

Summary
Non-audited First Nine Months Report
of Gorenje, d.d., and the Gorenje Group
for the Period January – September 2007



Velenje, Slovenia, October 2007

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General

The **Summary of the non-audited non-consolidated report of Gorenje, d.d., and non-audited consolidated report of the Gorenje Group for the period January – September 2007** is published by corporation Gorenje, d.d., Partizanska 12, Si-3503 Velenje, Slovenia, as provided by the Regulations of the Ljubljana Stock Exchange (Ljubljanska borza vrednostnih papirjev, d.d.), and the Securities Market Act. Major changes of data provided in the stock exchange listing prospectus are duly and regularly published in the Delo newspaper, on the Ljubljana Stock Exchange electronic information system SEOnet, and on the company website at www.gorenje.com.

The Supervisory Board of Gorenje, d.d., today at its 14th Meeting discussed and adopted the non-audited financial report of Gorenje d.d. and the Gorenje Group for the first nine months of 2007. In the opinion of the Supervisory Board the business performance was good, in particular in the light of the market conditions.

Consolidated Financial Statements

The financial statements have been prepared in accordance with the provisions of the Corporations Act and the International Financial Reporting Standards.

The changes in the structure of the Gorenje Group in the period 1 January – 30 September 2007 were as follows:

- The transfer of business activities (cooling and heating program) from the company Gorenje GTI, d.o.o., to the company Gorenje Tiki, d.o.o., on 1 January 2007 was realized.
- On 31 January 2007, Gorenje, d.d., purchased from Probanka, d.d., a 23.4 % share in the company Surovina, d.d., Maribor, that effectively translates into 51 % of all shares in Surovina, d.d. With this transaction the company Gorenje, d.d., became a 51- percentage stakeholder of Surovina, d.d., subsidiaries: RVT tehnologija predelave ostankov, d.o.o., Maribor (58.8%), Slovenia and Sirovina, a.d., Serbia (61.7%).
- On 31 January 2007, the Gorenje company Kemis, d.o.o., Zagreb, Croatia, signed the purchase agreement of 100% share in Termoclean-Zg, d.o.o., Zagreb, Croatia.
- On 8 January 2007 the representative office of Gorenje, d.d., in Kazakhstan was established.
- At the end of March Gorenje, d.d., established the company INDOP, d.o.o.
- In May the sales company Gorenje TOV, Kiev, Ukraine, was established. The 100 % stakeholder of this company is Gorenje Beteiligungs GmbH, Austria.
- In June the company Gorenje, d.d., has with pay-in of the additional stake of 51 % became the owner of the institution ERICO VELENJE, Institute for environmental research.
- At the energy area have been within the company Istrabenz Gorenje, d.o.o, established the following companies: GEN-I d.o.o., Beograd, Serbia (100 % stakeholder GEN-I, d.o.o.), Istrabenz Gorenje inženiring, d.o.o. (100 % stakeholder IGES d.o.o.), Vitales, d.o.o., Bihač, Bosnia and Herzegovina (50 % stakeholder IGES, d.o.o.) in Vitales, d.o.o. Sokolac, Bosnia and Herzegovina (50 % stakeholder IGES, d.o.o.).
- On 16 August 2007 the Austrian energy holding Verbund exercised the option for the purchase of the subsidiary Austrian Power Vertriebs, GmbH, Austria¹.

¹ After this date Gorenje does not consolidate in adequate share into the Gorenje Group results. The planned revenue of this company for 2007 amounted to EUR 120 m, and profit margin to 0.4 %

The consolidated financial statements of the Gorenje Group include the parent company Gorenje, d.d., and the following subsidiaries:

Companies operating in Slovenia: Gorenje I.P.C., d.o.o., Velenje; Gorenje Tiki d.o.o., Ljubljana; Gorenje GTI, d.o.o., Velenje; Gorenje Notranja oprema, d.o.o., Velenje; Gorenje Gostinstvo, d.o.o., Velenje; LINEA SP, d.o.o., Velenje; Energygor, d.o.o., Velenje; Opte Ptuj, d.o.o., Ptuj; Kemis, d.o.o., Radomlje; Gorenje Orodjarna, d.o.o., Velenje; ZEOS, d.o.o., Ljubljana; Istrabenz Gorenje energetski sistemi, d.o.o., Nova Gorica; GEN-I, d.o.o., Krško; Istrabenz investicijski inženiring, d.o.o., Nova Gorica; Surovina, d.d., Maribor; RVT, d.o.o., Maribor; INDOP, d.o.o., Velenje; Istrabenz Gorenje inženiring, d.o.o., Ljubljana.

