Spol. s r.o., Czech Republic	98.86
45.	Gorenje Imobilia, d.o.o., Serbia and Montenegro	100.00
46.	Gorenje Adria Nekretnine, d.o.o., Croatia	100.00
47.	Kemis, d.o.o., H Croatia	100.00
48.	Kemis BiH, d.o.o., Bosnia and Herzegovina	90.00
49.	Kemis, d.o.o., Serbia and Montenegro	100.00
50.	„Nacionalni brendovi, d.o.o., Serbia and Montenegro	100.00
51.	Gorenje Gulf FZE, United Arab Emirates	100.00

Non-audited consolidated financial statements of Gorenje Group, according to IFRS

Income Statement of Gorenje Group

		Exchange Rate: 1EUR =	239.75 SIT	239.56 SIT	239.58 SIT		
		in SIT m	Jan-Mar 2005	Plan 2006	Jan-Mar 2006	06/PL06	06/ 05
1.	Net sales revenue		54,030.0	243,971.2	55,300.5	22.7%	102.4%
2.	Changes in inventories		5,556.0	1,647.9	3,677.5	223.2%	66.2%
3.	Other operating incomes		584.0	2,311.9	615.3	26.6%	105.4%
4.	Gross operating yield		60,170.0	247,931.0	59,593.3	24.0%	99.0%
5.	Raw material and consumables used		-44,630.0	-179,246.8	-43,604.4	24.3%	97.7%
6.	Staff costs		-10,276.0	-44,732.6	-10,504.2	23.5%	102.2%
7.	Depreciation and amortisation expense		-3,063.0	-12,174.0	-2,909.1	23.9%	95.0%
8.	Impairment loss		-440.7	-1,050.7	-152.0	14.5%	34.5%
9.	Other operating expenses		-609.3	-2,367.8	-883.5	37.3%	145.0%
10.	Operating profit		1,151.0	8,359.1	1,540.1	18.4%	133.8%
11.	Financial income		1,528.9	1,908.0	937.1	49.1%	61.3%
12.	Financial expenses		-1,353.9	-4,147.7	-1,192.8	28.8%	88.1%
13.	Net finance cost		175.0	-2,239.7	-255.7	11.4%	/
14.	Profit before tax		1,326.0	6,119.4	1,284.4	21.0%	96.9%
15.	Income tax expense/benefit		-299.0	-819.7	-239.4	29.2%	80.1%
16.	Profit for the period		1,027.0	5,299.7	1,045.0	19.7%	101.8%
17.	Minority interest		2.0	29.0	3.6	12.4%	180.0%
18.	Equity holders of the parent		1,025.0	5,270.7	1,041.4	19.8%	101.6%
19.	Earnings per share (in SIT)		350.6	474.4	369.0	77.8%	105.2%