Companies operating outside Slovenia: Gorenje Beteiligungs GmbH, Austria; Gorenje Austria Handels GmbH, Austria; Gorenje Vertriebsgesellschaft m.b.H., Germany; Gorenje Körting Italia S.r.l., Italy; Gorenje France S.A.S., France; Gorenje BELUX S.a.r.l., Belgium; Gorenje Espana, S.L., Spain; Gorenje UK Ltd., UK; Gorenje Skandinavien A/S, Denmark; Gorenje AB, Sweden; Gorenje OY, Finland; Gorenje AS, Norway; OÜ Gorenje, Estonia; SIA Gorenje, Latvia; Gorenje spol. s r.o., Czech Republic; Gorenje real spol. s r.o., Czech Republic; Gorenje Slovakia s r.o., Republic of Slovakia; Gorenje Budapest Kft., Hungary; Gorenje Polska Sp. z o.o., Poland; Gorenje Bulgaria EOOD, Bulgaria; Gorenje Zagreb d.o.o., Croatia; Gorenje Skopje d.o.o., Macedonia; Gorenje Commerce d.o.o., Bosnia and Herzegovina; Gorenje d.o.o., Serbia; Gorenje Podgorica d.o.o., Montenegro; Gorenje Romania S.R.L., Romania; Gorenje aparati za domačinstvo d.o.o., Serbia; Mora Moravia s.r.o., Czech Republic; Gorenje Küchen GmbH, Austria; Gorenje - kuchyne spol. s r.o., Czech Republic; Gorenje Imobilia, d.o.o., Serbia; Gorenje Adria Nekretnine d.o.o., Croatia; Kemis-Termoclean d.o.o., Croatia; Kemis BiH d.o.o., Bosnia and Herzegovina; Kemis Valjevo d.o.o., Serbia; Gorenje Invest, d.o.o., Serbia; Gorenje Gulf FZE, United Arab Emirates; Gorenje Tiki, d.o.o., Serbia; GEN-I, d.o.o., Croatia; Intrade energija, d.o.o., Bosnia and Herzegovina; Vitales, d.o.o., Nova Bila, Bosnia and Herzegovina; Gorenje Istanbul Ltd., Turkey; Sirovina, a.d., Serbia; Gorenje TOV, Kiev, Ukraine; Vitales, d.o.o., Bihač, Bosnia and Herzegovina; GEN-I, d.o.o., Serbia; Vitales, d.o.o., Sokolac, Bosnia and Herzegovina.

Gorenje, d.d., also has the following representative offices abroad, which are instrumental in doing business in certain foreign markets: Moscow, Russia; Krasnojarsk, Russia; Kiev, Ukraine; Athens, Greece; Shanghai, China; Priština, Serbia; Almaty, Kazakhstan.

Business Climate in the Period January – September 2007

According to analysts, it is unlikely that we will see a significant improvement in business conditions in 2007. Commodity prices remain the biggest uncertainty, in particular the prices of sheet metal and other metals, plastics, and components made of these materials.

In order to ensure **efficient and effective economy of operation** in 2007, the following measures will need to be implemented:

- Achieving **quality sales growth and profitability** while ensuring a balanced utilization of all production capacities and maximising our profit margin;
- Ensuring **manufacturing productivity and efficiency of operation in manufacturing** by (as far as possible) even utilization of production capacities throughout the year with a view of maximising production economy and cost efficiency.
- Continued **development of new products and services**, which will increase our market competitiveness, enable high-end product placement and higher value added, and consequently lead to improved company performance in the future, while simultaneously seeking engineering-technological solutions to lower the costs of production and distribution of existing products;

- Continued **optimisation of the supply chain** and seeking alternative and/or new sources of supply so as to ensure price competitiveness of our products;
- Continued and accelerated **cost optimisation** across the board;
- Comprehensive **rationalisation of the organisation of logistics, sales and after-sales services** of the Gorenje Group, and improving the efficiency of support systems in all their aspects;
- **Selective implementation of new investment projects** and ensuring that they stay within the planned volume; priority will be given to investments in new products and markets;
- Improving the **management of current assets**, in particular of receivables and inventories, since current assets have a considerable effect on the level of debt and consequently the cost of financing of the Gorenje Group;
- Ensuring **effective management of all types of risk**, which the company is exposed to due to the highly changeable business environment in which we operate, with the focus on credit (payment) risks, in particular in more uncertain markets and those characterised by lower liquidity.

Risk Management

- The exposure of the Gorenje Group to **business risks** was much the same as in the previous periods. Purchasing risks remain the key business risk factor, associated with unexpected price changes, delivery times, and quality of inputs.
- In the period January – September 2007, our particular focus was on **financial risks**. Credit (payment) risks remain the key financial risks factor, especially in the countries of SE Europe and outside the European Union.
- Among **operating risks**, the introduction of WEEE remains additional risk factor.

The safeguards and hedging mechanisms being implemented by the Group in the accounting period under consideration were consistent with the Group's risk management policies, which had not undergone any significant change in comparison with the preceding year.

Applied Accounting Principles and Important Notes to Financial Statements

- The non-audited consolidated financial statements of the Gorenje Group for the period January – September 2007 have been prepared in accordance with the provisions of the Corporations Act and the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reports Interpretation Committee (IFRIC) as adopted by the European Union. Consequently, as provided by the IFRS, the effects of the implemented risk management measures have been shown in the Income Statement financial revenues/expenses.
- The non-audited financial statements of Gorenje, d.d., for the period January – September 2007 have been prepared in accordance with the provisions of the Corporations Act and the IFRS. The transition to IFRS was approved by the General Meeting of Gorenje, d.d., at its 9th Meeting held on 29 June 2006. For comparison purposes, all equivalent financial statements of Gorenje, d.d., for the period January – September 2006 and as at 30 June 2006 and 31 December 2006 have been prepared in accordance with the provisions of the Corporations Act and the IFRS. Also included in the non-audited financial statements of Gorenje, d.d., are the operations of its subsidiary Gorenje Indop, d.o.o.
- Comparable data's for 9M 2006 were recalculated from SIT to EUR, in accordance with instruction of the Slovenian Institute of Auditing – the official exchange rate Bank of Slovenia at the end of the comparable period.

Gorenje Group

- **Revenue** in the amount of **EUR 950,479 thousand** is **23.3 % (EUR 179.6 million) higher** than in the same period last year, reaching 79.1 % of the plan 2007. Revenue in the 9M 2007 is not entirely comparable to the figure reported for the same period in the preceding year due to the inclusion of the companies Gorenje Energetski sistemi and Surovina, d.d., into the Group. Using **comparable data**, revenue is higher by **EUR 83.6 million**, which is **equivalent to 11.1 %**.
- **Operating profit before depreciation/amortisation/EBITDA**, which is a rough estimate of earnings from operating activities, amounts to EUR 61,849 thousand, which is 7.4 % more than in the same period in 2006 and represents 63.6 % of the annual plan for 2007.
- **EBIT** amounted to EUR 22,552 thousand, with moderate 7.2 % growth and 51.1 % of 2007 plan.
- **Profit Before Tax/PBT** in the amount to EUR 18,081 thousand, exceeds the figure reported in the same period in 2006 by 18.2 %, reaching 61.2 % of the plan 2007.
- **Consolidated net profit** in the amount of EUR 13,528 thousand, exceeds the figure reported in the same period in 2006 by 4.8 %, reaching 58.7 % of the plan 2007. The net profit also includes the net profit share of minority shareholders amounting to EUR 1,229 thousand.

Parent Company Gorenje, d.d.

- **Revenue** in the amount of **EUR 603,236 thousand** is for **19.6 % (EUR 98,749 thousand) higher** than in the same period last year, reaching 71.6 % of the plan for 2007.
- **EBITDA** amounts to EUR 35,122 thousand, which is 5.5 % more than in the same period in 2006 and represents 60 % of the annual plan.
- **EBIT** in the amount of EUR 9,623 thousand, exceeds the figure reported in the same period in 2006 by 23.5 %, reaching 40.8 % of 2007 plan.
- **PBT** amounted to EUR 6,508 thousand, with strong 25.3 % increase and represents 33.7 % of the annual plan.
- **Net profit** for the period amounts to EUR 5,013 thousand, which is 18.8 % more than in the same period last year, and 32.5 % of the planned net profit for 2007.

Major Events After the Balance Sheet Date

The following major events took place after the balance sheet date of 30 September 2007:

- On 2 October 2007, the institute ERICO VELENJE, Institute for environmental research, has been formatted to the Ltd/d.o.o.
- On 16 October 2007 was the opening of the new plant in Šoštanj, Slovenia, mainly for the purpose of the industrial equipment program Indop. One third of this hall will be earmarked for the new business - Supply and Delivery of Armoured Modular Wheeled Vehicles for the Slovenian Army.
- In the procedure of Gorenje capital increase, has on 14 September 2007 the company INGOR, d.o.o., signed in and paid in 433,737 GRVG shares in the amount of EUR 13,012,110.00; with this was the public offer officially closed. At the moment the capital procedure is in a phase of registration of the increased share capital in the court register. After the registration in the court register, the issuer will issue to the Central Securities Clearing Corporation (KDD d.d., Ljubljana, Slovenia) an order for the issue of shares in dematerialized form and for performing other procedures necessary for the listing of shares on the organized securities market (managed by Ljubljanska borza, d. d., Ljubljana, Slovenia).

Ownership and Share Data

Parent Company Gorenje d.d.	Joint-stock company since 1997, following ownership restructuring
Share Capital:	EUR 50,909,697.88
Number of Ordinary Shares:	12,200,000 ordinary, freely transferable registered shares with no par value
Own Shares:	1,183,342 shares
Stock Exchange Listing:	GRGV (listed on the Prime Quotation of the Ljubljana Stock Exchange since 3 October 2005)
Issued Shares:	Are of the same class and entitle their holders to proportional management i.e. one vote per share.