Balance sheet of Gorenje Group

	Exchange Rate: 1EUR =	239.73 SIT	239.59 SIT		239.58 SIT	
	In SIT m	31 March 2005	31 March 2006	2006/ 2005	31 December 2005	06/ Dec 05
	ASSETS	190,664.0	196,136.2	102.9%	195,509.9	100.3%
A.	Non-current assets	87,665.0	91,943.2	104.9%	91,298.9	100.7%
I.	Intangible assets	3,921.0	5,560.8	141.8%	5,617.8	99.0%
II.	Property, plant and equipment	78,916.0	78,231.8	99.1%	78,838.7	99.2%
III.	Investment property	588.0	212.8	36.2%	212.8	100.0%
IV.	Non-current investments	3,578.0	5,729.1	160.1%	3,956.8	144.8%
V.	Trade and other receivables	604.0	281.6	46.6%	854.9	32.9%
VI.	Deferred tax assets	58.0	1,927.1	/	1,817.9	106.0%
B.	Current assets	102,999.0	104,193.0	101.2%	104,211.0	100.0%
I.	Inventories	44,664.2	43,171.4	96.7%	40,486.7	106.6%
II.	Trade and other receivables	50,989.7	53,116.7	104.2%	55,056.0	96.5%
III.	Current investments	3,483.0	3,745.7	107.5%	5,471.1	68.5%
IV.	Deferred costs (expenses) and accrued revenue	1,407.1	1,701.3	120.9%	648.4	262.4%
V.	Cash and cash equivalents	2,455.0	2,457.9	100.1%	2,548.8	96.4%
	EQUITY AND LIABILITIES	190,664.0	196,136.2	102.9%	195,509.9	100.3%
A.	Equity and minority interest	60,471.0	58,350.0	96.5%	58,720.2	99.4%
I.	Share capital	12,200.0	12,200.0	100.0%	12,200.0	100.0%
II.	Capital reserves	23,113.3	23,113.3	100.0%	23,113.3	100.0%
III.	Legal and statutory reserves	4,509.1	4,509.1	100.0%	4,509.1	100.0%
IV.	Retained earnings	18,778.9	18,981.3	101.1%	17,939.9	105.8%
V.	Own shares	-2,182.1	-5,129.4	235.1%	-3,655.7	140.3%
VI.	Capital revaluation and translation adjustment	3,858.6	4,466.3	115.7%	4,412.3	101.2%
VII.	Minority interest	193.2	209.4	108.4%	201.3	104.0%
B.	Non-current liabilities	36,740.0	44,358.8	120.7%	42,843.2	103.5%
I.	Provisions	7,601.7	11,717.2	154.1%	11,946.4	98.1%
II.	Provisions formed from ceded assets	1,778.3	1,810.2	101.8%	1,789.9	101.1%
III.	Deferred tax liabilities	254.0	162.5	64.0%	243.9	66.6%
IV.	Financial liabilities	27,100.0	30,625.5	113.0%	28,809.7	106.3%
V.	Non-current collaterals	6.0	43.4	723.3%	53.3	81.4%
C.	Current liabilities	93,453.0	93,427.4	100.0%	93,946.5	99.4%
I.	Financial liabilities	42,474.0	47,193.3	111.1%	33,405.5	141.3%
II.	Trade and other payables	45,182.0	39,835.9	88.2%	56,297.6	70.8%
III.	Accrued costs (expenses) and deferred revenue	5,797.0	6,398.2	110.4%	4,243.4	150.8%

Cash flow Statement of Gorenje Group

	in SIT m	Jan – Mar 2005	Jan – Mar 2006
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit for the period	1,027.0	1,045.0
	Adjustments for:		
	Depreciation of property, plant and equipment	2,782.6	2,638.1
	Amortisation of intangible assets	280.4	271.0
	Foreign exchange loss	607.9	414.5
	Investment income	-1,528.9	-937.1
	Interest expense	746.0	778.3
	Revenue from sale of property, plant and equipment		-52.7
	Tax expense	300.0	239.4
	Operating profit before changes in net operating current assets and provisions	4,215.0	4,396.5
	Increase in trade and other receivables	-3,963.5	
	Increase in inventories	-7,208.3	-2,684.7
	Decrease in trade and other payables		1,350.5
	Decrease in provisions		-208.9
	Decrease in other operating liabilities	-1,096.0	-14,398.2
	Cash generated from operations	-12,267.8	-15,941.3
	Interest paid	-883.9	-1,192.9
	Income taxes paid		-239.4
	Net cash from operating activities	-8,936.7	-12,977.1
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
	Proceeds from sale of property, plant and equipment		90.6
	Interest received	662.2	655.4
	Dividends received		10.7
	Sale of subsidiary, net of cash disposed		
	Acquisition of subsidiary net of cash acquired	-2,097.8	
	Purchase of property, plant and equipment	-1,308.7	-1,321.1
	Other investments	1,038.3	-46.9
	Purchase of intangible assets	-344.1	-632.5
	Net cash used in investing activities	-2,050.1	-1,243.8
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	Repurchase of own shares	-1,512.2	-1,473.6
	Proceeds from long-term borrowings	12,727.9	15,603.6
	Dividends paid		
	Net cash used in financing activities	11,215.7	14,130.0
D.	NET INCREASE IN CASH AND CASH EQUIVALENTS	2,455.0	2,457.9
	Cash and cash equivalents at beginning of period	228.9	-90.9
	Cash and cash equivalents at end of period	2,226.1	2,548.8