There are no provisions in the Articles of Incorporation of Gorenje, d.d., that would invalidate the proportionality of rights arising from share ownership, such as the rights of minority shareholders or restrictions of voting rights. At the 10th Annual General Meeting (AGM) of Gorenje, d.d., held on 12 December 2006, the Management Board received the authority and power, subject to approval by the Supervisory Board, to increase the company's share capital by a maximum of 15 percent of the registered share capital as at the date of the resolution or by a maximum of EUR 7,636,454.68 (approved capital) by issuing up to 1,830,000 ordinary transferable registered shares with no par value, for investment in money.

In September 2007 the **ordinary shares of Gorenje** were on the third place on the Ljubljana Stock Exchange in terms of trading volume, reaching 15 % of the trading volume of prime quotation shares.

Compared to the end of 2006, the share of legal entities **in the ownership structure** grew from 38.4 % to 38.9 %, while the share of government owned legal entities staid unchanged 26.1 %; the share held by individuals decreased from 25.9 % to 25.6 %. Also on the rise is the share of foreign investors, up to 12.4 % at the end of September 2007. The number of shareholders grew from 17,168 as at 31 December 2006 to 17,674 as at 30 September 2007, which is equivalent to 2.9 % increase.

The **balance of own shares held** as at 30 September 2007 was 1,183,342 or 9.7 % (the same as at 31 December 2006).

The **listed price of Gorenje, d.d., shares** was EUR 26.65 on 31.12.2006 and EUR 48.33 on 30 September 2007. In the accounting period under consideration the listed price of GRVG shares increased by 81.4 %; in the same period the SBI index rose by 89.4 %.

Earnings per share in the accounting period, calculated as the ratio between the net profit (annual level) and the number of shares outstanding at the end of the period (minus the number of repurchased own shares 11,016,658), amounted to EUR 0.61.

The **book value per share** calculated as the ratio between the book value of ordinary shares and the number of shares issued minus the number of own shares (11,016,658) was EUR 19.16 as at 30 September 2007.

The **market-to-book ratio** was **2.52** (1.40 as at 31 December 2006).

Dividend payout - In 2006 the company paid its shareholders a gross dividend of SIT 100 per share; in 2007 the company paid its shareholders a gross dividend of EUR 0.42 per share.

Ownership structure as at 30 September 2007 was as follows:

Shareholder (company name and head office)	Number of Shares	Ownership Share (%)
KAPITALSKA DRUŽBA, D.D.	3,073,579	25.2
GORENJE, D.D. – own shares	1,183,342	9.7
KD GALILEO, VZAJEMNI SKLAD	586,990	4.8
RAIFFEISEN ZENTRALBANK OESTERREICH AG, Austria	575,140	4.7
DELNIŠKI VZAJEMNI SKLAD TRIGLAV STEBER I	349,101	2.9
KD ID, DELNIŠKA ID, D.D.	275,505	2.3
KD RASTKO, DELNIŠKI VZAJEMNI SKLAD	272,548	2.2
PROBANKA D.D.	199,716	1.6
BANK AUSTRIA CREDITANSTALT AG, Austria	197,390	1.6
SOP LJUBLJANA	148,253	1.2
Other Shareholders	5,338,436	43.8
TOTAL:	12,200,000	100.0

The balance of shares held by the **Supervisory Board** of Gorenje d.d. as at 30 September 2007 was as follows:

Shareholder	Number of Shares	Ownership Share (%)
Mr. Ivan Atelšek	8,258	0.0677
Mr. Peter Kobal	1,178	0.0097
Mr. Drago Krenker	800	0.0066
Mr. Krešimir Martinjak	100	0.0008
Mr. Jurij Slemenik	1,511	0.0124
Mr. Jože Zagožen	405	0.0033
Mr. Gregor Sluga	47	0.0004
TOTAL	12,299	0.1009

The balance of shares held by the **Management Board** of Gorenje, d.d., as at 30 September 2007 was as follows:

Shareholder	Number of Shares	Ownership Share (%)
Mr. Franjo Bobinac	1,822	0.0149
Mr. Drago Bahun	7,932	0.0650
Mr. Franc Košec	1,200	0.0098
Mrs. Mirjana Dimc Perko	83	0.0007
TOTAL	11,037	0.0904

Non-audited consolidated Financial Statements of Gorenje Group, for the period January – September 2007

Exchange Rate 30 September 2006: 1 EUR = SIT 239.5987

Non-audited consolidated Balance sheet of Gorenje Group

	in EUR thousand	30 Sep 2006	30 Sep 2007	07/06	31 Dec 2006	06/ Dec 06
	ASSETS	903,327	1,013,155	112.2	904,610	112.0
A.	Non-current assets	403,633	438,242	108.6	408,971	107.2
I.	Intangible assets	23,668	25,101	106.1	22,833	109.9
II.	Property, plant and equipment	345,863	381,869	110.4	352,636	108.3
III.	Investment property	945	2,822	298.6	984	286.8
IV.	Non-current investments	26,176	19,658	75.1	17,229	114.1
V.	Investment in associates	0	0	/	6,280	/
VI.	Deferred tax assets	6,981	8,792	125.9	9,009	97.6
B.	Current assets	499,694	574,913	115.1	495,639	116.0
I.	Non-current assets for sales	1,003	341	34.0	423	80.6
II.	Inventories	178,664	223,672	125.2	192,702	116.1
III.	Current investments	15,554	24,607	158.2	21,621	113.8
IV.	Trade receivables	251,114	269,601	107.4	242,865	111.0
V.	Other assets	41,150	41,092	99.9	28,982	141.8
VI.	Cash and cash equivalents	12,209	15,600	127.8	9,046	172.5
	EQUITY AND LIABILITIES	903,327	1,013,155	112.2	904,610	112.0
A.	Equity	242,466	285,737	117.8	254,433	112.3
I.	Share capital	50,919	50,910	100.0	50,910	100.0
II.	Capital reserves	96,467	96,450	100.0	96,450	100.0
III.	Legal reserves, statutory reserves, and reserves for own shares	43,721	43,713	100.0	43,713	100.0
IV.	Retained earnings	59,369	75,193	126.7	67,629	111.2
V.	Own shares	-27,698	-27,693	100.0	-27,693	100.0
VI.	Capital revaluation and translation adjustment	18,699	35,875	191.9	23,175	154.8
A1.	Equity attributable to equity holders of the parent	241,477	274,448	113.7	254,184	108.0
A2.	Minority interest	989	11,289	/	249	/
B.	Non-current liabilities	210,894	213,594	101.3	200,247	106.7
I.	Provisions	51,256	54,416	106.2	48,460	112.3
II.	Provisions set up from government grants	7,698	8,443	109.7	7,901	106.9
III.	Deferred tax liabilities	776	2,758	355.4	2,471	111.6
IV.	Financial liabilities	150,983	145,743	96.5	141,122	103.3
V.	Trade payables	181	2,234	/	293	762.5
C.	Current liabilities	449,967	513,824	114.2	449,930	114.2
I.	Financial liabilities	215,638	252,626	117.2	173,561	145.6
II.	Trade payables	173,055	179,602	103.8	227,526	78.9
III.	Other liabilities	61,274	81,596	133.2	48,843	167.1

Non-audited consolidated Income statement of Gorenje Group

	in EUR thousand	Jan-Sep 2006	Plan 2007	Jan-Sep 2007	2007/ Plan 07	2007/ 06
1.	Revenue	770,927	1,201,170	950,479	79.1	123.3
2.	Changes in inventories	7,848	10,340	9,729	94.1	124.0
3.	Other operating incomes	10,536	11,905	13,030	109.4	123.7
4.	Gross operating yield	789,311	1,223,415	973,238	79.6	123.3
5.	Raw material and consumables used	-586,123	-915,474	-744,611	81.3	127.0
6.	Staff costs	-137,477	-197,543	-152,419	77.2	110.9
7.	Depreciation and amortisation expense	-36,526	-53,122	-39,297	74.0	107.6
8.	Other operating expenses	-8,147	-13,168	-14,359	109.0	176.2
9.	Operating profit	21,038	44,108	22,552	51.1	107.2
10.	Financial income	10,640	7,605	15,198	199.8	142.8
11.	Financial expenses	-16,378	-22,154	-19,669	88.8	120.1
12.	Profit before tax	15,300	29,559	18,081	61.2	118.2
13.	Income tax expense/benefit	-2,394	-6,524	-4,553	69.8	190.2
14.	Profit for the period	12,906	23,035	13,528	58.7	104.8
15.	Minority interest	123	4	1,229	/	999.2
16.	Equity holders of the parent	12,783	23,031	12,299	53.4	96.2
17.	Earnings per share (in EUR)	1.53	1.70	1.64	96.5	107.2

Non-audited consolidated Cash flow statement of Gorenje Group

	in EUR thousand	Jan – Sep 2006	Jan – Sep 2007
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit for the period	12,906	13,528
	Adjustments for:		
	Depreciation of property, plant and equipment	33,780	36,500
	Amortisation of intangible assets	2,746	2,797
	Loss from impairment	0	838
	Foreign exchange loss	5,644	8,094
	Investment income	-10,640	-15,198
	Financial expense	10,734	11,575
	Revenue from sale of property, plant and equipment	-2,754	-1,103
	Tax expense	2,394	4,553
	Operating profit before changes in net operating current assets and provisions	54,810	61,584
	Increase in trade and other receivables	-44,091	-29,088
	Increase in inventories	-7,462	-28,080
	Increase in provisions	1,463	5,578
	Decrease in trade and other payables	-32,191	-21,963
	Cash generated from operations	-82,281	-73,552
	Interest paid	-11,529	-17,309
	Income taxes paid	-1,955	-4,353
	Indemnification received	0	1,788
	Net cash from operating activities	-40,955	-31,842
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
	Proceeds from sale of property, plant and equipment	5,233	2,832
	Interest received	8,512	12,756
	Dividends received	663	1,457
	Sales of subsidiary, net of cash not acquired	668	2,351
	Acquisition of subsidiary, net of cash not acquired	-5,943	-6,361
	Purchase of property, plant and equipment	-46,027	-39,979
	Other investments	2,589	-2,265
	Purchase of intangible assets	-2,425	-3,127
	Net cash used in investing activities	-36,730	-32,336
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	Repurchase of own shares and stakes	-12,440	0
	Proceeds from borrowings	96,319	74,967
	Pay out of dividends	-4,695	-4,735
	Net cash used in financing activities	79,184	70,231
D.	CASH AND CASH EQUIVALENTS	12,209	15,600
	Net increase in cash and cash equivalents	1,500	6,053
	Cash and cash equivalents at beginning of period	10,709	9,547
	Cash and cash equivalents at end of period	12,209	15,600