Statement of changes in Equity of Gorenje Group

in SIT m	Share capital	Capital reserves	Legal and statutory reserves	Retained earnings	Own shares	Capital translation adjustment	Minority interest	Total
Opening balance at 1 January 2006	12,200.0	23,113.3	4,509.1	17,939.9	-3,655.7	4,412.3	201.3	58,720.2
Net profit for the period				1,041.4			3.6	1,045.0
Capital revaluation and translation adjustments taken to equity						54.0		54.0
Increase in own shares					-1,473.7			-1,473.7
Increase in minority interest							4.5	4.5
Closing balance at 31 March 2006	12,200.0	23,113.3	4,509.1	18,981.3	-5,129.4	4,466.3	209.4	58,350.0

in SIT m	Share capital	Capital reserves	Legal and statutory reserves	Retained earnings	Own shares	Capital translation adjustment	Minority interest	Total
Opening balance at 1 January 2005	12,200.0	23,113.3	4,509.1	17,753.9	-669.9	3,776.7	191.0	60,874.1
Net profit for the period				1,025.0			2.0	1,027.0
Capital revaluation and translation adjustments taken to equity						81.9		81.9
Increase in own shares					-1,512.2			-1,512.2
Increase in minority interest							0.2	0.2
Closing balance at 31 March 2005	12,200.0	23,113.3	4,509.1	18,778.9	-2,182.1	3,858.6	193.2	60,471.0

Non-audited non-consolidated financial statements of Gorenje, d.d., in accordance with the Slovenian Accounting Standards (SAS)

Income statement of Gorenje, d.d.

	In SIT m	Jan-Mar 2005	Plan 2006	Jan-Mar 2006	2006/ Pan 2006	06/ 05
1.	Net sales revenue	35,562.5	168,485.8	37,024.9	22.0%	104.1%
2.	Changes in inventories of finished goods and work in progress	2,548.0	150.0	1,140.5	760.3%	44.8%
3.	Capitalised own products	175.4	715.7	47.0	6.6%	26.8%
4.	Other operating revenue	344.3	1,268.9	300.9	23.7%	87.4%
5.	Gross operating yield	38,630.2	170,620.4	38,513.3	22.6%	99.7%
6.	Cost of goods, materials and services	-29,258.7	-132,078.2	-29,335.1	22.2%	100.3%
7.	Labour cost	-5,534.9	-24,757.7	-5,482.3	22.1%	99.1%
8.	Depreciation and amortisation cost	-2,066.1	-8,320.4	-2,004.6	24.1%	97.0%
9.	Operating expenses from revaluation	-181.5	-610.0	-95.0	15.5%	52.3%
10.	Other operating expenses	-109.8	-689.5	-291.3	42.2%	265.3%
11.	Operating profit	1,479.2	4,164.6	1,305.0	31.3%	88.2%
12.	Financial revenues	256.3	1,130.8	173.0	15.3%	67.5%
13.	Financial expenses	-826.0	-2,313.0	-621.2	26.9%	75.2%
14.	Net finance costs	-569.7	-1,182.2	-448.2	37.9%	78.7%
15.	Profit from ordinary activities	909.5	2,982.4	856.8	28.7%	94.3%
16.	Other revenues	0.0	0.0	0.0	/	/
17.	Other expenses	-0.2	0.0	-0.2	/	100.0%
18.	Net other costs	-0.2	0.0	-0.2	/	100.0%
19.	Total profit	909.3	2,982.4	856.6	28.7%	94.2%
20.	Income tax	-105.0	-527.0	-87.6	16.6%	83.4%
21.	Deferred tax	0.0	0.0	47.6	/	/
22.	Net profit or loss for the period	804.3	2,455.4	816.6	33.3%	101.6%

Balance sheet of the Gorenje, d.d.