Non-audited consolidated Statement of changes in equity of Gorenje Group

in EUR thousand	Share capital	Share Premium	Legal, statutory and reserves for own shares	Retained Earnings	Own shares	Equity Translation adjustments	Equity Revaluation adjustments	Equity attributable to equity holders of the parent	Minority interest	Total
Opening balance at 1 January 2007	50.910	96.450	43.713	67.629	-27.693	16.405	6.770	254.184	249	254.433
Net profit for the period				12.299				12.299	1.229	13.528
Increase in equity revaluation adjustments taken to equity						197		197		197
Equity revaluation adjustments in respect of investments taken to equity							2.293	2.293		2.293
Equity revaluation adjustments in respect of land taken to equity							10.929	10.929		10.929
Formation of deferred tax liabilities							-719	-719		-719
Payout of dividends (AGM resolution)				-4.627				-4.627		-4.627
Payout of Supervisory Board Compensation (AGM resolution)				-108				-108		-108
Increase in minority interest									9.811	9.811
Closing balance at 30 September 2007	50.910	96.450	43.713	75.193	-27.693	16.602	19.273	274.448	11.289	285.737

in EUR thousand	Share capital	Share premium	Legal, statutory and reserves for own shares	Retained Earnings	Own shares	Equity Translation adjustments	Equity Revaluation adjustments	Equity attributable to equity holders of the parent	Minority interest	Total
Opening balance at 1 January 2006	50,919	96,467	31,281	62,413	-15,258	16,174	2,241	244,237	840	245,077
Net profit for the period				12,783				12,783	123	12,906
Capital revaluation and translation adjustments taken to equity						284		284		284
Equity revaluation adjustments in respect of investments taken to equity								0		
Provisions formation of own shares			12,440	-12,440				0		
Increase of own shares					-12,440			-12,440		-12,440
Payout of dividends (AGM resolution)				-4,695				-4,695		-4,695
Inclusion of profits of the companies IGES for the period January-July 2006				1,308				1,308		1,308
Increase in minority interest									26	26
Closing balance at 30 September 2006	50,919	96,467	43,721	59,369	-27,698	16,458	2,241	241,477	989	242,466

Non-audited non-consolidated Financial Statements of Gorenje, d.d., for the period January – September 2007

Non-audited Balance Sheet of Gorenje, d.d.

Exchange Rate 30 September 2006: 1 EUR = SIT 239.5987

	in EUR thousand	30 Sep 2006	30 Sep 2007	07/ 06	31 Dec 2006	07/ Dec 06
	ASSETS	609,248	659,786	108.3	629,431	104.8
A.	Non-current assets	319,628	329,356	103.0	318,710	103.3
I.	Property, plant and equipment	199,323	186,802	93.7	193,910	96.3
II.	Intangible assets	14,133	17,428	123.3	17,350	100.4
III.	Investment property	797	1,753	219.9	614	285.5
IV.	Investments in subsidiaries	87,008	107,563	123.6	89,679	119.9
V.	Investments in associates	5,621	0	/	5,621	/
VI.	Other non-current investments	7,129	10,786	151.3	6,274	171.9
VII.	Deferred tax assets	5,617	5,024	89.4	5,262	95.5
B.	Current assets	289,620	330,430	114.1	310,721	106.3
I.	Non-current assets for sale	726	62	8.5	93	66.7
II.	Inventories	80,400	97,690	121.5	88,328	110.6
III.	Current investments	11,825	20,860	176.4	13,981	149.2
IV.	Trade receivables	179,197	190,998	106.6	194,420	98.2
V.	Other current assets	17,225	20,652	119.9	13,371	154.5
VI.	Cash and cash equivalents	247	168	68.0	528	31.8
	EQUITY AND LIABILITIES	609,248	659,786	108.3	629,431	104.8
A.	Equity	197,703	211,082	106.8	209,230	100.9
I.	Share capital	50,918	50,910	100.0	50,910	100.0
II.	Capital reserves	78,600	78,587	100.0	78,587	100.0
III.	Legal, statutory and own shares reserves	43,720	43,713	100.0	43,713	100.0
IV.	Retained earnings	49,839	58,002	116.4	57,724	100.5
V.	Capital revaluation and translation adjustment	2,323	7,563	325.6	5,989	126.3
VI.	Own shares	-27,697	-27,693	100.0	-27,693	100.0
B.	Non-current liabilities	147,444	142,600	96.7	138,040	103.3
I.	Provisions	27,704	28,505	102.9	26,661	106.9
II.	Deferred tax liabilities	0	1,894	/	1,062	178.3
III.	Financial liabilities	119,740	112,201	93.7	110,317	101.7
C.	Current liabilities	264,101	306,104	115.9	282,161	108.5
I.	Financial liabilities	109,260	144,824	132.5	75,477	191.9
II.	Trade payables	123,970	130,581	105.3	190,883	68.4
III.	Other current liabilities	30,871	30,699	99.4	15,801	194.3