	In SIT m	31 March 2005	31 March 2006	2006/ 2005	31 December 2005	06/ Dec 05
	ASSETS	143,158.9	136,208.0	95.1%	147,875.6	92.1%
A.	Non-current assets	82,010.0	75,191.5	91.7%	85,923.0	87.5%
I.	Intangible assets	2,952.9	3,440.8	116.5%	3,990.0	86.2%
II.	Property, plant and equipment	47,486.1	47,490.9	100.0%	47,865.8	99.2%
III.	Investment property	566.1	190.9	33.7%	190.9	100.0%
IV.	Non-current investments	30,535.0	23,254.5	76.2%	33,102.4	70.3%
V.	Trade and other receivables	469.9	208.2	44.3%	215.3	96.7%
VI.	Deferred tax assets	0.0	606.2	/	558.6	108.5%
B.	Current assets	60,147.5	59,796.8	99.4%	61,661.7	97.0%
I.	Inventories	18,229.2	18,850.9	103.4%	18,073.1	104.3%
II.	Trade and other receivables	38,163.9	39,005.6	102.2%	39,193.5	99.5%
III.	Current investments	3,576.3	1,928.2	53.9%	4,385.0	44.0%
IV.	Cash and cash equivalents	178.1	12.1	6.8%	10.1	119.8%
C.	Deferred costs (expenses) and accrued revenue	1,001.4	1,219.7	121.8%	290.9	419.3%
	EQUITY AND LIABILITIES	143,158.9	136,208.0	95.1%	147,875.6	92.1%
A.	Capital	63,128.0	50,427.2	79.9%	65,181.8	77.4%
I.	Share Capital	12,200.0	12,200.0	100.0%	12,200.0	100.0%
II.	Capital reserves	129.3	18,832.6		129.2	/
III.	Reserves from profit	21,173.1	17,698.2	83.6%	22,827.6	77.5%
IV.	Surplus from translation adjustment	24,828.9	864.1	3.5%	25,903.5	3.3%
V.	Retained earnings	3,992.5	15.7	0.4%	4,121.5	/
VI.	Net profit from the period	804.2	816.6	101.5%	0.0	/
B.	Provisions and long term accrued costs (expenses) and deferred revenue	3,985.3	6,470.6	162.4%	3,597.7	179.9%
C.	Non-current liabilities	18,732.4	24,951.4	133.2%	22,933.8	108.8%
I.	Financial liabilities	18,732.0	24,951.0	133.2%	22,933.4	108.8%
II.	Trade and other liabilities	0.4	0.4	100.0%	0.4	100.0%
III.	Deferred tax liabilities	0.0	0.0	/	0.0	/
D.	Current liabilities	54,973.8	51,907.4	94.4%	54,808.1	94.7%
I.	Financial liabilities	24,717.3	24,960.8	101.0%	13,380.1	186.6%
II.	Trade and other liabilities	30,256.5	26,946.6	89.1%	41,428.0	65.0%
E.	Accrued costs (expenses) and deferred revenue	2,339.4	2,451.4	104.8%	1,354.2	181.0%

Cash flow statement of Gorenje, d.d.

In SIT m	Jan – Mar 2005	Jan – Mar 2006
A. CASH FLOWS FROM OPERATING ACTIVITIES		
a) Net profit	804.3	816.6
Profit before taxation	909.3	856.6
Income tax	-105.0	-40.0
b) Adjustments for:	2,748.4	2,390.5
Depreciation and amortization	2,066.1	2,004.6
Operating revenues from revaluation	-40.2	-9.7
Operating expenses from revaluation	180.1	89.7
Financial revenues without financial revenues from trade receivables	-86.3	-59.2
Financial expenses without financial expenses from trade liabilities	628.7	365.1
c) Change in net current assets from the balance sheet	-12,246.5	-14,595.5
Closing less opening trade receivables	-4,300.1	195.1
Closing less opening deferred costs (expenses) and accrued revenue	-560.3	-928.7
Closing less opening deferred receivables for tax	0	-47.6
Closing less opening inventories	-2,546.4	-777.8
Closing less opening operating debt	-6,467.7	-14,212.7
Closing less opening accrued costs (expenses) and deferred revenue and provisions	1,628.0	1,176.2
d) Net cash from operating activities	-8,693.8	-11,388.4
B. CASH FLOWS FROM INVESTING ACTIVITIES		
a) Inflows	2,267.0	4,771.8
Offset decrease in interest income and profit stakes	168.0	11.4
Offset decrease in tangible fixed assets	60.8	4.0
Offset decrease in long-term investments	1,086.7	0
Offset decrease in short-term investments	951.5	4,756.4
b) Outflows	-6,062.1	-6,643.9
Offset increase in intangible fixed assets	-125.4	-325.6
Offset increase in tangible fixed assets	-1,174.8	-840.2
Offset increase in long-term investments	-4,076.8	-3,192.1
Offset increase in short-term investments	-685.1	-2,286.0
c) Net cash used in investing activities	-3,795.1	-1,872.1
C. CASH FLOW FROM FINANCING ACTIVITIES		
a) Inflows	41,680.4	45,749.0
Offset increase in long-term financial liabilities	3,596.5	5,630.1
Offset increase in short-term financial liabilities	38,083.9	40,118.9
b) Outflows	-29,023.0	-32,486.5
Offset decrease in interests for financing	-315.2	-312.7
Offset decrease in long-term financial liabilities	-1,664.3	-2,697.2
Offset decrease in short-term financial liabilities	-27,043.5	-29,476.6
c) Net cash used in financing activities	12,657.4	13,262.5
D. CASH AND ASH EQUIVALENTS AT END OF PERIOD	178.1	12.1
x) Net increase/decrease in cash and cash equivalents	168.5	2.0
y) Cash and cash equivalents at the beginning of period	9.6	10.1

Statement of changes in equity of Gorenje, d.d.

In SIT m	Share capital	Capital reserves	Reserves from profit	Own shares	Net profit form previous periods	Net profit	Revaluation surplus	Total
Balance at 31 December 2005	12,200.0	129.3	22,827.5	0	4,121.5	0	25,903.5	65,181.8
Movements at 1 January 2006		18,703.3			-4,105.8		-25,058.9	-10,461.4
Movements of general equity revaluation adjustments		18,703.3					-18,703.3	0
Long-term financial investments converted into subsidiaries on purchase value per 1 January 2002					-1,307.4		-6,355.6	-7,663.0
Transfer of long-term provisions for compensations and bonus					-2,798.4			-2,798.4
Balance 1 January 2006	12,200.0	18,832.6	22,827.5	0	15.7	0	844.6	54,720.4
Movements to capital						816.6	252.0	1,068.6
Net profit for the period						816.6		816.6
Special equity revaluation adjustments							252.0	252.0
Movements from capital				-5,129.3			-232.5	-5,361.8
Abolition of the special equity revaluation adjustments for own shares							-232.5	-232.5
Own shares				-5,129.3				-5,129.3
Balance at 31 March 2006	12,200.0	18,832.6	22,827.5	-5,129.3	15.7	816.6	864.1	50,427.2

In SIT m	Share capital	Capital reserves	Reserves from profit	Own shares	Net profit form previous periods	Net profit	Revaluation surplus	Total
Balance at 1 January 2005	12,200.0	129.3	21,173.1	0	2,774.6	1,217.9	24,605.2	62,100.1
Movements to capital						804.2	392.9	1,197.1
Net profit for the period						804.2		804.2
Special equity revaluation adjustments							392.9	392.9
Movements within capital					1,217.9	-1,217.9		0
Net profit for the year 2004					1,217.9	-1,217.9		0
Movements from capital							-169.2	-169.2
Decrease of the special equity revaluation adjustments							-169.2	-169.2
Balance at 31 March 2005	12,200.0	129.3	21,173.1	0	3,992.5	804.2	6,125.6	63,128.0

Non-audited non-consolidated financial statements of Gorenje, d.d., in accordance with the International Financial Reporting Standards (IFRS)

Income statement of Gorenje, d.d.

	in SIT m	Jan-Mar 2005	Jan-Mar 2006	2006/ 2005
1.	Net revenues from sales	35,562.5	37,024.9	104.1%
2.	Changes in inventories of finished goods and work in progress	2,548.0	1,140.5	44.8%
3.	Other operating income	163.9	300.9	183.6%
4.	Gross operating yield	38,274.4	38,466.3	100.5%
5.	Cost of goods, materials and services	-29,083.3	-29,288.1	100.7%
6.	Employee benefits expense	-5,534.9	-5,482.3	99.1%
7.	Amortisation and depreciation expense	-2,066.1	-2,004.6	97.0%
8.	Operating expenses from revaluation	-181.5	-95.0	52.3%
9.	Other operating expenses	-110.0	-291.5	265.0%
10.	Operating profit	1,298.6	1,304.8	100.5%
11.	Financial incomes	387.9	507.7	130.9%
12.	Financial expenses	-826.0	-621.2	75.2%
13.	Profit before tax	860.5	1,191.3	138.4%
14.	Income tax expense	-59.9	-143.4	239.4%
15.	Profit for the period	800.6	1,047.9	130.9%