Non-audited Income statement of Gorenje, d.d.

	in EUR thousand	Jan-Sep 2006	Plan 2007	Jan-Sep 2007	07/Plan 07	07/ 06
1.	Revenue	504,487	842,264	603,236	71.6	119.6
2.	Changes in inventories	3,738	4,000	8,839	220.9	236.5
3.	Other operating incomes	5,446	6,561	5,980	91.1	109.8
4.	Gross operating yield	513,671	852,825	618,055	72.5	120.3
5.	Raw material and consumables used	-401,580	-681,637	-497,673	73.0	123.9
6.	Staff costs	-75,779	-106,739	-79,154	74.2	104.5
7.	Depreciation and amortisation expense	-25,498	-35,021	-25,499	72.8	100.0
8.	Other operating expenses	-3,022	-5,835	-6,106	104.6	202.2
9.	Operating profit	7,792	23,593	9,623	40.8	123.5
10.	Financial income	6,349	7,080	8,822	124.6	139.0
11.	Financial expenses	-8,949	-11,370	-11,937	105.0	133.4
12.	Profit before tax	5,192	19,303	6,508	33.7	125.3
13.	Income tax expense	-973	-3,900	-1,495	38.3	153.6
14.	Profit for the period	4,219	15,403	5,013	32.5	118.8

Non-audited Cash flow statement of Gorenje, d.d.

in EUR thousand		Jan – Sep 2006	Jan – Sep 2007
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit for the period	4,219	5,013
	Adjustments for:		
	Depreciation of property, plant and equipment	23,635	23,350
	Amortisation of intangible assets	1,862	2,149
	Foreign exchange loss	2,686	3,543
	Investment income	-6,349	-8,822
	Financial expense	6,263	8,394
	Revenue from sale of property, plant and equipment	-1,780	-483
	Tax expense	973	1,496
	Operating profit before changes in net operating current assets and provisions	31,508	34,640
	Increase/Decrease in trade and other receivables	-33,273	-1,621
	Increase/Decrease in inventories	-3,875	-9,331
	Increase/Decrease in provisions	647	1,844
	Increase/Decrease in trade and other payables	-24,398	-44,571
	Cash generated from operations	-60,899	-53,679
	Interest paid	-5,257	-11,782
	Income taxes paid	-1,650	-898
	Net cash from operating activities	-36,298	-31,719
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
	Proceeds from sale of property, plant and equipment	3,278	2,682
	Interest received	874	2,950
	Dividend received	1,627	1,374
	Acquisition of subsidiary net of cash not acquired	-7,649	-14,262
	Purchase of property, plant and equipment	-19,286	-16,335
	Other investments	-716	-9,090
	Purchase of intangible assets	-1,930	-2,227
	Net cash used in investing activities	-23,802	-34,908
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
	Repurchase of own shares and stakes	-12,440	0
	Proceeds from borrowings	77,440	71,002
	Taken into account dividends and Supervisory Board compensations	-4,695	-4,735
	Net cash used in financing activities	60,305	66,267
D.	CASH AND CASH EQUIVALENTS		
	Net increase in cash and cash equivalents	205	-360
	Cash and cash equivalents at beginning of period	42	528
	Cash and cash equivalents at end of period	247	168

Non-audited Statement of changes in equity of Gorenje, d.d.

in EUR thousand	Share capital	Capital reserves	Legal, statutory and reserves for own shares	Retained earnings	Own shares	Capital revaluation adjustments	Total
Opening balance at 1 January 2007	50,910	78,587	43,713	57,724	-27,693	5,989	209,230
Net profit for the period				5,013			5,013
Equity revaluation adjustments in respect of investments taken to equity						2,293	2,293
Formation of deferred tax liabilities						-719	-719
Calculation of dividends (AGM resolution)				-4,627			-4,627
Payout Supervisory Board Compensation (AGM resolution)				-108			-108
Closing balance at 30 September 2007	50,910	78,587	43,713	58,002	-27,693	7,563	211,082

in EUR thousand	Share capital	Capital reserves	Legal, statutory and reserves for own shares	Retained earnings	Own shares	Capital revaluation adjustments	Total
Opening balance at 1 January 2006	50,918	78,600	31,280	62,755	-15,257	2,241	210,537
Net profit for the period				4,219			4,219
Equity revaluation adjustments in respect of investments taken to equity						82	82
Formation of reserves for own shares			12,440	-12,440			0
Purchase of own shares					-12,440		-12,440
Calculation of dividends (AGM resolution)				-4,695			-4,695
Closing balance at 30 September 2006	50,918	78,600	43,720	49,839	-27,697	2,323	197,703