Balance Sheet of Gorenje, d.d.

in SIT m	31 March 2005	31 March 2006	2006/ 2005
ASSETS	134.073,1	136.069,4	101,5%
A. Non-current assets	72.924,2	75.052,9	102,9%
I. Intangible assets	2.952,9	3.440,8	116,5%
II. Property, plant and equipment	47.486,1	47.490,9	100,0%
III. Investment property	566,1	190,9	33,7%
IV. Investments in subsidiaries	18.810,7	19.102,7	101,6%
V. Available-for-sale investments	968,5	2.663,2	275,0%
VI. Non-current loans	1.373,2	836,6	60,9%
VII. Deferred tax assets	766,7	1.327,8	173,2%
B. Current assets	61.148,9	61.016,5	99,8%
I. Inventories	18.229,2	18.850,9	103,4%
II. Trade receivables	38.163,9	39.257,7	102,9%
III. Current investments	3.576,3	1.928,2	53,9%
IV. Deferred costs (expenses) and accrued revenue	1.001,4	967,6	96,6%
V. Cash and cash equivalents	178,1	12,1	6,8%
EQUITY AND LIABILITIES	134.073,1	136.069,4	101,5%
A. Capital	51.312,7	50.018,9	97,5%
I. Share capital	12.200,0	12.200,0	100,0%
II. Capital reserves	18.832,6	18.832,6	100,0%
III. Legal and statutory reserves	4.509,1	4.509,1	100,0%
IV. Retained earnings	17.643,9	19.069,6	108,1%
V. Own shares	-2.182,1	-5.129,4	235,1%
VI. Capital revaluation adjustments	309,2	537,0	173,7%
B. Non-current liabilities	25.406,8	31.509,3	124,0%
I. Provisions	6.674,8	6.558,3	98,3%
II. Financial liabilities	18.732,0	24.951,0	133,2%
C. Current liabilities	57.353,6	54.541,2	95,1%
I. Financial liabilities	24.757,7	24.960,8	100,8%
II. Trade and other payables	30.256,5	27.050,0	89,4%
III. Accrued costs (expenses) and deferred revenue	2.339,4	2.530,4	108,2%

Cash flow statement of Gorenje, d.d.

in SIT m	Jan – Mar 2005	Jan – Mar 2006
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	800.6	1,047.9
Adjustments for:		
Depreciation of property, plant and equipment	1,881.6	1,812.6
Amortisation of intangible assets	184.5	192.0
Investment incomes	-387.9	-586.7
Financial expenses	826.0	621.2
Tax expenses	59.9	143.4
Operating profit before changes in net operating current assets and provisions	3,364.7	3,230.4
Increase in trade and other receivables	-5,444.4	-592.4
Increase in inventories	-2,638.9	-973.9
Decrease in trade payables and provisions	-4,839.4	-13,185.5
Cash generated from operations	-12,922.7	-14,751.8
Interest paid	-658.0	-621.2
Income tax paid	0.0	0.0
Net cash from operating activities	-10,216.0	-12,142.6
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	387.9	586.7
Acquisition of subsidiary net of cash acquired	-2,097.8	0
Acquisition of property, plant and equipment	-1,115.5	-840.2
Acquisition of other investments	1,221.0	1,097.7
Acquisition of intangible assets	-184.6	-325.6
Net cash used in investing activities	-1,789.0	518.6
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of own shares	-1,512.2	-1,473.6
Proceeds from long-term borrowings	13,685.7	13,099.6
Dividends paid	0.0	0.0
Net cash used in financing activities	12,173.5	11,626.0
D. NET INCREASE IN CASH AND CASH EQUIVALENTS	178.1	12.1
Cash and cash equivalents at beginning of period	168.5	2.0
Cash and cash equivalents at end of period	9.6	10.1

Statement of changes in equity of Gorenje, d.d.

In SIT m	Share capital	Capital reserves	Legal and statutory reserves	Retained earnings	Own shares	Capital revaluation adjustments	Total
Opening balance at 1 January 2006	12,200.0	18,832.6	4,509.1	18,021.7	-3,655.8	537.0	50,444.6
Net profit for the period				1,047.9			1,047.9
Increase in own shares					-1,473.6		-1,473.6
Closing balance at 31 March 2006	12,200.0	18,832.6	4,509.1	19,069.6	-5,129.4	537.0	50,018.9

In SIT m	Share capital	Capital reserves	Legal and statutory reserves	Retained earnings	Own shares	Capital revaluation adjustments	Total
Opening balance at 1 January 2005	12,200.0	18,832.6	4,509.1	18,355.5	-669.9	309.2	53,536.5
Net profit for the period				800.6			800.6
Formation of provisions and deferred tax assets				-1,609.6			-1,609.6
Loosen of deferred tax				97.4			97.4
Increase in own shares					-1,512.2		-1,512.2
Closing balance at 31 March 2005	12,200.0	18,832.6	4,509.1	17,643.9	-2,182.1	309.2	51,312.7

FINANCIAL HIGHLIGHTS AND ACHIEVEMENTS OF GORENJE GROUP

Jan - Mar 2005	Plan 2006	Jan - Mar 2006	Plan 2006 track	Qtr. on Qtr.
Consolidated net revenues from sales (in SIT million)				
54,030	243,971	55,301	22.7%	102.4%
Comparable consolidated net revenues from sales (in SIT m)¹				
51,568	243,971	55,301	22.7%	107.2%
EBITDA (in SIT m)				
4,214	20,533	4,449	21.7%	105.6%
Profit before tax (in SIT m)				
1,326	6,119	1,284	21.0%	96.9%
Net profit (in SIT m)				
1,027	5,300	1,045	19.7%	101.8%
Value added (in SIT m)				
14,965	67,182	15,599	23.2%	104.2%
Number of employees at the end of the period				
10,594	10,406	10,265	98.6%	96.9%
Average number of employees				
10,590	10,568	10,337	97.8%	97.6%
Gross operating yield per employee (in TSIT)				
5,682	23,461	5,765	24.6%	101.5%
Added value per employee (in TSIT)				
1,413	6,357	1,509	23.7%	106.8%
EBITDA Margin (as % of gross operating yield)				
7.7%	8.6%	7.1%	/	/
Net ROE				
6.9%	8.5%	7.1%	/	/
Assets (in SIT m)				
190,664	195,040	196,136	100.6%	102.9%
Investments in fixed assets (in SIT m)				
1,653	16,225	1,954	12.0%	118.2%
Capital (in SIT m)				
60,471	63,112	58,350	92.5%	96.5%
Capital / Assets				
31.7%	32.4%	29.8%	/	/
Long-term provisions (in SIT m)				
9,380	10,155	13,527	133.2%	144.2%
Financial liabilities (in SIT m)				
69,574	70,900	77,819	109.8%	111.9%

¹ From the consolidated net revenues from sales for the year 2005, the revenues of SIT 2,462.4 m were eliminated due to the disposal of both Hyundai companies in July 2005.

- In the 1st Qtr. 2006, **consolidated net revenues from sales** amounted to **SIT 55,301 million**, implying a **2.4% increase** over 1st Qtr. 2005 and 23% of the 2006 plan. The revenues from sales for the 1st Qtr. 2006 are not entirely comparable with the figures from the 2005 due to the disposal of both Hyundai companies in July 2005. Considering only the comparable figures, the extent of sales for the Group is increased for **SIT 3,732.9 million**, or **7.2%**.
- Gorenje Group **EBITDA rose to SIT 4,449 m** (SIT 4,214 m), up **by 6%** and reached **22%** of the annual plan 2006.
- **Profit before tax amounted to SIT 1,284 m**, showing **3% decrease** in comparison with the 1st Qtr. 2005 (SIT 1,326 m) and realised **21%** of the 2006 plan.
- **Net profit rose by 2% to SIT 1,045 m** (SIT 1,027 m) and reached **20%** of the annual plan for the year 2006.

Gorenje, d.d.,
The Management Board