Financial highlights and achievements of Gorenje Group

9M 2006	Plan 2007	9M 2007	9M 2007/ Plan 07	9M 07 / 9M 06
Consolidated Revenue (in EUR thousand)				
770,927	1,201,170	950,479	79.1%	+ 23.3%
EBITDA (in EUR thousand)				
57,564	97,230	61,849	63.6%	+ 7.4%
EBIT (in EUR thousand)				
21,038	44,108	22,552	51.1%	+ 7.7%
PBT (in EUR thousand)				
15,300	29,559	18,081	61.2%	+ 18.2%
Income tax expense (in EUR thousand)				
2,394	6,524	4,553	69.8%	+ 90.2%
Net profit (in EUR thousand)				
12,906	23,035	13,528	58.7%	+ 4.8%
Added Value (in EUR thousand)				
198,520	299,501	220,214	73.5%	+ 10.9%
Number of employees at the end of period				
10,348	10,853	11,515	106.1%	+ 11.3%
Average number of employees				
10,489	10,736	11,393	106.1%	+ 8.6%
Gross operating Yield per Employee (in EUR)				
75,251	113,954	85,424	75.0%	+ 13.5%
Added Value per Employee (in EUR)				
18,927	27,897	19,329	69.3%	+ 2.1%
EBITDA Margin (as % from Gross operating yield)				
7.3%	7.9%	6.4%	/	/
Net ROE				
7.1%	7.8%	6.6%	/	/
Assets (in EUR thousand)				
903,327	928,144	1,013,155	109.2%	+ 12.2%
Investments in fixed assets (in EUR thousand)				
48,451	47,836	43,106	90.1%	- 11.0%
Equity (in EUR thousand)				
242,466	337,058	285,737	84.8%	+ 17.8%
Equity / Assets				
26.8%	36.3%	28.2%	/	/
Long-term Provisions (in EUR thousand)				
58,954	63,787	62,859	98.5%	+ 6.6%
Financial liabilities (in EUR thousand)				
366,621	267,685	398.369 ²	149.9%	+ 17.7%

² Among financial liabilities on 30 September 2007 are also included short-term liabilities from the paid in capital (capital increase) of Gorenje d.d. till the registration on the registry court amounted to EUR 54,900 thousand.

Financial highlights and achievements of Gorenje, d.d.

9M 2006	Plan 2007	9M 2007	9M 2007/ Plan 07	9M 07 / 9M 06
Revenue (in EUR thousand))				
504,487	842,264	603,236	71.6%	+ 19.6%
EBITDA (in EUR thousand)				
33,290	58,614	35,122	59.9%	+ 5.5%
EBIT (in EUR thousand)				
7,793	23,593	9,623	40.8%	+ 23.5%
PBT (in EUR thousand)				
5,192	19,303	6,508	33.7%	+ 25.3%
Income tax expense (in EUR thousand)				
973	3,900	1,495	38.3%	+ 53.6%
Net profit (in EUR thousand)				
4,219	15,403	5,013	32.5%	+ 18.8%
Added Value (in EUR thousand)				
110,840	167,439	117,800	70.4%	+ 6.3%
Number of employees at the end of period				
5,460	5,434	5,572	102.5%	+ 2.1%
Average number of employees				
5,738	5,575	5,684	102.0%	- 0.9%
Gross operating Yield per Employee (in EUR)				
89,521	152,973	108,736	71.1%	+ 21.5%
Added Value per Employee (in EUR))				
19,821	30,813	20,983	68.1%	+ 5.9%
EBITDA Margin (as % from Gross operating yield)				
6.5 %	6.9 %	5.7 %	/	/
Net ROE				
2.7 %	6.3 %	3.2 %	/	/
Assets (in EUR thousand)				
609,248	651,462	659,786	101.3%	+ 8.3%
Investments in fixed assets (in EUR thousand)				
21,216	27,007	18,562	68.7%	- 12.5%
Equity (in EUR thousand)				
197,703	286,065	211,082	73.8%	+ 6.8%
Equity / Assets				
32.5 %	43.9 %	32.0 %	/	/
Long-term Provisions (in EUR thousand)				
27,704	27,774	28,505	102.6%	+ 2.9%
Financial liabilities (in EUR thousand)				
229,000	135,322	257,025	189.9%	+ 12.2%